

ABOUT OUR REPORT

Creation and care of essential assets.

Balfour Beatty has been formally reporting its safety, environmental and social performance through independently audited reports since 2001.

During that time, the Group has very substantially reduced its accident frequency rate, greatly improved the management of its environmental impacts and made significant progress in all aspects of corporate citizenship.

This progress was recognised when the Company won the top award for corporate social responsibility in the 2006 "Quality in Construction" awards.

We operate in four business sectors:

- Building, Building Management and Services
- Civil and Specialist Engineering and Services
- Rail Engineering and Services
- Investments

Our approach and management systems cover our global activities.

We report on incidents and penalties on a global basis.

Case studies are drawn from our activities worldwide.

Safety

Safety performance data is reported for all wholly-owned activities and for those joint ventures where we have management control.

Subcontractor safety performance is included for all activities, apart from the US where it is not common practice.

Occupational Health

Absence data is only reported for our UK businesses.

Environment

Performance data is reported for all wholly-owned UK and non-UK businesses unless stated. Data is reported by our significant joint venture business in Hong Kong.

Other overseas businesses are progressing towards reporting environmental performance.

Social

Employee data is reported for all wholly-owned businesses worldwide.

Our social responsibility programmes are described in terms of both stakeholder engagement routines and social outreach where we have a major presence.

Organisational changes

There has been a number of changes to the structure of Balfour Beatty since we produced our last report.

We expanded our presence in the US with the acquisition of Centex Construction in spring 2007. This operating company has now been renamed Balfour Beatty Construction US.

At the beginning of the year we completed our purchase of Exeter and Devon International airport in south west England. This is operated by Regional and City airports, our specialist airport investment and development group. We extended our presence in facilities management with the addition of Covion and bought Cowlin, a leading UK regional contractor. We also sold our interest in Devonport dockyard during the year and the data reflects these changes.

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Chairman and Chief Executive's statement

We have continued to evaluate, critically, all our governance and management systems to ensure their suitability for purpose. Policies have been renewed and, where necessary, restated. We are updating the terms of reference of the Business Practices Committee so that it can monitor, evaluate and guide our non-financial performance more effectively.

[Read the full Chairman and Chief Executive's statement](#)

Helping to tackle global issues

We measure our major environmental impacts and have set targets for reducing our carbon footprint. We have engaged with Friends of the Earth and Greenpeace to understand their agenda as well as the Environment Agency to ensure that our work is in line with their aims and objectives.

[Read more about our commitment to tackling global issues](#)

OUR PRIORITIES

Balfour Beatty has a firm and explicit commitment to fulfilling its responsibilities to all of its stakeholders.

The long-term success of our business depends not just on the continued delivery of the highest-quality technical skills and disciplines, but also on demonstrable commitment to and achievement in fulfilling our wider responsibilities.

We create and care for essential assets – hospitals, schools, road, rail and utility systems and buildings of all kinds. We seek to benefit the communities in which we operate not only through our work but also by engaging positively and seeking additional social benefits.

Our framework for managing and reporting safety, health and environmental impacts, people and community issues is an integral part of our business processes.

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CHAIRMAN AND CHIEF EXECUTIVE'S INTRODUCTION

This is Balfour Beatty's seventh Corporate Responsibility Report, continuing the Group's commitment not only to fulfilling the full range of its responsibilities to all its stakeholder groups but also to reporting, openly, on its progress in so doing.



We regard this reporting process as of great importance, not only in communicating our approach and achievements, but also in demonstrating to our customers that we aim to match or even surpass the very high standards of responsible conduct which they set themselves and their supply chain partners.

We are very pleased to report a continuation of the progress we have made in recent years. Our record profits, earnings, order book and growing employee numbers demonstrate our economic contribution. We have continued to reduce our accident frequency rate, found better ways of managing our environmental impacts and both fine tuned and augmented our corporate citizenship credentials. We believe our improving environmental and social performance has also made us an even more sustainable organisation.

Governance and management

We have continued to evaluate critically all our governance and management systems to ensure their suitability for purpose. Policies have been renewed and, where necessary, restated. We are updating the terms of reference of the Business Practices Committee so that it can monitor, evaluate and guide our non-financial performance more effectively.

We have begun the process of training all our people in our ethical standards and the attitudes and behaviour expected of them when they are acting in Balfour Beatty's name.

Safety

Senior management focus on safety continues to increase. It is our stated aim that it should be no more hazardous to go to work on one of our construction sites than it is one of our offices. We achieved a further 16% reduction in accident frequency rate in the year. Particular emphasis has been, and continues to be, given to the process of designing hazards out of the construction process, for example, with increasing use of off-site component manufacture and assembly.

Health

We continue to seek ways in which the rigorous standards of safety management required around the Group can be applied equally to occupational and public health. Our range of programmes aimed at dealing with such issues as health screening, drug and alcohol testing, stress, hand-arm vibration and manual handling is growing all the time.

Environment

Our programmes to reduce waste, energy consumption, emissions, the use of non-sustainable materials and water consumption continued to be developed and delivered another year of improving practices. We are becoming increasingly successful in spreading good practice to all our operating companies across the Globe.

The wider community

Balfour Beatty's work enhances the physical environment. It creates educational, healthcare, transportation and other social capital. The Group believes it has a responsibility to extend the positive impact that its work has on the lives of asset users to the wider community in which the company operates.

A key theme in Balfour Beatty's CR activities is enhancing the lives of young people, particularly those at risk or at some disadvantage, and improving the

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£7,488m

Worldwide revenues in 2007 up 36%

communities in which they live and grow. This theme finds expression through a number of initiatives at corporate, operating company and local and individual project level.

Notable amongst the progress made in 2007 was our decision to assume name sponsorship of the London Youth Games, Europe's largest youth sports programme. Sport achieves many things for young people. It promotes personal well-being. It breeds confidence and a sense of purpose. It offers opportunity where there may be few alternatives. It acts in support of social cohesion and against social exclusion.

When the opportunity to positively impact the lives of every single child who attends a state school in London over the next six years arose, we didn't have to think very hard or very long.

We have worked hard on developing and growing a number of other programmes during the year.

The future

As we wrote last year, the Group will continue to be judged by its stakeholders not just on its size and profitability but also on how well it manages its affairs beyond financial performance. We work very hard on this aspect of the Group's affairs and believe we will be able to continue to make progress this year and beyond.



Sir David John
KCMG



Ian Tyler

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GLOBAL ISSUES

We take our responsibilities to all our stakeholders seriously. We are committed to the principles of Sustainable Construction and seek to influence our customers and our suppliers to adhere to these principles, where we can.

We measure our major environmental impacts and have set targets for reducing our carbon footprint. We have engaged with Friends of the Earth and Greenpeace to understand their agenda as well as the Environment Agency to ensure that our work is in line with their aims and objectives.

We play a leading role in the [Anti-Corruption Forum](#) and aim to keep our employees informed of latest thinking in anti-competitive practices.

We use our influence within [Engineers Against Poverty](#) to work towards alleviating poverty in third world countries.

And we are conscious of the principles of human rights when we make business decisions regarding new work overseas or engaging additional suppliers.

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MANAGING CORPORATE RESPONSIBILITY

The Board sets policy and takes responsibility for Balfour Beatty's performance in safety, health, the environment, business ethics, risk management, human rights and other social issues.

In early 2001, the Business Practices Committee of the Board was established to review policy, practice and performance in these areas.

The Committee, which comprises non-executive Directors under the Chairmanship of Steve Marshall, receives reports from the Group Director of Safety, Health and the Environment. It meets four times a year.

Policies

Balfour Beatty has clearly stated policies for a number of important non-financial issues which set out how we expect our people to act. These cover:

- risk management
- health and safety
- environment
- human rights
- drugs and alcohol
- equal opportunities
- whistleblowing.

Within this overall framework, operating companies are required to develop specific policies and practices relevant to their particular circumstances.

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COMPANY PRINCIPLES

Balfour Beatty first produced a coherent set of "Company Principles" in 1986. Since then they have been regularly reviewed and updated, most recently in 2006.

Two companion codes were also developed at the same time.

"Business Conduct Guidelines" explains to all employees what is expected of them in terms of behaviour, procedures and attitudes.

In 2008, all employees will receive on-line training in respect of these guidelines.

"Stakeholder Codes of Practice" sets key operating principles and minimum standards for the Group's operating companies when engaging with employees, customers, suppliers and the wider community.

Together these documents constitute a comprehensive system of ethical governance.

[Core Principles](#)

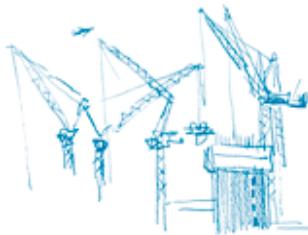
[Business Conduct Guidelines](#)

[Stakeholder Codes of Practice](#)

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CORPORATE RESPONSIBILITY GOVERNANCE STRUCTURE

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RISK MANAGEMENT

In 2000, we introduced a coherent, improved risk management system across each business and workplace, drawing on best practice from within and outside the Group. Its objective is to safeguard the interests of stakeholders through effective management of corporate and operational risk.

The process has several formal stages:

- the identification and definition of key business or project objectives;
- the identification and definition of relevant risks according to their nature, causes and consequences; and
- an assessment of the severity and likelihood of the risk.

Principal risks are then plotted on a matrix. Once the above process is complete, the identification of effective controls and action plans for each risk are required. Actions are then identified which will:

- avoid the risk altogether
- reduce the opportunity for the risk to occur
- reduce the impact of the risk if it does occur

A revised risk matrix is then produced.

Risk register

The key risks identified for each business, support function, contract and project are collated within a Live Risk Register to make their management easier. The Risk Register defines the severity of each risk in terms of reputation, statutory compliance and commercial impact and provides quantitative measures for the probability of the risk. The register provides a detailed worksheet for tracking each individual risk from initial identification through to full mitigation, with specific responsibilities assigned and target dates agreed. Live Risk Registers are progressively updated as risks are resolved and new risks identified.

Principal risks and risk management

The following table shows the key business risks, which are then addressed:

Risk group	Type of risk
External	Government policy and funding Customer
Strategic	Bidding Joint Venture Acquisition Investment
Organisation and management	People Pension Information technology
Delivery and operational	Asset and service delivery and management Supply chain Financial Health and safety Environmental

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SUSTAINABLE CONSTRUCTION

Sustainable development is defined in various ways, but essentially it is about ensuring that progress does not damage the opportunities of future generations.

Sustainable construction is the sum of the many processes through which a profitable and competitive industry delivers built assets to enhance quality of life and meet stakeholder expectations.

In previous years, we have explored the key role that the construction industry has to play in the quest for a sustainable future. The industry has an opportunity to transform the way that infrastructure is created, by rethinking the way it designs and uses resources to create and maintain assets that meet the needs of society.

Key concepts are partnership and innovation. By engaging with customers, end-users and local communities, a shared understanding of the needs and impacts of schemes can be created, alongside a view of what is technically possible and affordable.

Translating this into reality involves designers, contractors and suppliers working together to embrace new ideas and technology and to generate innovative solutions.

Our aims

One phrase summarises our basic approach - doing business with integrity. This means that we aim to:

- create shareholder value through meeting clients' expectations;
- ensure the safety and health of our workforce and others;
- engage with communities and those affected by our activities; and
- protect the environment.

Our normal activities already incorporate many aspects of good practice and contribute to sustainable development. But building on this and integrating it into all our activities will be critical to our future success. In order to attract high calibre employees, win prestigious and demanding contracts, thrive financially and maintain the confidence and support of our shareholders and non-executive Directors, we need to embrace the sustainable development agenda fully.

Our progress

In order to attract high calibre employees, win prestigious and demanding contracts, thrive financially, and maintain the confidence and support of our shareholders and non-executive Directors we aim to work sustainably.

In 2003 we aimed to spread the understanding of sustainable construction into our business:

- we cascaded our briefing on sustainable development into our operating companies;
- Balfour Beatty Capital completed a wide-ranging and ground-breaking review of the implications of sustainable development for our PFI business, whose concession contracts are typically 25-30;
- we sponsored an MSc student to examine sustainable construction and the results were published by the Institution of Civil Engineers; and
- we continued to support our young engineers participating in the second phase of 'Engineers for the 21st Century Inquiry' led by Forum for the Future.

In 2004 we continued to share and promote sustainable development throughout the Group.

- Balfour Beatty Capital built on their 2003 review into sustainable development in PFI, and took the lead in compiling, with other operating companies, a register of our capability and track record in sustainable development - to build capacity and share good practice
- We contributed to the Green Alliance's review of sustainability in government procurement, especially in PFI projects
- One of our young engineers trialled a web-based network for our young professionals, to share ideas on sustainable construction

At the cutting edge

"The industry has an opportunity to transform the way that infrastructure is created."



We piloted an internal market in construction materials - the Materials Exchange.

We continue to embed sustainable development into our activities and supply chain:

We support the Forum for the Future's 'Engineers for the 21st Century' project, by sponsoring two young engineers. This work was ongoing into 2007/08.

Balfour Beatty Capital worked on a system to measure its progress and effectiveness against the Government's top 20 sustainable development indicators. Additionally it established a regular forum with other UK operating companies, to promote sustainable technologies in our PFI projects.

We have developed sustainability principles and standard design specifications for our schools PFI / Building Schools for the Future projects. We continue to review progress and share ideas at our regular task group.

Our operating companies are now engaging with Sustainable Development more strategically. Balfour Beatty Construction developed a Sustainability Strategy at a Board workshop in December 2006, and is now actively embedding this into its projects. Balfour Kilpatrick is focusing on Corporate Responsibility as its overarching theme, embracing Sustainability - and of course safety, health and environment.

We continue to make progress in spreading the understanding of sustainability across our business, and embedding sustainable technologies and solutions into our projects, so making numerous positive contributions to a more sustainable future.

In 2007, the Government, in union with industry partners, developed and issued for consultation, their Draft Strategy for Sustainable Construction. To ensure our views were represented we formed a task group to submit a joint response from all participating operating companies.

Many projects now actively develop a live Sustainability Plan - for example, at the Birmingham New Hospitals joint venture, the Sustainability Plan is regularly reviewed by local stakeholders. Balfour Beatty Infrastructure Services has Biodiversity Action Plans to ensure that the natural environment is considered while undertaking highways maintenance.

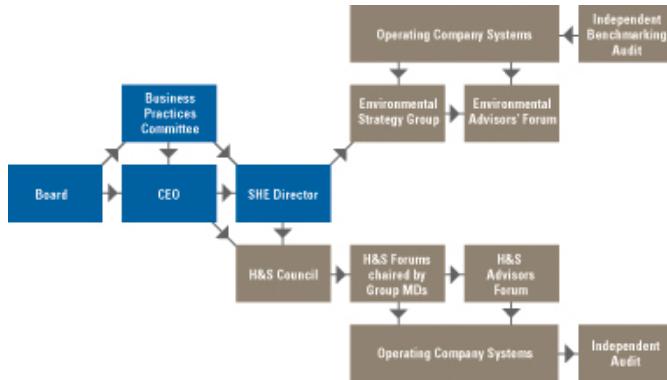
We have also witnessed a greater number of potential customers focusing on our sustainability policies and aims. Balfour Beatty Construction set out their vision for the New England Quarter Community Homes Project, Brighton in an action plan that helps them achieve the ten principles of the "One Planet Living" concept.

During 2007, we encouraged greater understanding and awareness of sustainable construction among our workforce, our customers and suppliers, and this will be the foundation for further progress in future years.

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CORPORATE GOVERNANCE

Our management systems for safety, health and environmental policy operate both at Group and operating company level.



Corporate system

The Chief Executive has ultimate responsibility for safety, health and environment as well as for overall business performance and reports to the Board on these matters.

The Group Director Safety, Health and the Environment reports directly to the Chief Executive and is responsible for establishing safety, health and environmental policy and monitoring performance against it.

The Chief Executive personally conducts a review of the most serious events - fatalities and other serious safety, quality or environmental incidents.

The Group-wide **risk management framework** provides a common management system and software for identifying and managing risks of all types.

Good practice in safety, health and environment is shared across UK operating companies via the Health and Safety Advisers Group and the Environmental Task Group.

During 2003 a new structure was introduced: the Group Safety and Health Council is chaired by the Chief Executive and supported by several regional H&S Forums, each chaired by a Group Managing Director with his operating company Managing Directors.

Operating companies

Our operating companies work in a decentralised and devolved way, but within the Group principles and policy framework.

Operating company Managing Directors and their Boards are responsible for communicating and implementing Group policy within their sphere of operations, and for legal compliance.

Each operating company has nominated directors with specific interests in safety, health and the environment, supported by company Safety Boards and/or Environmental Steering Groups. Qualified safety and environmental advisers provide relevant expertise and advice.

More information on our operating companies can be found here:

[Building](#)
[Engineering](#)
[Rail](#)
[Other Investment](#)

Making progress

"We are becoming increasingly successful in spreading good practice to all our operating companies across the globe."

Independent audit

conducted of the data in our Corporate Responsibility Report.

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OUR STAKEHOLDERS

We believe that engaging with our stakeholders systematically and proactively is an essential element in the continuing success of the Group.

There is a comprehensive corporate and operating company-based communications programme aimed at ensuring that all employees have access to the information they need. Most operating companies conduct regular employee attitude and opinion surveys. In 2007, the first Group-wide survey of employee opinion was undertaken.

Balfour Beatty runs an active shareholder engagement programme involving regular roadshows and one-to-one meetings. During 2007, senior executives held over 100 meetings with shareholders, representing, in aggregate, approximately 60% of the issued ordinary share capital. All financial presentations are webcast to ensure that they are accessible to all shareholder groups and other interested parties.

Most of the Group's operating companies run regular customer attitude and opinion surveys. A substantial proportion of the Group's business is conducted with organisations with which its operating companies have long-term relationships.

An increasing proportion of the Group's supply base is retained in long-term relationships based on the compatibility of their values and behaviour as well as product quality and price.

Over half of Balfour Beatty's work is carried out for governments. The Group seeks active and positive relationships with governments, their officers and advisers and relevant industry regulators to ensure its policies and activities align with their key requirements.

It is Balfour Beatty's policy that all of its major projects have a dedicated community relations team. Typically, major projects will be preceded by exhibitions, and regular newsletters and letter drops will keep interested parties informed at key project milestones. There will be regular visits to schools and other local institutions.

Balfour Beatty plays a part in tackling key industry issues by taking an active role in Engineers Against Poverty and Transparency International.

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INVESTORS

We seek to provide shareholders with improving returns and the information they need to make well informed investment decisions.

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Our registrars, Capita, have a facility which enables Balfour Beatty shareholders to access details of their shareholding over the internet, subject to complying with an identity check.

For every shareholder that registers to receive shareholder communications electronically, Balfour Beatty will donate £1 to Climate Care.

Climate Care is a not-for-profit organisation that funds global sustainable energy and forest restoration projects, which reduce greenhouse gases.

Examples of projects are:

financing renewable energy cooking stoves in schools in India;
making clean, efficient stoves available to some of the poorest communities in Honduras;
restoring rainforests in Uganda; and
installing energy-efficient lamps in low-income households in South Africa and St Lucia.

As well as cutting greenhouse gases, Climate Care's projects also help to improve people's standard of living and to protect wildlife habitats. For more information on the organisation, visit www.climatecare.org.

We are a long-term supporter of the charity **ShareGift** which offers a solution to those shareholders who have small holdings of shares which are otherwise uneconomic to sell, by accepting these shares as donations, selling them when possible and using the proceeds to make donations to a wide range of other UK charities. We regularly promote this free service to shareholders.

In relation to fraud prevention, we have also provided shareholders with clear guidance regarding the measures that they should take, both to protect themselves from unauthorised firms offering unsolicited "investment advice" who have targeted UK investors, and from the growing risk of identity fraud.

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EMPLOYEES

Balfour Beatty seeks to utilise the full talents and skills of all its people through effective selection, training and development. It also aims to create a safe, healthy, challenging, rewarding, participative and fair working environment for all employees.

Balfour Beatty employs over 36,000 people worldwide, each one an ambassador for the company. The company's expectations of all employees are clearly and explicitly communicated.

In short, people are expected to understand and abide by the company's core values and its principal commitments. To work hard, be reliable, conscientious and approachable. To be proud of their company and motivated to contribute to, and share in, its success. In return, they are supported by the company in their efforts to do their jobs to the best of their ability.

A series of guides have been produced and distributed throughout the Group to define our objectives and expected behaviour.

Business Conduct Guidelines explains, in detail, required behaviour. In 2008, all UK Group employees will receive training on these guidelines to ensure that they are fully embedded in the organisation.

Stakeholder Codes of Practice explains how operating managers are expected to manage their relationships with all key stakeholder groups, including their employees.

Communications

All employees receive a six-monthly magazine, which covers in detail the latest financial information, news and events from around the whole Group, including safety, health and environment topics and matters of general employee interest.

Individual businesses use a variety of methods to communicate key business goals and issues to employees and also consult and involve their employees through local publications, briefing groups, consultative meetings, training programmes and working groups to assist the process of continuous improvement in the way they operate and do business. Regular publications inform employees of major business and technical achievements. Most of our UK-based businesses have either attained or have committed to attain the UK Investors in People standard.

Employee attitudes and opinions

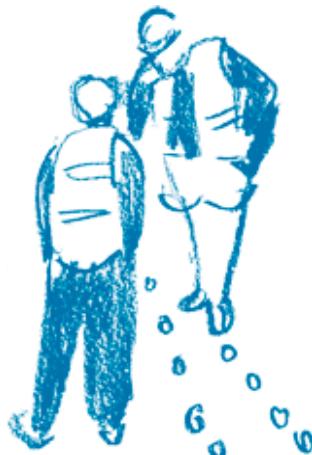
Surveys of employee attitudes, needs and opinions are conducted in the great majority of our operating companies. The first Group-wide employee survey was undertaken in 2007.

Pensioners

We have an assistance network in place for all our pensioners needing help and advice. Entirely staffed by former employees, this provides a valuable safety net for some pensioners. We also hold regular roadshows around the UK for pensioners and keep in touch via a twice-yearly magazine.

Training our people

"We are improving the process of training all our people in our ethical standards."



CUSTOMERS

We seek to work closely with customers in long-term relationships, to have a thorough understanding of their needs and processes and to achieve outstanding levels of customer satisfaction.

Most of the Group's operating companies run regular customer attitude and opinion surveys. A substantial proportion of the Group's business is conducted with organisations with which its operating companies have long-term relationships.

Our code of practice and minimum standards for managing relationships with customers across the Group was launched in 2005.

Corporate citizenship

"We regard good corporate citizenship as an integral part of our business mission."



COMMUNITIES

We seek to pursue our own business objectives while at the same time aligning our interests with those of the communities in which we operate.

Our corporate principles include a clear commitment to contribute positively to all the communities in which we operate. We have developed a number of national and local initiatives which reflect our commitment. We have been a member of Business in the Community since its inception.

It is our policy that all of our major projects have a dedicated community relations team. Typically, major projects will be preceded by:

- exhibitions;
- newsletters; and
- letter drops.

We organise regular visits to schools and other local institutions. Key stakeholders are offered direct access and when necessary, there is liaison with local police and emergency services and help lines.

Our community programme is divided into two sections:

- Building Better Communities
- Building Better Lives

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SUPPLIERS

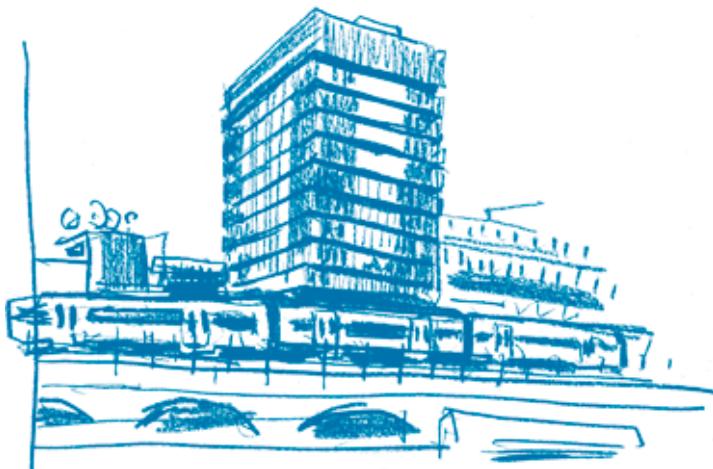
We seek to create partnerships with suppliers based on compatible systems and principles.

An increasing proportion of the Group's supply base is retained in long-term relationships based on the compatibility of their values and behaviour as well as product quality and price. The Group has developed and implemented a "Supply Chain Environmental Risk and Impact Grading Tool" to assess supply chain risks.

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OPINION FORMERS

We seek to operate fully within legal and regulatory boundaries.

Over half of Balfour Beatty's work is undertaken for governments. We seek active and positive relationships with both our public sector customers and those departments and organisations which regulate the activities of our sector to ensure that our own policies and practices meet all their key requirements. We engage in active dialogue with relevant non-governmental organisations (NGOs) and aim to be open in all relationships. We are a member of the Institute of Business Ethics and share our learning and experiences with other organisations.

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CORPORATE RESPONSIBILITY

As a world-class engineering, construction and services group, which serves customers for whom infrastructure quality, efficiency and reliability are critical, we endeavour to build the principles of sustainable development into all aspects of our business.

This means doing business with integrity, aspiring to the highest levels of standards of safety and health for people, managing our environmental impacts and being committed to delivering on our full range of social responsibilities.

Our approach and management systems cover our global activities and we report on incidents and penalties on a global basis.

We collate safety data for all of our wholly owned activities and for those joint ventures where we have management control. Subcontractor safety performance is included for all activities apart from the US, where it is not common practice.

Our environment data is reported for all wholly-owned UK and European businesses. Our other overseas businesses are progressing towards reporting environmental performance to the same standards.

We report on employee data for all our wholly-owned businesses worldwide.

There has been a number of changes to the structure of Balfour Beatty since we produced our last report and this is reflected in the content.

Five acquisitions have been made since the last report. Two in the US, Centex Construction, now renamed Balfour Beatty Construction US and GMH military housing now renamed Balfour Beatty Communities and three in the UK; two regional contractors Cowlin and Dean and Dyball and Covion, a facilities infrastructure business. We also sold our interest in Devonport Dockyard and acquired Exeter International airport.

Our projects directly improve the lives of people and their communities. Understanding their expectations is critical to our future as a business.

Chairman and Chief Executive's statement

We have continued to evaluate, critically, all our governance and management systems to ensure their suitability for purpose. Policies have been renewed and, where necessary, restated. We are updating the terms of reference of the Business Practices Committee so that it can monitor, evaluate and guide our non-financial performance more effectively.

[Read the full Chairman and Chief Executive's statement](#)

Helping to tackle global issues

We measure our major environmental impacts and have set targets for reducing our carbon footprint. We have engaged with Friends of the Earth and Greenpeace to understand their agenda as well as the Environment Agency to ensure that our work is in line with their aims and objectives.

[Read more about our commitment to tackling global issues](#)

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BUILDING, BUILDING MANAGEMENT AND SERVICES

Balfour Beatty companies are international specialists in the design, construction, equipping, maintaining and management of buildings and selected aspects of their internal environment.

The component businesses are Balfour Beatty Construction in the UK, Balfour Beatty Construction in the US, Balfour Kilpatrick, Haden Building Management, Haden Young, Heery International in the US and Mansell.

Balfour Beatty Construction became the first construction company in the UK to meet one of Investors in People stretch models "Leadership and Management" in 2004. It is seeking to improve its established supply chain performance by embedding key suppliers into the procurement process at the earliest opportunity and its health and safety statistics outperform HSE norms.

Balfour Kilpatrick aims to achieve measurable safety improvements in all of its worldwide activities and has initiated numerous safety campaigns to drive down its accident frequency rate. The company also works with customers to embed the principles of sustainable development, drive measurable progress in environmental impacts with clear targets set and has a focused management approach. Visits to local schools near its Whitelee wind farm show the children the safety and environmental initiatives employed at the site and give them a better understanding of the sustainability of the power source right on their doorstep.

Haden Building Management is continuously improving its Health and Safety, Environmental and Quality performance and uses external accreditation to benchmark performance. The company holds the international standard for Quality Management ISO 9000/2000. It has gained ISO 14001 for Environmental Management and recently received the ROSPA President's Awards for consistent high performance.

Haden Young's stakeholder programme includes employees, partners, customers and the wider community. An employee survey is commissioned every two years to look at various aspects of employee satisfaction. Customer Service Reviews and biennial surveys monitor relationships and the ISO14001 accredited Environmental Management System minimises impact from activities on the environment and the wider public.

Mansell's clearly defined culture, known as the Mansell Way, guides its business dealings to achieve the highest standards in safety, customer service, training, community relations and care for the environment. The company strives to continually improve by setting increasingly challenging targets in each of these areas.

In the US, Heery International's commitment to local communities is evident through its work for Habitat for Humanity Homes in Atlanta, Seattle and Cleveland as well as payroll deduction organised for United Way. Employees take part in mentoring students and group support for charity walks.

Balfour Beatty Construction US, formerly Centex Construction, was acquired in 2007 and is continuing the process of integrating its policies with those of Balfour Beatty. It has a highly proactive programme for community involvement and charitable giving.

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CIVIL AND SPECIALIST ENGINEERING

Balfour Beatty companies are leading providers of civil and other specialist engineering, design and management services, principally in transport, energy and water.

Component businesses are Balfour Beatty Civil Engineering, Balfour Beatty Infrastructure Inc (US), Balfour Beatty Infrastructure Services, Balfour Beatty Management, Balfour Beatty Utility Solutions, Balfour Beatty Ground Engineering, Dutco Balfour Beatty (Dubai) and Gammon Construction (Hong Kong and Singapore).

Each of these operating companies have clear policies for Health and Safety, Environment and Quality Management.

In addition, Balfour Beatty Civil Engineering is committed to setting a clear Community Engagement programme on its major projects and regards proactive customer focus and community engagement as integral parts of its business strategy. It seeks to create positive and long-lasting relationships with all of its stakeholders and to engage proactively with them. Specialist communications professionals provide support on all schemes, engaging fully with groups, communities and individuals directly impacted by its operations.

Balfour Beatty Utility Solutions has established procedures to reduce its impact on the environment, whilst building and maintaining a sustainable business. The operating company is also developing a carbon footprint model to benchmark its performance and rigorously promotes recycling and waste minimisation across all its contracts in the UK. Sustainability and Safety First are just two of the eight core values of the company, recognising the importance of protecting the welfare of all employees, other persons affected by its works and the environment they are situated. Recognising the importance of safe driving for its employees, this operating company has set up links with the charity BRAKE – the road safety charity, to promote safe driving and offer training opportunities.

Balfour Beatty Infrastructure Services seeks to work in partnership with its stakeholders, every step of the way, on practical things that make a difference. For example, a carbon footprint working group has been set up to measure, monitor and implement a carbon footprint reduction programme including switching the electricity supply to renewal energy and low emission vehicles.

An initiative titled 'Safety starts with you' a fresh approach focusing on leadership and individual's behaviours to support the on-going development of a positive safety culture has been launched.

In addition, great emphasis is placed on attracting young people into the industry. In 2007 six young apprentices joined the North Yorkshire contract. Balfour Beatty Infrastructure Services is also keen to attract more women to the industry, and is involved in a number of initiatives. One of these offered women interested in developing their careers in highways and public lighting the opportunity to spend two weeks with Westminster TranServ. The scheme is continuing in 2008 and, it is hoped, will help break some of the myths dissuading women from becoming apprentices in the industry.

Overseas, Dutco Balfour Beatty in Dubai and Gammon Construction, where Balfour Beatty operates in joint venture has also set up health screening for their workers and Gammon has implemented several initiatives to improve safety in Hong Kong.

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[Read more about our commitment to tackling global issues](#)



RAIL AND ENGINEERING SERVICES

Balfour Beatty companies are international leaders in the design, construction, equipping and maintenance, management and renewal of rail assets and systems.

Component businesses are Balfour Beatty Rail Projects, Balfour Beatty Rail Services, Balfour Beatty Rail Systems and Solutions, Balfour Beatty Rail International which comprises businesses throughout Italy, Sweden, Norway, Malaysia and Spain, Balfour Beatty Germany and Austria and Balfour Beatty Rail Inc, operating in the USA.

Each of these operating companies have clear policies for Health and Safety, Environment and Quality Management.

These businesses aim to deliver a high standard of service based on a culture with a guiding philosophy of zero defects and accidents whether they be to employees, members of the public, property, plant, equipment or the environment. Additionally, they seek to minimise disturbance to the local and global environment from their operations.

Core principles are:

- to operate safe systems and methods of work and ensure the safety of the public;
- to contribute to the physical and social environments in which we operate;
- to engage with our stakeholders and provide them with information;
- to comply with the law, wherever we operate, and to be sensitive to local customs and traditions; and
- to conduct our business and make our decisions within a clear ethical framework.

The success of Balfour Beatty Rail's 24/7 safety campaign which was launched in 2006 continues to be evident across all businesses, both within the UK and internationally. The campaign aims to raise the profile of safety throughout the whole of the organisation by reminding all employees that Balfour Beatty Rail considers safety a 24 hours a day, 7 days a week activity.

The UK businesses participated in the 24/7 Safety Shield 2007. The objective of this annual award is to recognise individuals and/or teams for their contribution to safety, over and above what can be reasonably expected of their normal job function. The variety and quality of the nominations received has meant that next year the award will also include international businesses within Balfour Beatty Rail.

Safety, Health and Environment teams constantly work together across the businesses to look at significant areas for improvement so that Balfour Beatty Rail can be confident that our key health and safety messages are being delivered to our staff and contractors in the most effective way.

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Chairman and Chief Executive's statement

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[Read more about our commitment to tackling global issues](#)

INVESTMENTS AND DEVELOPMENTS

Balfour Beatty Capital is a leading promoter of, and investor in, major infrastructure assets in the UK, including healthcare, education and transport. It leads the process from identifying the opportunity, through bidding up to financial close.

Balfour Beatty Capital also provides assistance in bidding for assets overseas in the US, Europe and Singapore. The company has offices throughout the UK and is committed to further increasing its investment base in Public Private Partnerships (PPP) and Private Finance Initiative (PFI) concessions, as well as other infrastructure assets.

Corporate social responsibility is core to all activities. The company recognises that in order to prosper it needs to ensure that the communities in which it works genuinely benefit over the long-term. The projects play a key role in creating and caring for communities and the people the company serves, and as such, Balfour Beatty Capital places responsible practices at the heart of all its activities.

Projects are managed in a sustainable and environmentally sensitive manner and the company aims to ensure that resources are used responsibly, recycling where possible and working with suppliers who share the same principles and are willing to pioneer environmental initiatives.

A sustainability task group exists to evaluate the possibility of incorporating renewable energy techniques into new and existing projects, and to work with partners to help meet or exceed the UK Government's targets for reducing carbon dioxide emissions.

A dedicated community engagement team works with concession companies and in partnership with the local community to promote community cohesion, support social regeneration and tackle issues such as crime, vandalism and unemployment.

The commitment to safety stretches across all areas of the Balfour Beatty Capital business. Through communication, training and monitoring the highest levels of safety are maintained at all times. Ongoing initiatives include promoting behavioural based safety, healthy living, driver safety awareness and safety by design. In 2007 there was an AFR rate of zero in the context of 676,051 hours of work, with 2,050 hours devoted to staff safety training.

There are 17 nationalities represented within the workforce and the proportion of ethnic minorities increased from 6.25% in 2006 to 7.2% in 2007. The number of women employed within Balfour Beatty Capital in 2007 was 43%. Employee morale is reflected in an extremely low absenteeism rate of 0.9% as a monthly average. The 2006 employee survey showed that the company continues to enjoy high morale with a satisfaction level of 91%. An employee survey is conducted every year and identified areas for development and progress are openly shared throughout the organisation at management conferences, company updates and through the company newsletter.

Chairman and Chief Executive's statement

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2007 HIGHLIGHTS AND APPROACH

Accident frequency rate

Significant progress has been achieved in reducing Accident Frequency Rates (AFR) across the Group and joint ventures (JVs), despite continuing increases in employee numbers since 2002.

Overall safety performance has improved:

by 16% since 2006; and
by 65% since 2002.

The AFR for wholly owned businesses improved by 12% in 2007 compared to 2006, (from 0.30 in 2006 to 0.28). This performance is well ahead of the HSE's UK Revitalising Health and Safety targets of 5% year on year.

Since 2002

overall AFR is down 65%, employee numbers up 118%;
UK operating companies AFR down 44%, employee numbers up 87%; and
US operating companies AFR down 77%, employee numbers up 104%.

The combined AFR for operating companies plus significant JVs has improved by 16% from 0.25 in 2006 to 0.21 in 2007 and a 65% improvement overall from 2002.

Operating company AFR improvements

at the end of December, 12 (14 in 2006) out of 28 businesses reported accident frequency rates within their 2007 targets. Eight (six in 2006) further businesses reported better than 2006 performance without achieving their 2007 target.

Safety management audit

all businesses, with the exception of the US and new acquisitions, are now certified to the internationally recognised safety management standard OHSAS 18001. The US operating companies have developed a working party in order to work towards external assurance; and our JV businesses in Hong Kong and Dubai also maintained certification to OHSAS 18001.

Fatalities

four fatalities occurred in our wholly owned operating companies; two in the US, one in Italy and one in Malaysia; and 14 further fatalities occurred in our JV businesses; 10 in Dubai and four in Hong Kong.

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Case studies about safety and health management

Read case studies about how we manage safety and health issues across the group.

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65%

improvement in safety performance since 2002

12%

improvement in AFR for wholly owned businesses compared to 2006

SAFETY MANAGEMENT

Our Group-wide framework for managing health and safety is now well established.

At corporate level, it consists of our [principles](#) and [policy](#) for safety, and our expectations for managing Health and Safety. These are supported by a number of policy and guidance documents on issues common to many operating companies, for example accident investigation, and managing road risk.

Each operating company has its own formal safety management system, which deals with the hazards relevant to its business. As well as meeting corporate requirements, we expect our operating companies to achieve certification to OHSAS 18001, the internationally recognised standard for safety management. This is achieved by independent audit, and in nearly all cases we use Det Norske Veritas (DNV) as our independent certifying body.

In 2007 we set the following goals for our operating companies:

- UK operating companies to maintain OHSAS 18001 certification; and
- Non-UK operating companies to work towards OHSAS 18001.

Our US businesses have developed formal safety management systems which are being implemented across all projects. A task group to look at independent auditing met for the first time in 2007.

Health and Safety Council

The Health and Safety Council, chaired by the Chief Executive, and a series of Health and Safety Forums encompassing all operating company managing directors are now well established. Their function is to develop Group policy, review performance, launch new initiatives, and ensure good practice is shared across the Group.

During 2007, these bodies each met twice and confirmed the Group's long term safety strategy. This includes: a behavioural based approach to safety encompassing both leadership and worker engagement, more robust management of public risks, designing for safety, and improving occupational health arrangements.

Safety audit

Safety audit is a key element of safety management. We subject our safety management systems to both internal and external audit scrutiny.

External audit against the international safety management standard OHSAS 18001 is required in all UK businesses, and is being extended to our overseas businesses too:

- at present all UK businesses hold certification to OHSAS 18001;
- our rail operations in Germany, Malaysia, Italy, and Sweden maintained certification to OHSAS 18001; and
- in Hong Kong, our JV business Gammon Construction also maintained certification to OHSAS 18001.

All operating companies maintain programmes for internal audit and inspection, to monitor implementation of operational controls on site. Three operating companies have adopted advanced electronic audit systems that provide scored results for operational control.

We are in our third year of our Balfour Beatty/DNV joint audit protocol which encompasses our Group Expectations for Managing Health and Safety, the Group Framework for Opportunity and Risk Management, OHSAS 18001, ISO 9001 and ISO 14001.

The protocol aids the integration of safety, environmental and quality systems, whilst providing a scored measure of performance beyond certification. The new protocol is now in use in the UK and other parts of Europe.

Tr@ction

Balfour Beatty's Tr@ction system offers web-based, online reporting of accidents and incidents of all types (safety, health, environment, quality, security, complaints etc). Further advantages include a common underlying

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16%

reduction in Group-wide AFR in 2007

causal analysis and a powerful facility to track actions from investigations, audit and risk assessment.

Additionally, some operating companies use Tr@ction to monitor complaints, occupational health referrals, service strikes, insurance claims and other information.

Embedding Tr@ction into new businesses continued during the year and Tr@ction Masterclasses, offering advice on how to get the best from the system, were carried out for operating company senior managers in the US and new acquisitions in the UK.

Accident investigation

During 2007, we continued to conduct training in accident investigation that incorporates a powerful system of causal analysis. Root causes are recorded in Tr@ction so enabling common issues to be identified across the business.

The system is applied to all fatalities and to high potential accidents and near misses. This offers good insight into systemic causes and provides the opportunity to remedy these before injuries occur. By end 2007, over 600 senior managers and Principal Investigators attended one and two day courses in Accident Investigation in the UK, and other parts of the world.

Task groups

Several cross-operating company task groups have been active during the year in areas of common interest:

- MEWPs: A group has been established to review working with Mobile Elevated Work Platforms, focusing on procurement standards, training and emergency operation;
- a Utility Service Strikes working group has successfully developed policy, guidance and common training material to manage the risk from service strikes;
- a Tower Crane working group has produced company-wide guidance on the procurement, erection, use and maintenance of tower cranes;
- a Driving Safety working group has produced company-wide guidance on managing road risk and an employee leaflet aimed at addressing the behaviour of individual company drivers; and
- a Tr@ction User Group meets quarterly.

In earlier years, cross operating company task groups have:

- reviewed new legislation and standards on Temporary Traffic Management;
- developed training on asbestos management; and
- recommended an approach for managing the risk of Hand-Arm Vibration Syndrome (HAVS).

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SAFETY TRAINING AND COMPETENCY

During 2007 we have continued to provide a high level of safety training across the Group to ensure the competence of each jobholder.

Safety training days 2002-2007

Year	UK	Rest of World*	Total Training Days
2002	31,680	8,292	39,972
2003	35,369	7,389	42,758
2004	44,611	6,377	50,870
2005	30,938	6,219	37,157
2006	53,567	22,046	75,613
2007	42,691	22,901	65,592

*Rest of World Data includes US, other parts of Europe and Hong Kong.

Underlying trends in the data include:

13% decrease in total amount of training days in 2007 compared to 2006.

4% increase in total training days across combined overseas businesses.

There are, on average, 1.3 training days per employee across the Group, slightly down from an average of 1.5 days in 2006. The highest proportion of average training days per employee was once again in Germany and Austria, an average of six days per employee.

One operating company, Balfour Beatty Construction Plant and Fleet Services in 2007 recorded an average of seven days of training per employee.

Leadership and management

This is vital for good safety, and so a key focus during 2007 has again been appropriate safety training for managers at all levels, including:

A total of 116 (348 to date) Directors and Senior Managers in the UK, Germany and Italy attended a programme of one-day IOSH courses, "Safety for Senior Executives".

To date over 600 senior managers and Principal Investigators attended one and two day courses in Accident Investigation in the UK.

Other

Managers and Supervisors in Balfour Beatty Construction, Balfour Beatty Civil Engineering and Balfour Beatty Rail International Malaysia hold NVQ Levels 3 and 4 in Safety Management.

Specific safety training

We continue to provide training on specific hazards, and have added some new subjects too, for example, near miss reporting, fall arrest equipment awareness, temporary works design and MEWP coordinators.

School visits

In 2007, Balfour Beatty operating companies visited 261 (178 in 2006) schools in the vicinity of their projects addressing 6,436 pupils and warning them of the hazards of construction sites.

Balfour Kilpatrick visited three schools on five separate occasions. On each occasion the pupils addressed were invited to debate themes such as "Be a coach not a critic", "Don't walk by", "Site housekeeping", "Whatever it Takes Be Safe" and "Lead by Example". Posters on the themes were resized to postcard size and issued to those employees taking part in the workshops.

Competency

Balfour Beatty Construction, Balfour Beatty Rail Projects, Balfour Beatty Ground Engineering and Haden Young all report that above 95% of their workforce are certificated to the Construction Skills Certification Scheme (CSCS) or other nationally recognised training schemes.

In the UK, 93% of all Health and Safety Advisors hold formal health and safety qualifications. In the US 59% and in the rest of the world 84% hold

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600

individuals trained in formal accident investigation

over 65,000

days of safety training took place in 2007



formal qualifications. A further 248 Health and Safety Advisors worldwide are pursuing recognised qualifications to assist them in their duties.

Safety competencies

Geographical location	Number of company H&S advisors in total	Number of company H&S advisors resident on operational sites	Number of members within H&S team holding formal safety qualifications	Number of H&S advisors pursuing H&S qualifications (plus further qualifications)
UK	234	55	218	58
Europe	117	103	16	104
Rest of the World	63	61	53	83
North America	27	13	16	3
Totals	441	232	303	248*

*Includes NEBOSH General Certificate, Post Graduate Diploma in Occupational Safety and Health, BSc in Occupational Safety and Health.

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SAFETY AWARDS

We continue to receive many awards which recognise good safety performance worldwide.

RoSPA

In 2007, 45 RoSPA awards were received for occupational safety. Gold awards were received by Balfour Beatty Construction (Scottish & Southern), Balfour Beatty Power Networks, Balfour Beatty Civil Engineering, Balfour Beatty Rail Systems and Solutions, Balfour Kilpatrick, Haden Building Management, Haden Young and Mansell Construction.

British Safety Council

Three awards were received from the British Safety Council in 2007. For the 27th year Haden Building Management was awarded the BSC International Safety Award for annual safety performance. Two further awards were issued to Balfour Beatty Civil Engineering.

Considerate Contractors Scheme and the Considerate Constructors National Scheme

21 awards were received by operating companies from the Considerate Contractors Scheme. Balfour Beatty Construction (Scottish & Southern) Holborn project received an outstanding four awards including the Presidents, Gold, Environmental and Disabled Access awards.

Balfour Beatty Construction (Northern) and Balfour Beatty Construction (Scottish & Southern) both received one silver and two bronze awards from the Considerate Constructors National Scheme. Balfour Beatty Civil Engineering was voted the 2nd most Considerate Civil Engineer in the Civil Engineering sector and the 3rd most Considerate Constructor of all sectors within the construction industry.

Client awards

Occasionally, our clients present awards recognising exceptional safety achievements. In 2007, Balfour Beatty Construction (Scottish & Southern) received two awards from BAA for their impressive environmental and health and safety performance at T5. Balfour Beatty Power Networks were awarded the National Grid Safety Triangle Award recognising their improvements in safety performance. Balfour Beatty Infrastructure Services were recognised by the Highways Agency for their "Quick Moveable Barrier machine".

Other awards

Balfour Beatty Civil Engineering Project at the Forth Rail Bridge was awarded the Quality in Construction Project Safety Award. Balfour Beatty Utilities received an award from "BRAKE" the road safety charity, for their outstanding achievements in company driver safety. Balfour Kilpatrick was nominated as a finalist in the Construction News, Quality in Construction Awards (Health & Safety Management Achievement category).

US

An employee of Balfour Beatty Construction Group was selected as winner of an award from the DC Metropolitan Subcontractors Association (MSA) for Outstanding Jobsite Safety performance on the Dulles 12-Gate Expansion and West APM Station project.

Balfour Beatty Infrastructure Inc was awarded five North Carolina Department of Transport (NCDOT) safety awards.

Balfour Beatty Rail Inc received a Gold Safety Award from the National Railway Construction and Maintenance Association (NRCMA).

Hong Kong

The Hong Kong construction industry continues to recognise Gammon Construction for its outstanding contribution to safety. Listed below is a selection of some of these awards in 2007.

The 2007 Construction Safety Innovation Award for "Distinguished Innovation" and the Proactive Safety Contractor Award.

In 2007, Gammon Construction projects received the following awards:

Nam Wan Tunnel and West Tsing Yi Viaduct received the Occupational

Case studies about safety and health management

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Case study - Safety achievements recognised in the US

Charter Builders, a division of Heery International Inc, is one of three finalists for a major safety award from the Associated General Contractors (AGC), in the 101,000 - 300,000 man-hours category for 2007. The AGC is the largest national construction trade association in the United States.

[Read the full case study](#)

45

ROSPA awards were received for occupational safety

3

awards received from The British Safety Council

Safety & Health Council Excellence awards for Best Conservation and Best Practices for the Prevention of Pneumoconiosis; the Construction Industry Safety Award Scheme Bronze award; the safety team based at the project won the Silver award.

The KCRC East Rail project was awarded the Silver from the Considerate Contractors Site Award Scheme.

Gammon employees were also recognised by the industry for their contributions to safety. In 2007 employees received awards from the Hong Kong Lighthouse club including the Safe Foreman award 2007 and the prestigious Golden Safety Helmet.

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KEY HAZARDS

To achieve our aim of operating with no harm to our workers or the public, our operating companies each have an annual Safety Plan and Safety Targets.

Determining key safety issues

This incorporates the operating company response to corporate objectives and also addresses its own specific safety issues, which are determined by risk assessment and by analysing its own accident record.

During 2007, we continued to focus on four key areas:

- leadership / engaging our workforce;
- designing for safety;
- public health and safety; and
- occupational health.

These focus areas are supported by robust management systems and procedures and operating companies' health and safety plans are expected to reflect these areas.

Leadership / engaging our workforce

Like many companies, we find that achieving ever better safety performance requires more than robust safety management systems.

We have therefore continued to adopt a range of safety leadership and behavioural safety approaches to encourage a positive safety culture. These aim to demonstrate visibly our management commitment to safety, to show real leadership, and to engage all employees. By adopting this inclusive approach, we hope to make safe working practices the norm, and to progressively eliminate the acceptance of unsafe behaviour.

We include sub-contractors in our approach, and are often involved in clients' programmes for behavioural safety too.

To demonstrate that safety really starts at the top, Managing Directors and senior managers in all of our companies give safety a high profile and visit sites regularly. At Balfour Beatty Construction an Operations Director jointly presents the annual health and safety update training.

Other operating company Managing Directors review significant incidents as they occur and ensure that their Regional Directors brief the lessons learnt directly to employees.

In 2007 operating companies have further developed their programmes that demonstrate visible safety leadership. To give them an identity these programmes are themed with titles such as "Whatever it takes", "Be Sure Be Safe", "Safe on Sight" and "MAD on Safety".

A number of our operating companies have been involved in customer led behavioural safety programmes. At Heathrow Terminal 5, the Incident and Injury Free (IIF) campaign was seen as instrumental in helping the project achieve 18 reporting periods of one million man hours worked, including three periods of two million man hours worked without a reportable accident.

Public safety

Many of our businesses have an increasingly close interface with the general public. We are aware of our responsibilities to operate so as to ensure their safety. For example our highways, railways, hospitals, schools and utility sectors continue to operate in close proximity to the public. Once again in 2007, we have identified our principal public risks as road traffic accidents, railway design and installation, excavations in public places, working adjacent to the public in occupied buildings, and working in live schools and hospitals.

During 2007, 185 (144 in 2006) injuries to members of the public as a result of our works were reported by operating companies.

Public Risks are identified in Live Risk Registers, communicated throughout stages of the project, highlighted in risk assessments and monitored through audits, regular safety inspections and Safety Tours.

Case studies about safety and health management

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over 3m

man hours worked on Heathrow Terminal 5 with zero reportable accidents

31%

below HSE construction injury rate for reported injuries

In 2007, operating companies continued to maintain the focus on improving the control measures of those activities that cause a potential risk to public safety.

Safety by design

Our aim is to design both permanent and temporary works so that health and safety risks are eliminated or reduced. For example, pre-fabrication off site in a factory environment can lead to better quality, faster construction, reduced costs and much safer work activity on site. Risks are designed out at source – for both workers and the public.

This focus on design is reflected in our operating companies. Several hold in-house forums to enable design teams to share best practice.

The approach taken by Balfour Beatty Construction has already proved a success in 2007. Along with Architects White Young Green and BDP a "Safety in Design Forum" has been established. The aim of the design forum is to develop a common hazard identification management and tracking system as a proactive alternative to the common approach to designer's risk assessment.

Haden Young and Balfour Kilpatrick are investing in pre-fabrication and modularisation. The reductions in build times, numbers of workers exposed to risks and elimination of common hazards are rewarding their commitments.

Safety by design can be a simple affair. In Germany, Balfour Beatty Rail has replaced the need for mobile ladders on track by developing small flexible vehicles to access/egress the track. Additionally, to reduce work at height they have started to pre-assemble overhead catenary components on ground. To eliminate the traditional blind spots on site dumpers, Balfour Beatty Civil Engineering has developed a series of sensors that fit on the front of the dumpers.

Work at height

Following on from the success of our safety by design good practice DVD produced in 2006, a second volume was developed in 2007. This focused on eliminating the requirement to work at height or reduce the risks associated with work at height through design and innovation. Innovations included vacuum lifting, modular cladding systems and vehicle edge protection systems.

In 2007, a continued effort was put into tackling the inherent risks from using Mobile Elevated Work Platforms (MEWP). To date 368 MEWP Coordinators have been trained in the International Powered Access Federation (IPAF) "MEWPs for Managers' Course". To support the training Balfour Beatty MEWP coordinators' guidance material has been developed. After sustained lobbying of the supply chain, one major UK supplier agreed to retrofit their existing supply of MEWPs to prevent accidents.

Lifting operations

The control of lifting operations remains a prime concern to some operating companies, and continues to account for the majority of notifiable dangerous occurrences. In 2007, a total of 15 (15 in 2006) dangerous occurrences were due to overturning or failure of lifting machinery/equipment.

Lifting operations are supervised by trained and nominated crane co-ordinators, and each lift is controlled by an appointed person and certificated slingers. Further training was carried out for Crane Supervisors and Appointed Persons in safe lifting procedures in a number of operating companies.

A cross operating company task group was appointed in 2007 to specifically look at the operation and procurement of tower cranes.

Road safety

Road safety remains a significant issue. We are concerned about both road traffic collisions and traffic management around our work sites, as these pose risks to both our employees and to third parties. In 2007, road traffic collisions were the primary cause of Balfour Beatty worker fatalities.

Additionally, in 2007, 23 (18 in 2006) employees sustained injuries from road traffic collisions whilst on company business.

We have several initiatives in place to address this risk. A cross operating company task group, formed in July 2006, developed and issued minimum standards for managing driving safety and a set of personal driving standards aimed at employees.

Driver training, for the benefit of both car drivers and drivers of commercial vehicles, is conducted by operating companies in the UK, Hong Kong and Dubai.

Balfour Beatty Utilities Solutions and Balfour Beatty Fleet Services both actively support BRAKE the Road Safety charity foundation. Newsletters and safe driving merchandise are shared out amongst employees. Additionally Balfour Beatty Utilities Solutions received the BRAKE award for Driver Safety (see [awards section](#)).

Safety in the vicinity of roadworks

Across all of our road construction activities, we are constantly searching for ways in which we can improve temporary traffic management and ways in which we can enhance the public's journey safely through and beyond them.

There will always be a conflict that exists between reducing road congestion and maintaining and enhancing road worker safety. In 2007, on 776 occasions road traffic collisions occurred within the vicinity of our temporary traffic management (TTM) across all our operations. Of those, 229 resulted in the disturbance of our TTM.

In 2007, three members of the public and six Balfour Beatty employees were injured as a result of road traffic collisions occurring within the vicinity of our TTM. On one occasion a member of the public was fatally injured after colliding with a works vehicle within one of our TTM schemes. The works vehicle was parked safely within the scheme and the TTM layout was not considered to be a contributory cause of the accident.

Managing sub-contractors

Managing sub-contractors continues to be an important issue, which is given considerable attention, including:

- stringent health and safety pre-qualification and competence criteria;
- obtaining director level commitment to safety from sub-contractors;
- publication of a project charter with detailed safety standards and agreed compliance mechanisms;
- developing an integrated approach with major sub-contractors;
- identification of key risks of sub-contractors' work at pre-start meetings;
- formal appraisal of sub-contractor risk assessments and method statements;
- assistance in health and safety training for sub-contractors;
- joint review of safety management arrangements with key sub-contractors;
- setting minimum expectations for critical issues;
- an escalation process to directors of sub-contractors, for resolving persistent project issues;
- systematic safety audit of sub-contractors;
- supplier forums, to share knowledge and promote common practices
- greater co-operation; and
- the facility to remove poor performing suppliers.

Utility service strikes

Striking buried or overhead services is a recurrent hazard for many operating companies.

We have had a strong focus on this in recent years, supported by full reporting of all strikes. Although the total of strikes reported remains high, high-risk strikes have reduced by more than 25% since 2006, and the rate of strikes is continuing to fall.

In 2007, utility strikes were considered the second most significant potentially fatal hazard, working at height being the most significant. On 27 occasions either high voltage electricity cables or medium pressure gas mains were damaged as a result of our operations.

Although the incidents don't often result in serious injury, on four separate occasions in 2007, operatives suffered burns to the face and body and on one occasion temporary loss of sight as a result of striking underground services.

Whilst some operating companies have enhanced skills training for those operatives who work on or near to underground or overhead services, others have been trialling new technology including ground penetrating radar (GPR), excavator mounted cable avoidance scanners and scanners displaying approximate depths.

As a result of the actions above, together with the increased attention placed on the risk from service strikes, we have seen a continual, steady improvement in performance.

Employee consultation

Arrangements for employee consultation were reviewed in all UK businesses during 2001 and have been improved since then. This includes inviting employee representatives to workplace and senior managers' health and safety committees.

Telephone hotlines are provided for employee concerns in several businesses, in addition to formal whistleblowing arrangements. Elsewhere, employee safety champions are encouraged to accompany safety advisers on inspections.

Formal worker union representatives are in place in 16 operating companies across our global operations. Other methods of consultation in place include non-union representation and direct consultation methods. Operating companies hold formal safety committees on site throughout the UK. Additionally, some operating companies hold employee forums in order to consult directly with the workforce.

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SAFETY PERFORMANCE AND TARGETS

Safety performance

Safety performance targets for 2007	Status (for year 2007)	Target 2008
Zero fatalities	18 worker fatalities; comprising two in the US, one in Italy, one in Malaysia. 14 in joint venture businesses; 10 in Dubai and four in Hong Kong	Zero fatalities
Zero permanently disabling injuries	Two permanently disabling major injuries	Zero permanently disabling injuries
Each operating company targets sustained reduction in AFR in 2007, and to achieve AFR <0.2 by end of 2010	AFR improved 16% from 0.25 to 0.21 within this total: – UK 0.29 (2006: 0.31) – Europe 0.48 (2006: 0.43) – US 0.10 (2006: 0.14) – Other 0.14 (2006: 0.12)	Each operating company aims for zero accidents and injuries in 2008, with an absolute ceiling on AFR of 0.2 by end of 2010

Case studies about safety and health management

Read case studies about how we manage safety and health issues across the group.

[Read case studies here](#)

77%

reduction in AFR in our US operating companies since 2002

261

schools visited with more than 6,000 children given presentations on safety

We have three prime indicators of safety performance:

the number of fatalities.

the Accident Frequency Rate (AFR) ie the number of reportable (major and over three-day) accidents per 100,000 hours worked.

the number of permanently disabling injuries – introduced in 2004 as an additional indicator, with a target of zero to provide a focus on the most serious of accidents.

Performance 2007

Fatalities

We were deeply saddened by the loss of four colleagues in operating companies and 14 in our joint venture businesses in Dubai and Hong Kong in 2007.

Similar to previous years, our most serious accidents result from:

- working near/on plant
- working near live traffic
- working at height
- electrocution

Significant effort is put into managing these and other risks.

All fatalities, significant accidents and those with potentially serious consequences are subject to in-depth investigation including formal root cause analysis. To ensure this process is consistent and robust, we have trained over 600 principal investigators in the UK, Europe and the US to date.

Additionally, all fatalities and serious accidents are subject to corporate review by the Chief Executive and any lessons learnt are transferred across the Group. During 2007, 15 such reviews took place (eight in 2006).

Major injuries

Our operating companies reported 117 major injuries in 2007 and joint venture businesses reported 34. 11 of 28 businesses reported numbers of major injuries less than 2006 levels.

Of these major injuries, two were classed as permanently disabling in 2007.

Over three day injuries

299 injuries resulting in more than three days absence were reported in operating companies, and 126 in significant JVs. 18 businesses reported

fewer over three-day injuries than in 2006.

Key hazards giving rise to reportable injuries

A	252	A Manual handling
B	111	B Housekeeping
C	101	C Work at height
D	71	D Plant operation
E	45	E Lifting equipment
F	38	F Using hand-tools
G	30	G Underground utilities
H	26	H Electrical safety
J	22	J Driving

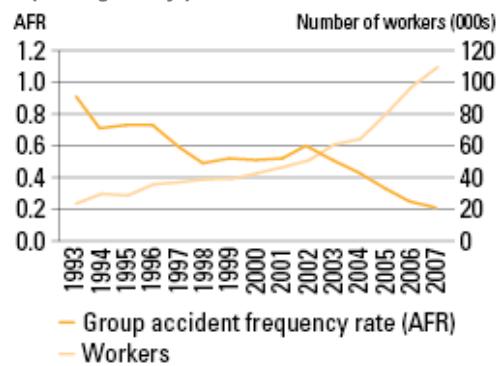
Accident frequency rate

Since last year, our overall AFR improved by 16%. This is an overall performance improvement of 65% since 2002.

We have maintained the momentum in driving down the AFR, while experiencing continued business growth. Over the last six years the AFR has fallen by 65% whilst workforce numbers have increased by 118%.

Over the same time period, the UK AFR has reduced by 44%, whilst the number of employees has increased by 87%. US operating companies have reduced their AFR by 77%; whilst US employee numbers have risen by 104%.

Improving safety performance



Notified dangerous occurrences

UK operating companies recorded 31 notified dangerous occurrences during 2007 compared to 23 in 2006. The principal categories were:

- 15 related to overturning or failure of lifting machinery/equipment
- 5 fire/explosions caused by electrical short circuits
- 3 instances of structural collapse
- 3 instances of short circuits to overhead lines.

In the US two dangerous occurrences were reported, one dangerous occurrence was reported by our Dubai based joint ventures and one was reported by our overhead transmission line project in Australia in 2007.

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CONVICTIONS AND PENALTIES

We report convictions and penalties across all our businesses.

UK

UK regulatory action	2007	2006	2005	2004	2003	2002
Prosecutions	1	2	2	2	3	0
Prohibition notices	4	2	2	1	8	8
Improvement notices	3	1	0	2	3	3
Visits by HSE inspectors	127	188	159	238	192	285
Convictions	2	1	2	3	2	1
Fines (£)	260,747	100,000	10,060,000	320,000	7,000	4,000

HSE inspectors carried out 127 visits to our UK workplaces during 2007, 32% less than in 2006.

This resulted in seven UK Enforcement Notices compared with three in 2006. These comprised four Prohibition Notices, for the condition of work equipment and competency, and three Improvement Notices for site plant/pedestrian segregation, scaffold stability and safety pass for access to a site.

The HSE served one Notice of Prosecution on UK operations during 2007 as the result of an incident in July 2003.

We continue to build strong relations with the HSE. As part of the HSE National Intervention Strategy with major contractors, Balfour Beatty Civil Engineering has developed a joint Intervention Plan. This builds on the work started in 2005 by Balfour Beatty Construction. The Intervention Plan is reviewed periodically by Balfour Beatty and the HSE. The arrangement may be extended to other UK companies in the future.

US

US regulatory action	2007	2006	2005	2004	2003	2002
US Citations	0*	5	2	5	0	13
US Fines (\$)	0*	12,660	5,000	14,000	0	14,415

*No citations or fines were received by US operating companies during 2007.

Balfour Beatty Rail Inc. had two non significant and substantial citations issued following a safety inspection by the Mine Safety and Health Agency (MSHA). One was for a frayed electrical cord on a drill and the second for a loose chain supporting an oxygen cylinder - both issues were corrected immediately and no monetary fines were issued.

Other regions

Other regulatory action	2007	2006	2005	2004	2003	2002
Prosecutions	0	0	0	0	6	6
Notice of Violation	0	1 - Italy 3 - Hong Kong 1 - Dubai	2	1	1	1
Fines	0	2000 HK\$ 38,000 AER 3,000				

There were no fines in Hong Kong, Europe or Dubai. However suspension notices were issued to Gammon Construction in Hong Kong in relation to three fatalities.

Case studies about safety and health management

Read case studies about how we manage safety and health issues across the group.

[Read case studies here](#)

127

visits carried out by HSE inspectors to our UK workplaces during 2007



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BENCHMARKING OUR SAFETY PERFORMANCE

We benchmark our safety performance against industry norms in the construction and rail sectors. In the UK, Germany, US and Hong Kong our performance compares favourably with those external norms.

UK safety benchmarking

Within the UK, we benchmark our safety performance against the published industry statistics from the Health and Safety Executive (HSE). We compare very favourably with the UK industry norms for fatal, major and all reportable injuries.

Comparison of UK injuries and fatalities vs HSE's construction industry norm

Rates per 100,000 employees (direct & indirect)	2007	2006	2005	2004	2003	2002	HSE's construction industry norm (2006/07)
All reported injuries	599	668	819	883	1,050	1,152	865.3
Non-fatal major injuries	170	240	239	205	224	255	295.4
Fatalities	0	0	0	0	6.7	8.3	4

All reported injury rate: our rate fell to 599 per 100,000 employees (direct and indirect). Since 2002 there has been a 48% improvement in our all reported injury rate. This compares very favourably with the reported HSE rate for the construction sector of 865 (this HSE figure has not been adjusted for widespread under-reporting). Our 2007 all injury rate is 31% less than the HSE's rate for the construction sector.

Fatal injury rate: our rate was once again zero in 2007, as it was in 2006 and 2005. The HSE norm for the construction sector is 4 for 2006-7.

Non-fatal major injury rate: our rate fell to 170 per 100,000 employees. This is well below the construction sector rate of 295.4 and has improved by 33% since 2002.

HSE construction data



Other UK benchmarks

We are also able to make comparisons with other industry norms. For example the British Safety Council publishes an average All Accident Incidence Rate of 2220.93 for 2006/07 for the Construction Industry, compared to our UK rate of 599, ie 73% better.

In 2007 Stent Piling recorded an Annual Incident Rate (AIR) of 12.1, which is 46% better than the Federation of Piling Specialists (FPS) rate of 22.6.

In the UK Mechanical and Electrical Sector, Balfour Kilpatrick and Haden Young both recorded accident incident rates which are at least 75% (60% in 2006) better than the sector average; published in the BSRIA Report 2007 (BSRIA is a leading consultancy, test and research organisation for the Construction Industry).

Case studies about safety and health management

Read case studies about how we manage safety and health issues across the group.

[Read case studies here](#)

42%

improvement in our all reported injury rate since 2002

88%

lower OSHA lost time rate for Balfour Beatty Construction US compared to the industry average

The UK Government's Revitalising Health and Safety initiative challenged all industries to improve the incidence rate of fatal and major injury accidents by 5% between 2000 and 2004. From 2002 to 2007 the improvement in our UK fatal and major injury accidents incident rate was 6%.

The construction industry and the Major Contractors' Group committed to reduce the incident rate of all reportable injuries by 10% year-on-year from 2000. Balfour Beatty UK's improvement in this period remains close to that target at 48%.

Europe

In Germany, Balfour Beatty Rail Power Systems recorded a 93% improvement on the Berufsgenossenschaft (BGFE) risk category 14. The average rate for 2006 was 5.67. (BGFE rate for 2007 is not yet available).

US

In the US, Balfour Beatty Construction US achieved an Occupational Safety and Health Administration (OSHA) total recordable injury rate of 2.3, 55% lower than the construction industry average for total US recordable injuries of 5.2.

Balfour Beatty Construction US OSHA lost time rate was 0.2 which is 88 % lower than the industry average 1.7.

Hong Kong

In Hong Kong, Gammon Construction recorded an incident rate (per 1,000 workers) of 8.3, 87% (86% in 2006) better than the industry average of 64.3 for all Hong Kong Public Works Contracts.

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OCCUPATIONAL HEALTH

We pay particular attention to specific occupational health risks relevant to our industry. These include:

Highlights and approach

11% reduction in the number of hand-arm vibration cases identified in 2007;
zero early retirements or fatalities due to work related ill-health;
absence monitoring in place since 1997;
increased use of stress management counselling, awareness and recognition services; and
53% increase in audiometric testing across the Group.

Our approach

Our aim is to ensure that no harm to our employees' health occurs as a result of our activities.

Occupational ill-health typically arises from prolonged exposure to a condition or substance, or repeated undertaking of an activity. In the construction industry, causes of occupational health conditions include asbestos, manual handling, skin conditions arising from exposure to hazardous substances, noise exposure, vibration risks and more recently stress.

During 2002 we reviewed our approach to occupational health, and in 2004 and 2005 increased the focus on managing occupational health systematically and effectively in our operating companies.

Our current focus is on:

- regular health screening to identify early symptoms of work related ill-health,
- the control of activities that have the potential to impact on workers health.

Several operating companies have contracted professional occupational health service providers to review their specific arrangements. Recommendations will be used to develop enhanced occupational health programmes.

We measure sickness absence data, to provide a Group-wide view of the nature and scale of occupational health problems among our workforce. This will help us focus on priorities.

Case studies about safety and health management

Read case studies about how we manage safety and health issues across the group.

[Read case studies here](#)

Increased use

of stress management counselling, awareness and recognition services.

11%

reduction in hand-arm vibration cases identified during the year

53%

increase in audiometric testing across the group

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OCCUPATIONAL HEALTH SCREENING

In 2007, a total of 5,613 operatives received some form of occupational health screening.

The majority of those screened were in the UK, a total of 4,698, a 6% increase on 2006. In other parts of Europe, 642 employees were screened, and in the US 269 employees were screened.

Of all those screened, 5% were referred for further medical examination and of those referred, 1% subsequently had their duties restricted.

UK health screening

	No. of employees screened	No. referred for further examination	% of those screened
2003	4,857	354	7.3
2004	1,482	116	7.8
2005	4,172	347	8.3
2006	4,421	196	4.4
2007	4,698	231	5.0

Case studies about safety and health management

Read case studies about how we manage safety and health issues across the group.

[Read case studies here](#)

5,613

employees received occupational health screening during the year

11,662

drugs and alcohol tests carried out in the UK and US

Other regional health screening (2007)

	No. of employees screened	No. referred for further examination	% of those screened
Europe	642	61	9.5
North America	269	0	0
Rest of the world	4	0	0

In 2007 14 cases of work related ill-health were reported to the enforcing authority. All cases were reported in the UK and were in relation to hand-arm vibration syndrome (HAVS).

Some major projects employ resident occupational health nurses to carry out pre employment screening, ongoing health screening and general health promotion.

In 2007, Balfour Beatty engaged Norwich Union to deliver a comprehensive Occupational Health Service including health screening, health referrals and advice on fitness for work and general well being.

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OCCUPATIONAL HEALTH HAZARDS

We pay particular attention to specific occupational health risks relevant to our industry. These include:

Hand-Arm Vibration (HAVS)

Over the past three years operating companies have refined their management of vibration, and many have appointed champions to develop methods of reducing risks associated with HAVS. Selecting the right vibrating tools, colour coded tools marked with "traffic light" systems, monitored trigger times and working with a single tool provider are all used to control exposure to vibration.

Additionally, regular health surveillance for relevant employees is carried out, enabling us to identify historical cases of HAVS and to observe new symptoms at an early stage. In 2007, HAVS questionnaires were completed by 1,870 (4,700 in 2006) UK employees. As a result, 55 cases of HAVS were identified in 2007 compared with 62 in 2006 and 86 in 2005. This reduction demonstrates the continued effort from operating companies in managing the risk associated with HAVS.

Of the 55 cases of HAVS identified by questionnaire in 2007 all went on for further health surveillance and as a result 14 were reported as occupational ill health cases to the HSE. The remainder were identified at an early enough stage to prevent further damage.

2007	55
2006	62
2005	86
2004	59
2003	14

During 2007, Mansell Construction and Haden Young continued to work closely with tool manufacturers to measure exposure time on common tasks associated with vibration risks. Balfour Beatty Civil Engineering is experimenting with innovative personal vibration exposure monitors worn by operatives working with vibrating equipment.

Manual handling

Musculo-skeletal disorders due to poor manual handling are a common hazard on site. We are addressing this in several ways including increased automation and use of vacuum lifting and hydraulic lifting appliances. On London Underground a mechanical aid has been developed for positioning rail sleepers. Balfour Beatty Utility Solutions utilised a mobile training vehicle to visit regions across the country promoting manual handling initiatives. Balfour Kilpatrick appointed manual handling champions to look at re-designing manual handling tasks to reduce the risk of injury.

Noise induced hearing loss

Hearing loss caused by exposure to noise at work continues to be a significant occupational disease – which is why regular hearing checks are vital in detecting and responding to early signs of damage.

In 2007, a total of 3,428 employees received audiometric testing across the group compared to 2,242 in 2006. 1.2% (3.5% in 2006) of those tested had their future duties restricted due to early signs of damage. This demonstrates the continued effort from operating companies in managing the risk associated with noise.

Stress

Stress is increasingly reported in the UK as a cause of work related illness and is a focus for UK regulators. Several of our businesses have introduced stress management arrangements, including counselling, stress awareness and stress recognition training. Counselling is offered to those affected by major incidents as a matter of course.

In-house workshops are used to promote awareness of stress related matters and potential workplace stressors, and training is provided to help managers identify potential workplace stressors early on.

Case studies about safety and health management

Read case studies about how we manage safety and health issues across the group.

[Read case studies here](#)

Increased use

of stress management counselling, awareness and recognition services.

11%

reduction in hand-arm vibration cases identified during the year

53%

increase in audiometric testing across the group

in the workplace. A further four were trained as in-house stress councillors. As a result 55 employees affected by major incidents were able to receive stress counselling.

Alcohol and drugs

We are determined to address potential health and safety problems caused by the possession or use of illegal drugs, and abuse of alcohol or other substances, such as solvents or medicines.

Testing is rigorous in the UK and US. In 2007, 11,662 alcohol and drugs tests were carried out in the UK and US, of those tested 2.3% (4% in 2006) returned positive results.

In the UK, results over the last five years consistently show drugs to be a greater problem than alcohol. A similar trend over the previous five years has been seen in the US. In all cases, the number of positive tests has steadied or reduced since random testing was introduced in 2006. This may be due to the testing process acting as deterrent to the workforce.

We encourage our operating companies to take a supportive stance to helping those who acknowledge a problem, but to be uncompromising if workers are found to be in breach of the requirements of our Group policy established in 2002.

UK	No. of drug tests	No. of positive results	% of those tested	No. of alcohol tests	No. of positive results	% of those tested
2003	2857	43	1.5	2700	3	0.1
2004	950	28	3.0	931	2	0.2
2005	1074	65	6.0	920	6	0.7
2006	3213	128	4.0	3224	7	0.2
2007	4575	189	4.0	4585	8	0.2

USA	No. of drug tests	No. of positive results	% of those tested	No. of alcohol tests	No. of positive results	% of those tested
2003	1395	40	3.0	444	1	0.2
2004	898	15	1.7	109	0	0.0
2005	2579	102	4.0	361	1	0.3
2006	1338	94	7.0	1162	93	8.0
2007	2197	68	3.1	305	3	1.0

Substances hazardous to health

All operating companies continue to address the risks from handling and exposure to substances. Examples are sensitivity to cement, solvents and other chemicals.

Asbestos

Our focus in 2007 has been on maintaining asbestos management plans and training programmes on the recognition of asbestos. We operate a strict policy of engaging with accredited experts if uncharted asbestos is encountered.

All UK operating companies report that they have asbestos management plans in place and asbestos duty holders have been appointed and trained where required. European arrangements are being progressed.

Occasionally, we encounter uncharted asbestos in buildings during refurbishment or maintenance activities. Any potential exposure is carefully managed, samples analysed and records kept. During 2007, the number of reported asbestos related incidents more than doubled from 21 in 2006 to 46 in 2007. The increase may be attributed to more refurbishment work leading to potential accidental exposure. In all cases, the asbestos containing materials had not been highlighted in either the asbestos management plan or site specific details.

Health promotion

Most of our operating companies run occupational health promotional campaigns focusing on stress, dermatitis, musculoskeletal and general health awareness.

Some businesses also encourage a healthy lifestyle, beyond the workplace. Balfour Beatty Management continued its healthy living policy and campaigns during 2007. The Haden Young Health Bus visited several sites across the

UK promoting healthy attitudes to work.

In Hong Kong, Gammon Construction organised an industry seminar to raise awareness of health concerns and determine ways to tackle the issues. In Austria, Germany and Spain, flu and tick immunisation campaigns were launched.

Another topical issue is that of smoking. 'No-smoking' campaigns were launched in several companies, in advance of the forthcoming changes to legislation.

Some companies continue to promote healthy eating in their canteens and make fruit readily available in their offices.

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2007 HIGHLIGHTS AND APPROACH

Environmental management

89% UK operations have ISO 14001 certified management systems; 87% of most other European operations, 96% of Hong Kong operations and all operations in Dubai have management systems certified to ISO 14001; sixth set of annual environmental performance data recorded in UK operating companies, externally verified for accuracy and robustness by Sd3; seventh year of participation in Business in the Environment Index score improved to 85% compared to 80% in 2006; and improvements in data recorded by non-UK operations.

Environmental performance 2007

Incidents

no serious environmental incidents with irreversible impact; 336 environmental incidents in the UK, 6% increase on 2006, 37% improvement on 2002; and one notice of prosecution received in the UK .

Energy

total UK relative contribution to global warming is down 30% over five years, to 39.6 tonnes equivalent CO₂ per £m NSV; improvements in energy efficiency in our UK vehicle fleets and buildings; and zero purchases of CFC's down 100% since 2002. Less SF6 purchased on behalf of clients than in previous years.

Waste and recycling

total UK waste generated per £m NSV down 24%; 37% less inert materials sent directly to landfill compared to 2006; 65% more materials recycled in the UK compared to 2006; 70% more inert materials sent directly to recycling stations in the UK compared to 2006; and 52% more metals, 64% more packaging, 52% more plastics recycled in the UK compared to 2006.

Resources

70% of timber purchased from certified sources. 50% timber purchased from a purely FSC certified source; 17% more water consumed relative to £m NSV compared to 2006; and 24% less water used for industrial applications relative to £m NSV than in 2006.

Our policy

Our [environmental policy](#) has three main goals:

to work with customers to achieve more sustainable design solutions; to be a leader in environmental practices on all our operational sites / projects for customers; and to progressively improve the environmental performance of our own offices, depots, manufacturing facilities and vehicle fleet, for example the energy efficiency of our vehicle fleets and foundries.

We aim to prevent environmental harm in all our activities, and are committed to operating in an environmentally responsible manner. We strive continuously to improve our environmental performance.

Environment - our approach

Our approach to managing our environmental responsibilities is structured and risk based. Each operating company has established environmental management systems that address the specific environmental issues relevant to that business.

Environmental practices case studies

Read case studies about how we manage our impact on the environment.

[Read case studies](#)

Case study - A3 Hindhead

The A3 Hindhead project will complete the dual carriageway link between London and Portsmouth and remove the current road from the Devil's Punchbowl, which is within the heart of an area of outstanding natural beauty.

[Read the full case study](#)

24%

reduction in relative production of total waste, in the UK since 2006

4,356

days spent conducting internal and external environmental audits in 2007

We share good practice across operating companies, and involve workers to encourage environmental awareness and a positive approach to environmental issues.

While the range and nature of environmental risks varies widely in each operating company, we review our overall progress by monitoring:

the robustness of environmental management systems;
environmental incidents and prosecutions ; and
trends in specific environmental indicators, such as energy and global warming contribution, waste and recycling, resource usage, biodiversity, water consumption.

Our UK operations were first to adopt formal environmental management systems and develop performance measurement, but we are making good progress in extending our approach to our overseas operations.

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ENVIRONMENTAL MANAGEMENT SYSTEMS

Goals

Our aim is to continue to increase environmental engagement and to embed environmental management systems into our business.

The management system for each operating company identifies and addresses specific environmental issues relevant to their operations.

In 2007 we set the following goals for our operating companies:

UK operating companies to maintain ISO 14001 certification;
non-UK operating companies to work towards ISO 14001;
extend reporting of environmental performance to non-UK operating companies; and
non-UK operating companies to improve processes to record environmental performance.

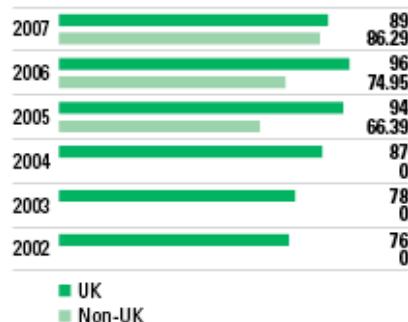
Performance

89% of UK operating companies have achieved ISO 14001 certification (96% in 2006). While the majority of UK operations are now certified, each year our structure changes through acquisition, disposal and reorganisation. Newly acquired businesses are required to achieve ISO 14001 as soon as practicable.

Our US businesses have developed formal environmental management systems which are being implemented across all projects. A task group to look at independent auditing met for the first time in 2007.

ISO 14001 is in place in 87% of our European operations, an improvement on 46% in 2006. Our Hong Kong and Dubai operations maintain certification to ISO 14001.

Operating company certified to ISO 14001



Environmental practices case studies

Read case studies about how we manage our impact on the environment.

[Read case studies](#)

89%

of UK operating companies have achieved ISO 14001

2007 priorities for environmental management

to continue to quantify and understand our environmental impacts, especially non-UK;
to encourage environmental engagement among our supply chain;
to investigate the causes of incidents and ensure that lessons are learnt and shared; and
to develop further our approach to sustainable construction.

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TRAINING

In 2007 we have continued to provide environmental training to ensure that our employees are aware of the environmental consequences of their activities and know how to protect the environment.

As new legislation and best practice is introduced, our operating companies seek to prepare their employees by providing awareness training about the specific requirements. In 2007, this included the introduction of the Site Waste Management Plans due to come into force in the UK in April 2008.

At Mansell Construction's largest design and build social housing project at the Townmead Estate in Fulham, waste management and the proposed waste segregation regime on site was provided for all supply chain partners. The project also received a visit from the "Café Van", a Government funded scheme which offers environmental awareness training to site-based staff during their tea breaks. This proved successful and Mansell has invited the "Café Van" to visit a number of sites within the London area in future.

As good environmental practice spreads across the globe our overseas businesses are preparing to meet the challenge. In 2007, the Gammon Construction training academy in Hong Kong ran courses on Environmental Management and Control, Sustainable Construction Techniques and Working with Construction Noise Permits.

In 2007, we increased the number of environmental training days worldwide by 15%. In the UK we increased the number of days of environmental training by 22%.

Environmental training days

	2007	2006	2005
UK	2,365	1,945	1,241
Europe	539	540	57
Rest of the world	46	7	NR
North America	431	453	NR
Total	3,381	2,945	1,298

Audit

In 2007, once again the emphasis was placed on more internal audits conducted by the operating companies themselves. That process was then monitored and audit results verified by the Group's external audit body, DNV, using the Balfour Beatty Audit Protocol.

We increased our total number of internal audit days by 30% on 2006. The total number of days external bodies spent auditing our environmental management systems increased by 64% on 2006.

Internal audit days

	2007		2006		2005	
	Internal audit days	External audit days	Internal audit days	External audit days	Internal audit days	External audit days
UK	2,616	507	1,859	287	1,204	344
Europe	61	42	41	28	53	17
Rest of the world	23	47	40	17		
North America	1,040	20	932	43		
Total	3,740	616	2,872	375	1,257	361

Environmental practices case studies

Read case studies about how we manage our impact on the environment.

[Read case studies](#)

15%

increase in environmental training days worldwide

30%

increase in our total number of internal audit days

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KEY ISSUES

After our sixth year of data collection in the UK and second year of data collection for non-UK operating companies, we have an established picture of our most significant environmental impacts, and how these vary across our different businesses.

energy usage is important for all of our operating companies. The key component is fuel for plant and our vehicle fleet. As our operations become more global, air travel is becoming an important issue;
resource usage and sourcing are increasingly important for some of our customers, with the focus on the procurement of timber from sustainable sources and verifying the chain of custody;
waste generation is an issue in most of our operating companies, particularly inert material in our civil engineering businesses. All operating companies seek opportunities to **reuse, recycle, recover** waste and to utilise recycled materials where possible; and
in some operations, the ability to work alongside **sensitive environmental areas** (eg Site of Special Scientific Interest) remains a focus – these businesses have developed biodiversity plans.

The relative importance of these issues varies significantly across our global operations and each seeks to manage effectively those issues relevant to its business.

Environmental performance indicators

System reporting

Our online reporting system provides the business with a means to interrogate, trend and graphically communicate environmental information. The system also offers our operating companies the ability to better monitor, track and benchmark their environmental performance amongst their peers.

Indicators

We have a range of indicators to judge our performance. We measure the following for all operating companies and significant JV's:

Environmental management systems

We assess our progress by monitoring:

the proportion of the business with formal environmental management systems certified to ISO 14001;
our rating in independent benchmarking such as the Business in the Environment Index; and
environmental training, awards and audits.

Incidents and regulatory action

We monitor:

environmental incidents, classified by severity and type; and
environmental notices, prosecutions and convictions.

Since 2002 we have also measured a comprehensive suite of environmental indicators in the UK. In 2005 we extended this to our European operations and 2006 extended it further to include all other overseas operations including the US, Malaysia and Hong Kong.

Environmental performance

Energy	Fuel and electricity usage in offices, sites, industrial processes, and in vehicles (this included air travel for the first time in 2007)
Water	Water usage in offices, factories, abstraction and other large water usage
Waste	Waste by type, recycling and reuse of inert material

Environmental practices case studies

Read case studies about how we manage our impact on the environment.

[Read case studies](#)



Case study - Sunderland Aquatic and Wellness Centre

The Sunderland Aquatic Centre, built by Balfour Beatty Construction Northern, is one of the most accessible and environmentally-friendly swimming pools in the UK.

[Read the full case study](#)

Zero

environmental incidents classified as serious

6th year

of comprehensive environmental impact data for the UK businesses

Other impacts Damaging substance use, eg persistent herbicides
Noise and vibration nuisance
Supply chain activities
Biodiversity

Montreal Protocol Ozone depleting substances and sulphur hexafluoride

To put this data in context, we use normalising data, for example net sales value.

Our web accessed database will help us collect, monitor and manage our environmental performance indicator data. The solution will also help operating companies assign SMART objectives and targets.

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ENVIRONMENTAL FOOTPRINT: RESOURCE USAGE

We increasingly focus on the sourcing of materials, usage of non-renewable resources and our supply chain.

In 2007, we revised our Environmental policy committing ourselves to conducting our operations in an environmentally and socially responsible manner. Additionally we seek to:

work with customers to achieve sustainable, energy efficient design solutions using renewable sources in preference to non-renewable; be leaders in environmental practice in our operations; and improve fuel and energy efficiency in our own premises.

We also focus on encouraging environmental engagement among our suppliers. As an overall indicator of environmental engagement in our supply chain, we measure, in each operating company, the number of top twenty suppliers by spend that are certified to ISO 14001.

In 2007, in the UK, at least 39% of the top twenty suppliers are certified to ISO 14001 (29% in 2006 and 26% in 2005). In other parts of Europe the figure is 43% and 17% in all other international businesses combined.

Timber

Procuring timber from well-managed and sustainable sources is important to all of our businesses and, in 2007, our operating companies have improved their policies and procurement procedures to support this aim.

A number of operating companies have approached their customers and timber supply chain to develop "Joint Procurement Initiatives" aimed at purchasing of timber from managed sources.

In 2007, Balfour Beatty Construction represented the UK construction industry at the G8 summit in Berlin, advising on the Timber Purchasing Directive. Additionally, Balfour Beatty has been working closely with Timbmet Group on their Progressive Industry Vision for the Global Forest Sector.

Balfour Beatty Construction's Barkantine Care Centre project obtained full certification under the FSC Project Certification Scheme. Balfour Beatty Civil Engineering has now achieved FSC and PEFC Chain of Custody certification for the supply of timber and wood products, for all office construction and refurbishment projects for the UK Environment Agency. According to BM TRADA, the leading multi-sector certification body, Balfour Beatty is the first, and so far, only contractor in the world to have construction sites certified in this way.

During 2007, Gammon Construction in Hong Kong, conducted trials on the use of bamboo plywood from sustainable forests in China as an alternative to the conventional (uncertified) plywood.

In 2007, 70% of timber, by spend, came from a certified managed source. Of that total 50% was purchased from a purely FSC certified source.

Our amount of certified, timber purchased has decreased slightly in 2007. This is due, in part, to one large operating company receiving certified timber, free of charge, direct from the customer. Additionally, as the wider construction industry seeks to obtain sustainable timber, the demand for a reputable certified source increases and supply becomes more difficult. One of our operating companies can only meet 70% of their timber requirements from a certified source. Our operating companies are looking further down the supply chain and are beginning to challenge the chain of custody.

UK timber spend

Environmental practices case studies

Read case studies about how we manage our impact on the environment.

[Read case studies](#)

Case study - Reaping the local benefits in St Helen's

Birse Civils, a Balfour Beatty Regional Civil Engineering company, implemented a comprehensive community and environmental programme while working on the Blackbrook diversion scheme in St Helen's in north-west England.

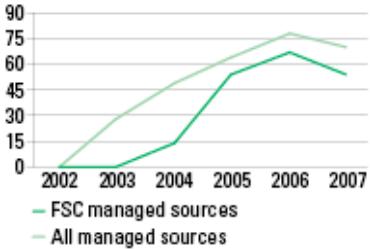
[Read the full case study](#)

70%

of timber by spend came from a certified managed source

70%

increase in UK inert material recycling in 2007



Aggregates

Our civil engineering road construction projects and utilities businesses generate large quantities of inert material and require aggregates of various types. We adopt innovative approaches to sourcing of aggregates and disposing of surplus materials. On many of our projects, extracted aggregates are reused elsewhere on the same site, or are transported to sites nearby and reused there. For example, on our M1 widening scheme and A3 Hindhead project, Balfour Beatty Civil Engineering reused 99% of the aggregates extracted as part of the works.

Goals

In 2008, we will continue to focus on the ethical sourcing of materials, reducing the use of non-renewable resources, sourcing timber increasingly from certified sources and engaging our supply chain.

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ENVIRONMENTAL FOOTPRINT: WASTE AND RECYCLING

Goals

Our overall goals for waste are:

- to progressively reduce waste generation;
- to encourage opportunities for recycling waste and utilising recycled products; and
- to reduce progressively disposal of waste directly to landfill.

Waste

We measure waste in two categories:

Non-hazardous waste:

- General waste, eg offcuts and packaging; and
- Inert material: eg excess sub-soils, generated entirely by our civil and construction engineering business.

Hazardous waste:

- Waste COSHH (substances hazardous to health) materials and their packaging;
- Contaminated land removed on behalf of customers;
- Materials such as redundant oils; and
- Used ballast predominantly from our rail businesses.

The construction process typically generates large volumes of waste. Over the last six years, we have raised the awareness of this problem across the business, and have improved our measurement of construction waste – aided by the use of national waste contractors who are able to provide accurate data on waste volumes and recycling.

We have measured waste in the UK since 2002. In 2006 we extended this to include our European operations and in 2007 extended this further to include all other overseas operations, excluding the US. They will be progressively working towards systems that will record waste data accurately.

2007 performance

In 2007, the total amount of waste generated across all global operations, excluding the US, was 1,793,277 tonnes.

The UK generated 42% of the total waste, other parts of Europe 1%. The largest proportion of waste, 57%, was generated by Gammon Construction, Hong Kong.

In 2007, in the UK, our total waste (excluding liquid waste) relative to £m NSV was 152 tonnes compared to 199 tonnes in 2006 representing a 24% reduction.

In the UK, the general waste generated per £m NSV in 2007, was 56 tonnes, an increase of 4% compared to 2006.

Our hazardous waste volumes fluctuate greatly, year on year, depending on the type of work an operating company is conducting. The closing or opening of new depots or sites also affects the amount of hazardous waste recorded.

In 2007, relative to £m NSV, we doubled the amount of hazardous waste compared to 2006. This was due to a large amount of contaminated material excavated at Balfour Beatty Civil Engineering's Isle of Grain Project. Additionally, Balfour Beatty Rail Projects removed waste rail ballast from its Ruislip and East London Line Projects.

UK hazardous waste

Environmental practices case studies

Read case studies about how we manage our impact on the environment.

[Read case studies](#)

24%

reduction in total waste relative to £m NSV in the UK

65%

increase in quantities of materials recycled in the UK compared to 2006

2007	29855
2006	11312
2005	14358
2004	6344
2003	2654
2002	7927

Total weight hazardous waste (unit Tonnes)

In 2007, UK businesses decreased the amount of inert material sent directly to landfill. Relative to £m NSV, this has decreased by 37% compared to 2006 data. The decrease is largely due to the efforts of those operating companies who have implemented policies to recycle or reuse 100% of their inert material waste types.

In accordance with requirements of legislation; 806 Hazardous Waste Producer Sites were registered with the Environment Agency in 2007 compared to 947 in 2006 and 619 in 2005. Four in other parts of Europe and two in Malaysia were registered with local agencies in 2007.

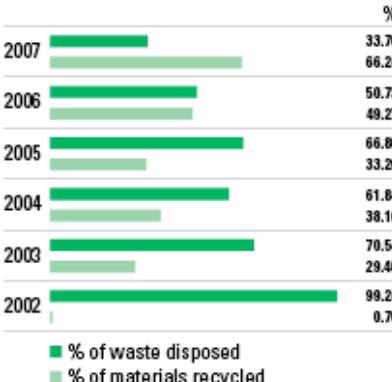
UK waste types in tonnes

Waste type	2007		2006		2005	
	Tonnes	Tonnes/ £m NSV	Tonnes	Tonnes/ £m NSV	Tonnes	Tonnes/ £m NSV
General (non hazardous) waste	277,012	56	223,454	54	170,112	47
Hazardous waste	28,855	6	11,298	3	41,328	12
Inert material sent off-site	443,866	90	592,523	143	504,001	140
Totals	750,733	152	827,275	199	714,441	199

Recycling performance

We measure tonnes of material sent for reuse or recycling, including:

Waste generated vs waste recycled



In 2007, globally, we have recycled 1,385,041 tonnes of materials. The materials recycled included inert materials such as concrete, hardcore demolition materials, plastics, metals and paper.

In 2007, in the UK, we have again significantly increased the quantity of materials recycled up by 65% compared to 2006. Operating companies are committed to identifying reusable/recyclable materials on our sites and effectively segregating them for transfer off-site.

Instead of disposing of the existing school furniture at the Bassetlaw Schools Joint Venture project, Balfour Beatty Construction worked with a charitable initiative to transport it to schools in Africa to be reused there.

Balfour Beatty Civil Engineering demolished and crushed the redundant Abbotinch Viaduct at Barrmill, Beith. The 5,000 m³ of inert material was then transported to the nearby airport project and reused as 6F2 backfill.

Dutco Balfour Beatty in Dubai sent in 70 used printer toner cartridges for recycling as part of an initiative by the Emirates Environmental Group.

In 2007:

41,722 tonnes of metals were recycled, a 52% improvement on 2006;
21,466 tonnes of packaging waste were recycled, a 64% improvement on
2006;
9,387 tonnes of plastics were recycled, a 52% improvement on 2006; and
1,214,773 tonnes of inert materials were recycled, a 70% improvement on
2006.

In 2007, in the UK we sent 92,917 tonnes of batteries, lighting tubes,
switches and other materials for recycling.

Recycled material in tonnes

(Unit Tonnes)	2002	2003	2004	2005	2006	2007
Packaging	0	731	1,204	11,258	13,125	21,466
Plastics & Polythenes	1,609	2,158	3,909	5,586	6,179	9,387
Metals	4,607	7,769	43,679	17,516	27,659	41,722
Paper	147	321	484	452	371	4,775
Inert material	NR	286,970	474,728	286,431	717,028	1,214,773
Other material	NR	NR	NR	31,474	66,213	92,917

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Environmental footprint: energy and tonnes equivalent CO₂

In 2007 our overall goals for energy remained similar to 2006. We seek progressively to improve fuel efficiency in our own premises, production facilities and vehicle fleet and improve energy efficiency in the premises we occupy.

Additionally, we seek to work with our customers and suppliers to achieve sustainable design solutions that offer energy efficiency.

This year we have included UK, other parts of Europe and all other international businesses (excluding North America) when calculating our energy consumption and equivalent CO₂.

Performance

In 2007, we continued to measure energy consumption in buildings, energy used by plant, and energy used by our vehicle fleet. As the focus of our operations become more global, we made an initial assessment of the impact of our air travel for the first time. Where it could be obtained, we asked our businesses to include the tonnes equivalent CO₂ consumed as a result of domestic and international flights.

Geographical CO₂ emissions breakdown by source

Geographical location	Vehicles & plant	Buildings	Air travel (estimated)
UK	155,740	40,270	44,028
Europe	2,162	337	90
Rest of the World	33,779	9,455	616

In the UK, our estimated air travel could be responsible for producing more tonnes equivalent CO₂ than energy from our buildings. Our air travel data is mostly estimated and represents 58% of operating companies. We will encourage 100% accurate reporting, where possible, in future years.

In 2007, our overall CO₂ (excluding air travel) increased from a revised 228,102 absolute tonnes CO₂ to 241,744 absolute tonnes CO₂. This figure includes UK and non-UK operating companies with the exception of the US. Our US operating companies are working towards systems that will capture this data successfully in future years.

Absolute tonnes equivalent CO₂

	2007	2006	2005	2004	2003	2002
UK	196,010*	163,256	147,455	149,961	142,982	131,399
Europe	2,499	1,727	640	NR	NR	NR
Rest of the World (ex. US)	43,235	63,119	NR	NR	NR	NR
Total	241,744	228,102	148,095	149,961	142,982	131,399

*Restated figure

Indirect/direct emissions

	2007	(m) tonnes
Indirect emissions	40,823	0.04
Direct emissions	200,921	0.20

Our direct emissions measured are generated by our buildings and vehicle and plant fleet, while our indirect only take account of those emissions generated by purchased electricity.

In the UK, our tonnes equivalent CO₂ total (excluding air travel) relative to £m Net Sales Value (NSV), was 39.6 tonnes. This figure is similar to 2006 but

Environmental practices case studies

Read case studies about how we manage our impact on the environment.

[Read case studies](#)

Case study - Two steps towards 'greener' travel

Balfour Beatty Construction Scottish & Southern is working with the c-change trust, a UK climate change charity.

The trust works with business and individuals to acknowledge their carbon emissions through charitable donation.

[Read the full case study](#)

30%

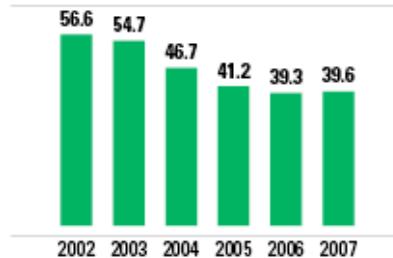
improvement on 2002 in total CO₂ emissions (excluding air travel) in the UK

45%

reduction in emissions from our vehicle fleet since 2002

represents a 30% improvement since 2002.

UK tonnes equivalent CO₂ per £m NSV



In the UK, our improvements have been made in the amount of electricity we have consumed and in our vehicle fleet. Since 2002 we have seen a 46% reduction in tonnes equivalent CO₂ per £m NSV from electricity consumption and a 45% reduction in emissions from our vehicle fleet.

Vehicle fleet improvements

Our vehicle fleet business continues to review the market in order to identify new and emerging environmentally sound vehicle technology. In 2007, we operated with three times as many fleet vehicles powered by alternative fuels compared to 2006 and have more than doubled the amount of LPG used for fleet vehicles. Balfour Beatty Infrastructure Services operates a battery powered 7.5 tonne heavy goods vehicle on its Westminster Transerv contract.

In 2007, a number of operating companies have increased the number of video conferencing facilities available for their staff. Balfour Beatty Civil Engineering offers a 'green adjustment' to drivers for choosing vehicles powered by alternative fuels. The adjustment further reduces the contribution the employee has to pay for the use of the vehicle.

Car sharing schemes are in operation in our Edinburgh and Nottingham offices. Balfour Kilpatrick actively encourages its employees to cycle to work and has installed showers at a number of regional offices. Within Balfour Beatty Rail Technologies, employees are offered a cash incentive if they travel to work without the use of their car.

Alternative energy for buildings

At the Gammon Construction Plant office in Hong Kong, a small wind turbine has been erected for a trial period. The turbine generates enough power to run one floor of office space and the external flood lighting. If successful they may be used to generate power on sites throughout Hong Kong.

CFC and SF6 purchases

We continue to work with our customers to reduce the requirements for purchasing Ozone Depleting Substances (ODS), either through replacement with alternatives or improved maintenance to reduce leaks. In 2007, for the third consecutive year, zero CFC products were purchased for our own operations or on behalf of our clients, a continual improvement since we first started collecting the data in 2002.

We purchased 1,374 kg of SF6 on behalf of our clients in 2007 compared to 1,777 kg in 2006. The bulk of these purchases were for electrical insulation of circuit breakers supplied to customers in our rail operations in Italy and our UK power generation sectors.

In 2007, we purchased 442 litres of herbicides for controlling persistent weeds within buildings we manage and roadside verges that we maintain.

Herbicides and ozone depleting substances

	2007	2006	2005	2004	2003	2002	Notes
	UK	Non-UK	UK	Non-UK	UK	Non-UK	UK
CFC's (kg) normalised to CFC-11	0	0	0	0	0	28411,75328,100	Purchased on behalf of customers
SF6 (kg)	1,351	23	1,770	7	1,400	460	300
	6	0	0	0	0	0.6	0.6
						20	Purchased for own use

Persistent 427 15 292 0 6,102 0 1,495 200 0 Purchased
herbicides for own
use

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ENVIRONMENTAL FOOTPRINT: BIODIVERSITY AND WATER

Biodiversity

We are increasingly aware of the impact that our operations can have on local ecology and biodiversity. Maintaining a rich diversity of species and habitats is increasingly important to local communities and to our customers. This is illustrated by a number of initiatives that our operating companies have been involved in and the increase of project plans that take account of local habitats and surveys of existing flora and fauna.

Performance

Biodiversity cannot be measured by a single KPI. While to date we have monitored the number of environmentally sensitive (eg Sites of Special Scientific Interest) sites in proximity to our work sites, this does not capture the essence of biodiversity. As ecological issues vary from project to project, we have found that each project must plan its own relevant measures for biodiversity. Many of our businesses produce biodiversity action plans for individual projects and a number produce annual plans that set out objectives for managing sensitive ecological areas.

The project team at Birmingham New Hospitals Joint Venture Project developed an Ecological Construction Management Plan, which forms part of the overall Sustainability Plan. The plan includes measures to protect three Sites of Local Importance for Nature Conservation (SLINCs) and Key Wildlife Corridors on which their works may impact.

Balfour Beatty Civil Engineering, Birse Civils division, was kept busy by the local wildlife community on their A1 Brabham to Wetherby roads project. As part of the project they installed 50 bat boxes and one rather large owl box in order to relocate a barn owl habitat that had to be removed. On the same project they constructed ecological ponds and rich grassland for the formation of a variety of species.

The existing structure, at Mansell Construction's Brentwood Hospital project, was demolished in 48 hours to reduce the impact on the bats residing there. In order to encourage the roosting bats away from the main building, a £20,000 bat loft was constructed in addition to the numerous bat boxes installed around the perimeter of the site. Additionally, low level lighting was erected around the perimeter of the site, to reduce the impact on the badger population.

At Mansell Construction's Midhurst Housing Development site for the Sussex Affinity Housing Group (Downland Housing Association), the project was located close to five SLINCS and two UK Biodiversity Action Plans (BAPS) priority habitats. This included including lowland heathland and ancient woodland. Local Sussex wildlife experts joined forces with Mansell Construction to relocate a colony of slow worms which were relocated before construction activities commenced. This involved trapping; removing and release of over 760 slow worms to a specially selected habitat located a safe distance from the project. The site also had the potential to support other species of reptile such as the common lizard and grass snake. A specially designed reptile fence was erected around the perimeter of the project to prevent any further reptiles from entering the site.

Archaeology

We ensure that items of archaeological interest are thoroughly explored before we develop sites.

Contaminated land

All of our operating companies have reviewed their responsibilities for contaminated land and plans are developed and executed where necessary to manage the issue.

Water

Water consumption is split into office usage, industrial usage, site usage, total water abstracted and non-potable water used on sites (eg: for dust suppression). Unless stated, our 2007 data includes UK and non UK operations excluding the US.

Environmental practices case studies

Read case studies about how we manage our impact on the environment.

[Read case studies](#)

24%

less water used in industrial activities relative to £m NSV than in 2006

Performance

In 2007, our total consumption of water was 1,623,915 m³ compared to 1,389,670 m³ a 17% increase in absolute terms and relative to £m Net Sales Value (NSV) on our 2006 total.

Geographical breakdown of total water consumption

2007	Office	Industrial	Site	Abstracted water (Unit: m ³)	Total volume	Total equiv. to olympic Sized swimming pools	Total relative to £m NSV
						NSV	
UK	483,963	282,164	165,694	545	932,365	373	188
Europe	6,685	781	7	0	7,473	3	29
Rest of the world	684,077	0	0	0	684,077	274	1,069
Totals	1,174,725	282,945	165,700	545	1,623,915	650	278

Our principal consumption area in 2007 was within our premises and is a slight increase on the amount consumed in 2006. Some of the increase is due to fact that operating companies have introduced water meters into their premises in order to improve the accuracy of their reporting.

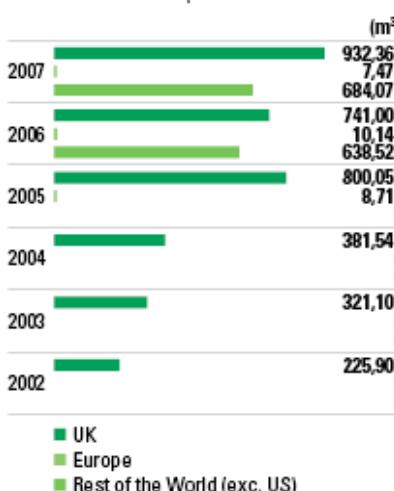
In 2007, relative to £m NSV the use of water on our sites more than doubled in comparison to 2006. Whereas improvements in our industrial activities, such as vehicle washing and underground utility water pipe flushing, meant we consumed 24% less water relative to £m NSV than in 2006.

Balfour Beatty Rail Plant division has increased the amount of waterless urinals at their Derby location after a successful trial in 2006.

To reduce the amount of water used on site in 2007, Balfour Beatty Civil Engineering constructed rainwater lagoons for the purpose of cleaning site roads and dust suppression activities.

In 2007, to flush underground utility water pipes through, Balfour Beatty Utility Solutions developed a system based around "whirlwind technology". The system uses forced air to create a vortex within the pipe. This enables them to flush the pipes with an abrasive material instead of pumped fresh water. It dramatically reduces the amount of water required for the operation.

UK water consumption 2002-2007



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ENVIRONMENTAL INCIDENTS AND REGULATORY ACTIVITY

Our objective is to have zero significant environmental incidents each year and zero prosecutions.

In 2006 we also set the following goals for our operating companies. Systematically to record, investigate and learn from environmental incidents by reporting all incidents through Tr@ction and embedding the investigation process. Good progress has been made in both areas, and we will continue with these actions during 2007.

Environmental incidents

We encourage the reporting of all incidents so that we can investigate and learn how to prevent further incidents. Our Tr@ction database has facilitated consistent reporting and classification of environmental incidents. As our methods of tracking and managing environmental incidents become more embedded within the business we have seen an increase in the quantity and quality of incident reporting.

In 2007, 630 (285 in 2006), environmental incidents were recorded in Balfour Beatty's worldwide operations. 336 of those occurred in the UK and 294 in non-UK operations, of which 11 occurred in the US, 281 in Hong Kong and two in other parts of Europe.

Of these, none were considered to have an irreversible impact on the environment. One incident was judged to have the potential to be significant. At the A3 Hindhead project, silt contaminated water was discharged into a drainage system which entered the nearby Milhanger Pond. As a result of the incident the site induction was amended to clarify that no discharges to any water courses are allowed. Additionally, a site specific rain-water management plan was produced for the project.

UK environmental incidents by year

	Significant					Moderate					Minor				
	07	06	05	04	03	07	06	05	04	03	07	06	05	04	03
UK	0	1	1	3	0	8	9	8	11	21	328	270	270	265	284
Non-UK	0	0	0	2	0	0	0	0	0	0	294	5	4	53	0

UK environmental incidents by type



UK environmental incident breakdown

Release Type	No. of incidents
Discharge	27
Emission	7
Spill	217
Disturbance	47
Waste incident	38

In 2007, UK businesses received 351 environmental statutory nuisance complaints compared to 343 in 2006. The majority of complaints are associated with noise and dust and arise from those businesses working with a high public interface.

Regulatory activity

UK

UK regulatory action

2007 2006 2005 2004 2003 2002

Prosecutions	1	0	2	2	0	0
Enforcements and prohibition notices	4	0	3	0	2	0
Warning letters	8	11	5	12	9	0
Visits by environmental inspectors	90	37	217	226	263	309
Convictions	0	0	2	0	0	0
Fines	0	0	£23,000	0	0	0

In 2007, one notice of intention to prosecute was received in the UK. In October 2006, diesel oil leaked from an underground fuel storage tank and entered ground water at a Highways Agency Depot in Cleveden, North Somerset. There was no contamination of any surface water and the spillage was at all times contained within the depot and the ground water immediately below the depot. No damage to wildlife was caused by the leak. As a result of the incident a comprehensive programme of bioremediation was instigated. This work was done in conjunction with the Environment Agency.

Enforcement authorities visited Balfour Beatty sites in the UK on 90 occasions during 2007 compared to 37 occasions in 2006. As a result, four statutory enforcement notices were received in the UK compared to zero in 2006.

Eight warning letters were received from enforcing authorities during 2007 compared to 11 warning letters in 2006. The warnings related to noise outside of permitted levels, commencing work outside permitted times, commencing work without notification and silty water run-off.

Non-UK

In the US, enforcement authorities visited sites on 29 separate occasions. There were no overseas prosecutions in 2007, similar to 2006.

In the US, Sacramento County issued an Air Quality Notice of Violation for a failure to obtain a registration permit for the power pack to a vibratory hammer. On a second occasion a notice of violation was received from the Texas Commission on Environmental Quality regarding a 3,000 gallon gasoline tank and associated fuel dispensing equipment. The notice alleges that not all control procedures were being followed.

Gammon Construction in Hong Kong received a formal notice from the Environmental Protection Department for breaching a statutory noise requirement.

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ENVIRONMENTAL AWARDS

We increasingly receive awards and accolades to recognise good environmental performance.

Awards

Our UK businesses received 17 awards during 2007, (12 in 2006) which included:

Balfour Beatty Construction (Scottish & Southern) won one Silver and two Bronze Considerate Constructors environmental awards;
Mansell Construction received 11 awards; two North West Development Agency Construction awards for Sustainability and Quality of Life in recognition of efficient use of resources and a number of environmental and sustainable features at their Academy of St Francis of Assisi project in Liverpool. One Silver and two Bronze Environmental Business Excellence (ENVIBE) awards were received. Six Considerate Constructors awards were received by Mansell, one Silver and five Bronze awards for a number of projects across the country;

Balfour Beatty Utilities Solutions received two Rowan Tree awards from National Grid for environmental initiatives undertaken on the North West Gas Alliance contract; and

Balfour Kilpatrick and Balfour Beatty Construction (Scottish & Southern) jointly received the BAA T5 Environmental award for site recycling initiatives.

Accolades

Birmingham New Hospitals Joint Venture was a finalist in the category of Construction and Demolition Waste Site Management 2007 at the Chartered Institute of Waste Management awards for Environmental Excellence.

Balfour Beatty Civil Engineering received a letter of commendation for its work at the Marine Parade Southport project for the help provided to the local bird protection group.

A Balfour Kilpatrick employee came up with an innovative water reduction idea for the site toilets on one project. The Carillion plc site team rewarded the individual with £100 of M&S vouchers.

Haden Building Management was highly commended at the World Green Business awards for its energy management initiatives at the Stoke Schools PFI contract.

Mansell Construction's Rowerdennan Field Station project at Loch Lomond, received an excellent rating for their BREEAM Assessment. The project team installed geothermal heating at the site.

Balfour Kilpatrick was nominated for the "Green Subcontractor of the Year" award at the Construction News Green Awards.

Overseas

Gammon Construction in Hong Kong received five environmental performance awards in 2007:

the Environment Transport and Works Bureau (ETWB) Considerate Contractors 2007 award;
two further Considerate Contractors Site Awards; and
the Outstanding Environment Management and Performance Grand Award and the Association of Chartered Certified Accountants (ACCA) Hong Kong award for Sustainability Reporting.

Benchmarking our performance

We benchmark our environmental performance against independent norms whenever possible.

Business in the environment (BITE) index

As a company, our aim is to improve our environmental record year on year. Once again in 2007, we participated in the BITE survey. The result was an increase in score to 85% compared to 80% in 2006. Our scores in strategy, assurance and disclosure reached 100%, and we improved our scores on integration and performance. This resulted in a silver placing in the sector.

Environmental practices case studies

Read case studies about how we manage our impact on the environment.

[Read case studies](#)



Case study - Bringing the environment into schools

The flagship initiative is designed to help schools to become more sustainable in their buildings, curriculum and community.

The set of resources have been compiled in line with the DCSF Sustainable Schools guidelines, although they can equally apply to Eco or Healthy Schools activities.

[Read the full case study](#)

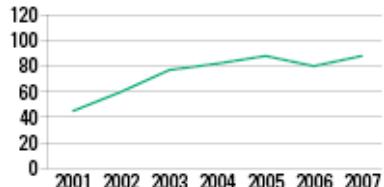
23

environmental awards received across all operations

85

score in Business in the Environment survey silver placing in the sector

BITE survey results



We continue to make progress in the performance section, now that we have three years of environmental data to compare.

Outside the UK

We currently have insufficient information to compare our environmental performance in our non-UK businesses with industry norms.

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APPROACH

Balfour Beatty seeks to utilise the full talents and skills of all its people through effective selection, training and development.

We also aim to create a safe, healthy, challenging, rewarding, participative and fair working environment for all employees.

Our aims are:

- To provide an open, challenging and participative environment;
- To enable all employees to utilise their talents and skills to the full, through appropriate encouragement, training and development;
- To communicate a full understanding of the objectives and performance of the Group and the opportunities and challenges facing it;
- To provide pay and other benefits which reflect good local practices and reward individual and collective performance; and
- To ensure that all applicants and employees receive equal treatment regardless of age, origin, gender, disability, sexual orientation, marital status, religion or belief.

Our [Business Conduct Guidelines](#) explain the type of behaviour we expect from our employees.

Our [Stakeholder Codes of Practice](#) provide a common way of working with key stakeholders.

Our [Corporate Principles](#) underlie everything we do and define the key commitments we make to our stakeholders.

Case studies about people

Read case studies about our commitment to people.

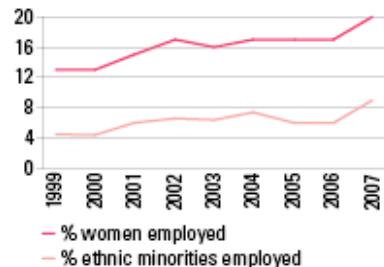
[Read case studies](#)

E-learning programme

developed to embed Business Conduct Guidelines

[Read our Business Conduct Guidelines](#)

Diversity in the workplace



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ETHICS

Balfour Beatty employs over 36,000 people worldwide, each one is an ambassador for the company. The company's expectations of all employees are clearly and explicitly communicated.

In short, Balfour Beatty people are expected to understand and abide by the company's core values and its principal commitments. To work hard, be reliable, conscientious and approachable. To be proud of their company and motivated to contribute to and share in its success. In return, they are supported by the company in their efforts to do their jobs to the best of their ability.

There is a Group-wide whistleblowing policy in place. During 2007, 16 cases were raised and these have been addressed and successfully concluded.

Our **Business Conduct Guidelines** were produced in 2006. These explain, in detail, required behaviour. In 2008, all Group employees will receive training on these guidelines to ensure that they are fully embedded in the organisation.

Stakeholder Codes of Practice. All operating company managers through the Group have a code of practice in respect of how they are expected to manage their relationships with all key stakeholder groups, including their employees.

In respect of employees, these requirements cover recruitment objectives, processes and systems, and always operating within appropriate legal and regulatory frameworks. It also requires managers to evaluate the performance of every employee, resolve any employee disputes at the earliest possible stage and to communicate openly, regularly and accurately with all employees.

Further, it requires managers to behave ethically in all respects, including honouring agreements and to act always in a non-discriminatory manner. These principles cover the full life-cycle of the company's relationship with its people from recruitment to retirement.

We are members of the Institute of Business Ethics and work closely with the Anti-Corruption Forum. The Forum, established in October 2004, is an alliance of UK business institutions, organisations and businesses with interests in the domestic and international infrastructure, construction and engineering sectors.

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Case studies about people

Read case studies about our commitment to people.

[Read case studies](#)

36,000

employees worldwide



DIVERSITY

Each year, the company monitors its diversity performance across all of its UK businesses.

In 2007, 20% of our employees were women and 9% were of ethnic minority origins. These proportions are significantly higher than when measurement first started in 1999, when the proportions were 13% and 4% respectively. Over 180 graduates were recruited in 2007 (2006: 150). 19% of this intake was women and 9% from ethnic minorities.

We employ 35,000 people and these are located in the following geographic regions:

Geographic location of employees



- UK 80%
- US 13%
- Mainland Europe 5%
- Asia Pacific 0.6%
- Middle/Near East 0.4%

Case studies about people

Read case studies about our commitment to people.

[Read case studies](#)

20%

of our employees were women in 2007

>180

graduates were recruited in 2007



TRAINING AND DEVELOPMENT

The Group invested over £13 million in training during 2007, representing an average of 3.5 days of training per employee.

Opportunities for employee development are provided 'off the job', for example through:

Internal training programmes, workshops and seminars covering a variety of management and technical skills, such as a series of core courses for graduates in People Skills and Project Management and a modular Management Development Programme for potential senior managers from our UK and overseas operations; Support for continuing education and continuing professional development activities eg external business school programmes at centres such as Cranfield, London Business School and INSEAD; and Involvement in community projects.

Such 'off the job' development provides an important supplement to learning and development opportunities provided through the job, for example by:

Enhancing the employee's job content;
Attachments/ secondments/ moves to give experience of new activities/ functions; and
Learning from other managers, which may be formalised in a coaching or mentoring arrangement.

Formal performance and development reviews provide regular opportunities for employees to identify and agree development objectives and career opportunities with their managers.

The Group has a comprehensive Organisation and People Review process which links the aspirations, talents and development plans of individual managers to the anticipated future needs of the business. Wherever possible, our preference is to promote from within the Group.

Case studies about people

Read case studies about our commitment to people.

[Read case studies](#)



Case study - Tackling the skills shortage with apprenticeships

Balfour Beatty is tackling the construction industry's skills shortage with apprenticeships and taster schemes across its businesses.

[Read the full case study](#)

£13m

invested in training during 2007

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REWARDS AND REMUNERATION

Balfour Beatty is a leader in most of the markets in which it operates. Market leadership not only offers the opportunity of superior financial returns, but also helps attract the best people at every level of our organisation.

We are not complacent and we are constantly seeking new and better ways to recruit and retain the best people and to offer them interesting and rewarding jobs within the Group.

Most of our operating companies conduct annual performance and development reviews for all employees and salaries are reviewed annually. We aim to ensure that pay and benefits are competitive through the use of external benchmarking and that an individual's reward package is commensurate with their responsibilities, and rewards performance without encouraging excessive risk-taking.

Our defined benefit pension scheme was closed to new starters in January 2003 and a defined contribution scheme is now offered.

Flexible benefits are available in some of our UK operating companies and all employees are offered the opportunity to join the company Sharesave Scheme after one year's employment.

In 2007, over 4,350 eligible employees accepted the invitation to participate in the Sharesave Scheme, compared to over 3,700 in 2006 and nearly 3,600 in 2005.

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Case studies about people

Read case studies about our commitment to people.

[Read case studies](#)

4,350

eligible employees participated in the sharesave scheme



EMPLOYEE SATISFACTION, RECRUITMENT AND RETENTION

Employee satisfaction and the recruitment and retention of motivated, qualified staff is critical to the future success of the business.

Employee satisfaction

Surveys of employee attitudes, needs and opinions are conducted in the great majority of our operating companies. In 2007, the first Group-wide employee survey was undertaken.

A conference for new graduate recruits was introduced in 2006 as part of their induction process. This offered recent graduates a greater understanding of the whole business and an opportunity to build a network of peer contacts throughout the Group. This programme was extended in 2007 to offer graduates further training and understanding of Group objectives.

Feedback from the conference was extremely positive and this has now become a regular feature in our calendar.

Recruitment

We aim to recruit the best candidates to fill all positions by having a rigorous and efficient selection process, ensuring that career routes are clear and will provide the challenge, development and progression that the best candidates demand. We check that potential recruits have the values and standards of integrity we expect from all of our employees.

Managers responsible for selection interviewing attend training sessions as well as receiving support from our human resources professionals. This training reinforces our commitment to diversity and ensures our recruitment practices are fair and non-discriminatory.

We supplement interviewing with personality profiling, ability tests and assessment centres for many roles.

We are seeking to improve our process further by introducing a new internet-based vacancy and recruitment management system to improve the efficiency and coordination of our recruitment exercises across our different businesses and to ensure that our own people are aware of career opportunities.

We have recruited over 700 graduates over the last six years and have annual recruitment campaigns designed specifically for graduates, placement and vacation students, and trainees. This includes attendance at careers fairs, presentations at universities, graduate advertising and sponsorships.

We recruit school leavers to apprenticeship schemes (we have over 500 apprentices in training) and to block release courses leading to BTec or full degree qualifications.

Our businesses have induction processes to help new recruits settle into their roles.

In the case of graduate recruits, we have recently introduced a Group induction (attended in 2008 by over 170 graduates) in addition to the induction events they participate in in the particular businesses they join.

Retention

In 2007 voluntary employee turnover was reduced from 16% the previous year to 14.4% and the absence rate was also reduced from 2.3% to 2.1%.

We have a formal organisation and people review process which embraces succession management and focuses on the development and progress of key groups of people.

While we regard it as healthy practice to recruit externally to bring fresh thinking and experiences into the Group, our first preference is to fill positions from within the Group. We believe this reduces the risks to our ability to deliver our projects successful and to maintain our high standards of quality and safety.

Case studies about people

Read case studies about our commitment to people.

[Read case studies](#)

500

apprentices in training

14.4%

voluntary employee turnover,
reduced from 16% in 2006



Case study - Creating opportunities for local people in east London

A Balfour Beatty Carillion joint venture was awarded the contract to design and build an improved rail link from north to south London by London Underground in October 2006.

[Read the full case study](#)



COMMUNITY APPROACH

We regard good corporate citizenship as an integral part of our business mission. We seek to create positive and long-lasting relationships with all of our stakeholders and to engage proactively with them.

Aims and strategy

We aim to engage fully with the groups, communities and individuals directly impacted by our project work and to add value to the work that we do in creating and caring for infrastructure assets by delivering additional community benefits.

Our project staff is expected to engage with the local communities in which it operates and to keep them fully informed of all issues which might affect them. Initiatives to bring added benefits to communities which we serve are initiated at every level in the organisation.

We continue to be a member of Business in the Community, taking an active part in relevant initiatives.

Case studies about community impact

Read case studies about our commitment to the communities we work in.

Read case studies about communities

500

children to benefit from Stoke Football Action scheme



OUR IMPACTS ON LOCAL COMMUNITIES

All of our major projects have a dedicated community relations team.

On large schemes, this team arranges exhibitions for local residents and interested parties ahead of work beginning. Newsletters and letter drops are then used to keep people up-to-date on key project milestones and potential disturbance.

Key stakeholders are also offered direct access to projects and, when necessary, we liaise with local emergency services and the police, including setting-up help lines.

Many of our projects include regular visits to schools and local institutions. One of the benefits we can provide is employment on project sites to local people, as well as educating them about opportunities in the construction industry.



Case studies about community impact

Read case studies about our commitment to the communities we work in.

[Read case studies about communities](#)

"Get into Construction"

initiative continues to accelerate



Case study - Stepping out for charity in Hong Kong

In April 2007, staff from Balfour Beatty's joint venture company in Hong Kong, Gammon Construction, took part in a sponsored walk to raise funds for Children and Youth Services.

[Read the full case study](#)

BUILDING BETTER COMMUNITIES

Balfour Beatty funds and runs a number of programmes designed to add social benefits to its core work in improving the built environment.

In particular, its efforts are concentrated on contributing positively to the lives of young people, particularly those who are in some way at risk.

London Youth Games

The London Youth Games is Europe's largest youth sports programme, with the potential to engage the entire population of London's state primary and secondary schools in sporting activities and competition.

In 2007, Balfour Beatty assumed the role of lead partner to the Games until 2013, with a sponsorship contribution of at least £1.7 million over the period.

A substantial proportion of the funding is set aside for grant applications from the London boroughs for schemes that enhance grass roots participation and, in particular, promote involvement amongst disadvantaged groups.

Stoke Football Action

Over £100,000 of funding and substantial management support from Balfour Beatty has unlocked public sector funds to create a £320,000 three-year football coaching programme in Stoke, where Balfour Beatty is the PPP schools concession company. Now entering its final year, the programme has proven extremely effective in reducing vandalism and other anti-social behaviour amongst pupils at risk of social exclusion.

Groundwork UK

Balfour Beatty works with Groundwork UK, the network of local trusts which supports communities in need by working with partners to help improve the quality of people's lives, their prospects and potential and the places where they work and play. Every year, Balfour Beatty finances three schemes, which enhance the physical environment close to its major projects and, in so doing, engage the energies and time of disadvantaged young people.

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Case studies about community impact

Read case studies about our commitment to the communities we work in.

[Read case studies about communities](#)



Cast study - Community regeneration in Lewisham, London

Balfour Beatty company Mansell pledged to impact positively on the Honor Oak Estate community, when appointed by Family Mosaic to deliver a £17.8m housing regeneration programme.

[Read the full case study](#)

BUILDING BETTER LIVES

Many of our projects include regular visits to schools and local institutions. One of the benefits we can provide is employment on project sites to local people, as well as educating them about opportunities in the construction industry.

Get into Construction

About one in five young people in the UK are not in work, education or training. The Prince's Trust, the UK's leading youth charity, gives practical and financial support to 14 to 30-year olds, helping them to tackle their problems and get their lives back on track.

Balfour Beatty is a founding sponsor and leading member of the Trust's "Get into Construction" initiative, whereby young customers of the Trust are given a two-to-four-week work experience programme which trains them in carpentry, plastering, bricklaying, painting and decorating.

Young offenders

Working in conjunction with one of our largest customers, National Grid plc, we offer convicted offenders due for release the opportunity for training and employment in work on the gas and electricity networks. Being able to train and work towards a job opportunity whilst detained has been shown to greatly improve reintegration into society upon release, as well as reduce the chances of repeat offending.

CRASH

In 2006, our Chief Executive, Ian Tyler, became President of CRASH, the construction and property industry charity for the homeless.

CRASH aims to help homelessness charities to improve their premises, facilities and accommodation provided for homeless people. CRASH brings together the expertise and help of professionals and companies from the UK construction and property industries to assist homelessness projects to reduce construction costs.

The Group is also a Patron of the charity, pledging financial support for three years.

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Case studies about community impact

Read case studies about our commitment to the communities we work in.

[Read case studies about communities](#)

500

young people to have been through
"Get into Construction" by end
2008



CHARITABLE GIVING

As a Group, we support the following overseas and international charitable causes with relevance to our industry.

Engineers Against Poverty is a UK-based international development NGO committed to producing practical policies and solutions to support the alleviation and ending of world poverty.

Transparency International is a global civil society organisation. It plays a leading role in improving the lives of millions around the world, by building momentum for the anti-corruption movement, raising awareness and diminishing apathy and tolerance of corruption, as well as devising and implementing practical actions to address it.

As well as the other corporate donations – including CRASH – outlined in Building Better Communities and Building Better Lives, we actively encourage employees to raise funds for the Group's preferred charity by offering matched funding to groups or individuals.

Overseas, our US businesses Heery and Balfour Beatty Construction US have programmes in place to support local charities including United Way, WalkAmerica and Habitat for Humanity.

Charity of the Year – NCH

2008 will be the second year that NCH has been Balfour Beatty's Charity of the Year.

NCH helps children achieve their full potential. Through its services, it supports some of the UK's most vulnerable and excluded children, and young people affected by issues such as poverty, disability and abuse.

The Group gave over £115,000 to NCH in 2007. Over £80,000 of this total was raised by employees through a wide variety of events and activities.

Support criteria

Because we receive many requests for donations, sponsorship or employee participation every year and, much as we may wish to, we cannot support them all, we select two to three preferred charities or causes per year. This enables us to focus our fundraising efforts where they can make the greatest difference.

The charities we support are selected by our charities committee which comprises employees from around the Group. The policy developed by the committee is to support charities which:

- are nominated by our employees (particularly those which have national representation);
- have an affiliation to the construction industry; or
- relate to specific communities where we have local involvement.

If you would like to contact us regarding becoming a preferred charity, and you fulfil the above criteria, please email your details to info@balfourbeatty.com.

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Case studies about community impact

Read case studies about our commitment to the communities we work in.

[Read case studies about communities](#)

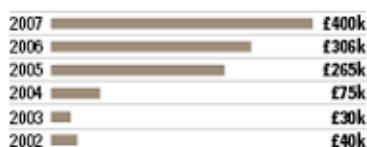
£1.7m

sponsorship of the London Youth Games

£115,000

raised for NCH charity

Charitable donations



ROAD SAFETY INITIATIVE DRIVES DOWN ACCIDENTS

Balfour Beatty Utility Solutions' as a long-term corporate partner of Brake worked to involve all its key stakeholders in Road Safety Week 2007, to help spread road safety messages to the wider community.

By proactively educating, training and assessing their drivers, Balfour Beatty were able to embed safer driving into the culture of the business. Drivers were made more aware about vulnerable road users and the significant impact bad driving had on the community.

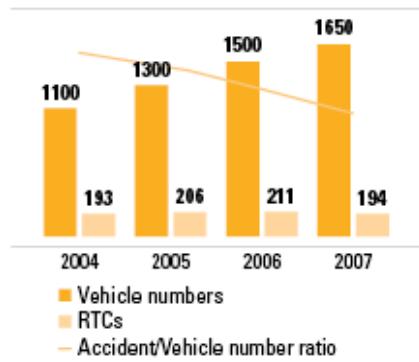
The programme involved supporting Brake's Road safety campaign by means of a month long roadshow, extending Road Safety Week through mail outs to employees at home and subcontractors and text and email updates were sent out continuously, using different themes each month. Safe driving leaflets addressing mobile phones, stopping distances, speeding and a Highway Code were issued in addition to inviting the local community to take part in the campaign and employees' children entered a competition to design a picture for the Brake 2008 calendar.

Road safety is a priority

Balfour Beatty identified the reduction of road traffic collisions as one of the top four development areas across the group. This has a direct link to another areas, reducing injuries to employees and members of the public.

Balfour Beatty Utility Solutions' managing director, Phil Brookes, set a 25% reduction in road traffic collisions in 2007, with year-on-year improvement.

Number of vehicles vs RTCs

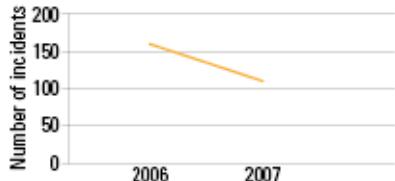


Seeing the results

Getting actively involved in Brake's campaigns has helped to make safe driving a top priority within the business.

Practical training and informing drivers continuously has created a change in attitude to driving in the company, with drivers committed to staying safe and avoiding collisions.

Proactive driver training started in the South West in 2006. Giving every driver in this region, road safety training has resulted in a significant reduction in RTC's in the South West of England as the graph shows:



Looking ahead

The success of the initiative has led to further plans being made within the

Read other case studies about safety and health

Award

received from Road Safety Charity Brake

50%

reduction in the frequency of road traffic accidents in 2007

business:

- continue with current incentive schemes;
- introduce new employees to the initiative;
- continue to find solutions and to be innovative;
- improve the risk-based model for identifying potential accidents before they occur; and
- act on the feedback provided by company drivers from Road Safety month.

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SAFETY ACHIEVEMENTS RECOGNISED IN THE US

Charter Builders, a division of [Heery International Inc](#), was one of three finalists for a major safety award from the [Associated General Contractors \(AGC\)](#), in the 101,000 - 300,000 man-hours category for 2007. The AGC is the largest national construction trade association in the United States.

The annual [AGC / Willis Construction Safety Excellence Awards \(CSEA\)](#) recognise construction companies that have excelled in safety and health performance.

In 2007 Charter performed more than 240,000 man hours worked without a lost time accident.

By winning the local competition, Charter's programme was submitted for consideration for the National Competition. Charter was chosen to represent DFW (Dallas-Fort worth) at the National AGC safety competition held in Las Vegas in March 2008.

Charter Safety Director, Dan Sheridan, was one of three presenters to give a presentation to an independent panel of judges with representatives from the [Occupational Safety and Health Administration \(OSHA\)](#), the [US Army Corps of Engineers](#) and private industry, during the AGC annual convention.

In AGC's CSEA selection process, judges look for evidence of company management commitment, active employee participation, safety training, on-site hazard identification and innovative control and safety programmes. Each company's commitment to safety and occupational health management and risk control is closely examined.

Charter Builders was awarded "AGC National Safety Runner-Up." This was the third time Charter's commitment to Safety has been recognised at the National level.

Charter was founded in 1971 and specialises in construction management at risk for public and private owners, with a primary emphasis on educational facilities.

The company, which has 140 employees, has won numerous awards for project safety and quality in construction. It has annual revenues of \$238 million.

[Read other case studies about safety and health](#)



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BIRMINGHAM SUPER HOSPITAL TAKES OFF

[Read other case studies about safety and health](#)

The construction of Birmingham's first super Acute hospital is well underway. Costing around £550 million, the scheme is the largest outside London. The new Mental Health Facilities opened in 2008, and the Acute facilities are due to open in 2010.

The construction joint venture is an internal Balfour Beatty partnership of Balfour Beatty Construction Northern Ltd and Haden Young Ltd. There are 200 staff working at the 150,000m² site, with staff and labour predicted to peak at 1200-1500 people.

Safety

Safety of everyone on site is paramount and the project team have implemented several schemes to achieve their target of zero accidents on site. This included sessions to raise safety awareness before the team moved on site, setting up a safety suggestion scheme, undertaking school visits to alert local children to the dangers of a construction site and establishing a safety award for contractors. The latter has led to £1500 being donated to charity in the first 10 months.

Together these initiatives have led to the project reaching a fantastic one million man hours worked on site without a reportable accident or incident. It is hoped that this record can be further improved.

Environment

Environmental impacts have also been kept to minimum and managed by the production and implementation of a Sustainable Construction Plan which has Planning Authority Approval and local resident interest.

Effort was made up front to design a balanced earthworks plan to minimise muck away from site. Crushed demolition materials have been used to reduce the amount of virgin material imports, modular construction and mandatory plasterboard recycling has also led to reduced waste.

The building has been designed to allow the optimum use of natural daylight and an energy efficient design has been incorporated into this state-of-the-art hospital. In addition the hospital has achieved an excellent BREEAM rating for all the buildings being provided.

Flora and fauna are being protected and enhanced and the design incorporates wildlife crossings, heated bat boxes and bird boxes to sustain and enhance current levels of activity.

The hospital is located adjacent to the site of the Metchley Roman Fort (a Scheduled Ancient Monument SAM) encompassing two distinct areas. One of the adjacent areas of special interest underwent a programme of excavation and recording of finds (preservation by record) before being handed over to the joint venture for use. The second area cannot be subjected to any new disturbance from construction activities and any unauthorised activity within the SAM could constitute a criminal offence. A 'permit to work' system is used for operations that need to be carried out immediately on the boundary of or adjacent to the SAM.

Construction noise has also been considered and consideration has been given to the level of vehicle movements including specific routeing and timing to avoid traffic stacking and congestion in residential areas as well as environmentally friendly fences to reduce noise levels.

Community

The local community needs have a focal point. The hospital is located in the heart of a residential area and the project plan has included a comprehensive liaison programme to keep the community informed. Local people also have access to the employment and training opportunities created by the project, via a learning hub.

for employment and training opportunities within healthcare has a purpose built facility on the hospital site.

The hub works with employers to build up a portfolio of entry level jobs, encourages local communities to apply for these jobs through community engagement activities and offers pre-employment help and training. Results to date demonstrate significant success with 45% of participants in a six week training programme successfully entering employment and a further 25% going on to meaningful further education. The Project has actively engaged with Building Health to employ local labour on the site.

The entire hospital project is due for completion in 2012 when it will accommodate over 1200 beds, 21% more than before, with 30 operating theatres and a daily footfall through the front entrance estimated to be between 2000-3000 people.

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SUNDERLAND AQUATIC AND WELLNESS CENTRE

The Sunderland Aquatic Centre, built by **Balfour Beatty Construction Northern**, is one of the most accessible and environmentally-friendly swimming pools in the UK.

Opened in April 2008, it was awarded Best Access Community Project by Sunderland City Council, in a ceremony recognising innovative construction projects in the region. The judges highlighted the professionalism of the Balfour Beatty team and the high quality of work delivered.

The £20m centre has also been selected as a potential training camp for the 2012 Olympics by the **London Organising Committee of the Olympic and Paralympic Games (LOCOG)**.

With community in mind

Located next to the city's Stadium of Light, the Aquatic Centre has a state-of-the-art, 50m Olympic-sized swimming pool and 25m diving pool.

It was designed with the local community in mind from the start and is suitable for all ages and abilities. The pool provides facilities for local schools and has the latest accessibility features for disabled users.

The Centre will act as a regional hub for performance swimming, diving, synchronised swimming and water polo. It will also attract high profile national and regional competitions to Sunderland.

Sustainable technologies

The Aquatic Centre has the only 50m pool in the UK to achieve the highest accreditation for the **BREEAM (British Research Establishment Environmental Assessment Method)** environmental standard.

The standard is awarded to buildings that have taken into account their environmental impact in terms of design during construction and long-term use.

The building is formed around 11 large timber beams, sourced from sustainable forests in Austria.

A super-insulated roof and combined heat and power (CHP) unit are designed to minimise energy use, waste and heating costs.

Every drop of rainwater that falls onto the Centre's roof is recycled. It is collected and filtered for use in the pool, a first for the UK.

[Read other case studies about environment](#)

On a visit to the Centre, Lord Sebastian Coe commented:

"I think the Aquatic Centre is fantastic, it is sensational. To have that critical mass of coaching, physiology, rehabilitation, to have a world-class swimming pool next to a world-class football stadium, with the ambition of developing a sport city around them - it's the way the world should go. I am very excited by what I have seen."



REAPING THE LOCAL BENEFITS IN ST HELEN'S

Birse Civils, a Balfour Beatty Regional Civil Engineering company, implemented a comprehensive community and environmental programme while working on the Blackbrook diversion scheme in St Helen's in north-west England.

The bypass has significantly reduced traffic through a heavily populated area of St Helen's and is a major environmental achievement.

The scheme involved the construction of a bypass, a new 1.3km single-carriageway road including uphill crawler lane, between the Ship Inn on Blackbrook Road and the A58/A580 junction at Pewfall.

A footway/cycleway extends for the full length of the bypass and a spur road connects a new roundabout on the bypass to Vicarage Road.

Complementary improvement measures discouraged traffic from using the original through-road and reduced vehicle speeds. The environment is safer and more pleasant for pedestrians, cyclists and local residents.

Unified by a common corporate responsibility objective, the individual project groups completed the scheme with a great safety record, environmental excellence, ahead of programme and below budget.

Community involvement and regeneration

Consultation and community involvement were a high priority throughout the project, including:

- newsletters for local residents;
- weekly information surgeries;
- letters to all affected properties at key stages of the works;
- a 'Scheme Mascot' competition for local schools;
- an open day for sheltered housing residents/staff; and
- tree planting, carried out by several local schools and churches.

The project has also resulted in improved access to the town for commercial traffic, contributing to its economic regeneration.

Environment

Recycling was a key theme throughout the project for the team, in line with the schemes environmental considerations. As a result, 112,440 tonnes of recycled materials were used in construction, which would otherwise have been disposed of as landfill.

New recreational footpaths improved access to the environmentally important Stanley Bank area of St Helen's. A nature reserve, a Site of Special Scientific Interest (SSSI) and semi-natural ancient woodland sit alongside industrial remnants such as an iron-slitting mill.

Sympathetic landscaping of the formerly intensively farmed land surrounding the new road created an enriched habitat for wildlife. Water voles and dragon flies have benefited from the creation of wetlands and grassland. Woodland and scrub planting provide nesting space for a variety of birdlife.

Redesigned culverts with increased capacity have also reduced the risk of flooding for residents local to Blackbrook.

Awards

Environmental audits of the scheme have been carried out by:

- [Envirolink Northwest](#);
- [CEEQUAL](#);
- [Envirowise](#);
- Middlemarch (Blue Butterfly Pilot Scheme); and
- [Constructing Excellence](#).

[Read other case studies about environment](#)

Brian Williams, Considerate Constructors Scheme (CCS) monitor

"In eight years and 1,500 site visits as a CCS monitor, this is by far the best highways project I have ever seen. The degree of cooperation between Birse and its client, St. Helen's Council, is most impressive."



Without exception, they have all commended the efforts of the project team.

Their achievements have been recognised with several prestigious awards in 2007, including:

Considerate Constructors Scheme (CCS) Gold Award;
Construction News' Green Civil Engineering Project of the Year;
Builder and Engineer's Public Sector Project of the Year;
The CIWM's Construction and Demolition Award (short-listed); and
ICE's Community Award (commended).

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TWO STEPS TOWARDS 'GREENER' TRAVEL

Supporting climate change projects in the UK

Balfour Beatty Construction Scottish & Southern is working with the c-change trust, a UK climate change charity.

The trust works with business and individuals to acknowledge their carbon emissions through charitable donation.

As well as working with businesses to acknowledge their current emissions, c-change helps them to implement a long term carbon reduction policy.

The charity invests 75% of all donations into projects in three key areas that are helping to reduce emissions and tackle climate change:

- UK-based alternative power projects;
- a nationwide schools involvement and education programme - called Carbon Busters, which will link into the national curriculum in UK schools; and
- reinstating native woodland spaces all over the UK.

For every £1 donated, 20p goes towards renewable energy projects, 25p to carbon acknowledgement forestry, 30p to education and 25p on administration.

Balfour Beatty Construction Scottish & Southern acknowledged that it had produced 234 tonnes of CO₂ from its short-haul flights between January and August 2007.

As a result, the business has donated £5,000 in total. The donation was made up of £3,900 to acknowledge all flights in 2007 with the remaining £1,300 enabling the business to acknowledge 12% of its direct measured CO₂ emissions. For 2008 Balfour Beatty Construction Scottish & Southern have committed to both reducing the number of business flights as a % when measured against video conference use and increasing their carbon acknowledgement to 15% of their measured direct CO₂ usage.

Encouraging employees to think about their journeys

In 2007, the technologies division of Balfour Beatty Rail Systems and Solutions introduced a pilot incentive scheme to encourage staff to car share or take public transport to work.

The business wanted to encourage employees to be environmentally aware and use their vehicles less often where possible.

In 2007, 19 people used the incentive scheme out of a total of approximately 58. This initial success led to the scheme being rolled out to staff based in Matlock, Derbyshire, and London.

All permanent Balfour Beatty employees who leave their cars at home receive a discretionary incentive of 80p per day. This applies to staff that travel to their normal place of work by train, on foot, by bus, by cycle or who car share.

If two people share a vehicle, they can alternate as to who claims the incentive. Also, the second person does not have to be an employee.

Each person keeps a record of the days that they qualify for the incentive, which is paid quarterly. The scheme will be reviewed in June 2008.

[Read other case studies about environment](#)

77%

of donations invested into three key areas

£2,335.50

donated to c-change

BRINGING THE ENVIRONMENT INTO SCHOOLS

Encouraging pupils to love their environment

In 2007, Balfour Beatty Capital's concession company **Transform Schools** and **Haden Building Management** launched 'I Love My Environment'.

The flagship initiative is designed to help schools to become more sustainable in their buildings, curriculum and community.

The set of resources have been compiled in line with the **DCSF Sustainable Schools** guidelines, although they can equally apply to Eco or Healthy Schools activities.

In addition to resources, audits and project ideas, the initiative provides cash rewards to those schools achieving the best results against their own action plans.

Most exciting is the opportunity to win an electric powered kit car, which the schools can engineer and race. They represent their area in an annual 'Green Grand Prix'.

By encouraging the schools to focus on sustainability, all stakeholders benefit from an improved sense of ownership from staff and pupils.

They look after their facilities better, reduce wear and tear, pay attention to litter and graffiti levels and monitor energy.

It also encourages the wider community to get involved with the school and benefit from the new or improved facilities.

The best form of security for these sites is respect from the community that surrounds them. This is particularly important in the context of PFI-managed schools.

Stoke-on-Trent's first 'green' school

Joiner's Square Primary School, part of the Stoke Schools PFI project, is Stoke-on-Trent's first environmentally friendly school.

Balfour Beatty Construction Northern implemented several systems to allow the new school to produce clean, renewable energy.

A 2.5kW wind turbine in the school grounds provides electricity for the school during operating hours. Out of school hours, the energy is fed into the national grid.

A rainwater collection and transfer system feeds rainfall from the school's roof into an underground tank. When enough water has been collected, it is transferred to a high-level storage tank in the main school building. It is then used throughout the school for flushing toilets. When rainfall is low, the storage tank is topped up by mains supply.

A photovoltaic system on the school's roof consists of 15 modules, which convert solar radiation into electricity.

A solar thermal system provides the school with hot water. Flow and return pipe work from five flat plate solar collectors, also mounted on the roof, are connected to the hot water cylinder in the plant room. This provides hot water for the schoolchildren and cold water is pumped back up to the collectors.

Information is collected from the energy saving plant to be used as a learning tool by pupils. A plasma screen in the school's reception area displays external weather conditions and shows students how natural resources are being used to provide power to the school. They can access the system through any PC in any school within Stoke-on-Trent's schools estate.

[Read other case studies about environment](#)



RESPONSIBILITY IN ACTION - A3 HINDHEAD

The A3 Hindhead project will complete the dual carriageway link between London and Portsmouth and remove the current road from the Devil's Punchbowl, which is within the heart of an area of outstanding natural beauty.

The project is designed to deliver quicker, more reliable journeys on a safer road, and remove congestion from unsuitable country roads around Hindhead.

Work started in January 2007 on the new road which will be 6.5km (4 miles) long and includes 1.8km (1.1 miles) twin bored tunnels. The main tunnelling works began in February 2008 and the tunnel is due to be open for traffic in mid-2011.

Throughout the project, Balfour Beatty has paid particular attention to the concerns of all the stakeholders ensuring that the project is carried out safely in an environmentally-sensitive site alongside many neighbours.

Health and Safety

Safety in all its aspects is a top priority and all the design and construction decisions have been fully assessed with regard to the safety of the general public, road users and site staff.

A tunnel design and safety group is guiding the design and operation of the tunnels, taking advice from a range of specialists engineers and from police, fire and ambulance services.

The group agrees the basic design of the tunnels as well as the approach roads and service buildings. Procedures for the safe operation of the tunnel will be developed and tested, before opening, in a full emergency exercise.

Environment and ecology

The management of the project's environmental and ecological issues was undertaken using a comprehensive new environmental constraints planner, which enabled licences, survey and works to be phased in the most environmentally-friendly sequence. During the woodland clearance phase of the project, suitable precautions were put in place to minimise harm to the local wildlife. This included installing dormice bridges, nest boxes and timing the tree felling to take place before hibernation periods. Reptiles were moved to National Trust and Forest Enterprise land.

All work in the Site of Special Scientific Interest has been approved by English Nature and there is ongoing consultation with interested parties on how best to protect deer and reptiles along the line of the route.

Great care is being taken to ensure that all materials used in the construction of the tunnel are acceptable to the key stakeholders, including the Environment Agency and South East Water.

The main noise issues relate to traffic noise generated by the completed scheme and noise impact created during construction. A major benefit will be the removal of the A3 from the Devil's Punchbowl and its replacement by a tunnel.

This should effectively halve the noise in that area and so restore tranquillity to the beauty spot. Noise surveys have been undertaken at several key locations along the route and monitoring of noise, vibration and dust will continue during the life of the project.

In addition to the removal of the old A3 traffic, quiet road surfacing, barriers and bunds meant the noise from the new roads at either end of the portals will be substantially reduced.

Most importantly, the removal of the old A3 from the Devil's Punchbowl within the heart of the area of outstanding natural beauty will provide a major landscape gain and extensive woodland planting and heathland recreation is planned.

[Read other case studies about environment](#)

Reusing materials

"All timber from tree felling was reused. Some of the very tall trees went to Germany for ships' masts."

Highways agency:

"The project has been very challenging in terms of interactions with landowners, the public and dealing with environmental issues. Balfour Beatty has been proactive and sought continuous improvement."



Sustainability

The design of the new road has been developed so that minimal amounts of material will be brought into the site or removed from it.

Through careful planning, suitable excavated material generated from site is being used within other areas of the works rather than being removed for off-site disposal. Retaining the site-won material within the site boundaries considerably reduces the potential impact of large vehicles importing needed material or exporting excess material.

All timber from tree felling was reused. The larger trunks were used for timber. Smaller trunks and branches were chipped and sent to a biofuel plant and the roots were ground up and mixed with the topsoil. Some of the very tall trees went to Germany for ships' masts.

Community

The team has developed good relationships with the local community and a visitor centre and viewing points were established early on to ensure that the work on the project is visible and understood by all stakeholders, including road users.

A full-time community relations manager is part of the team and formal presentations were given to over 1,200 people in 2007.

Visits were arranged to local schools to educate the children about the works, the dangers of construction sites and the importance of the environment.

A 24-hour helpline has been set up to answer any queries and a series of community exhibitions and newsletters ensures that the public are well informed.

Relationships with the job centre and other agencies nearby have also resulted in employment opportunities for local people. The site team have sponsored the local under nine's football team and raised £600 for the local Alzheimer's Society.

For 2007, the project has been awarded a silver award in the Considerate Constructors Scheme.

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TACKLING THE SKILLS SHORTAGE WITH APPRENTICESHIPS

Balfour Beatty is tackling the construction industry's skills shortage with apprenticeships and taster schemes across its businesses.

Construction Skills, the Sector Skills Council for construction, reports that "348,000 more employees will be needed for the construction industry by 2010 to meet expected demand".

The organisation wants to establish apprenticeships as a mainstream option for 16-18 year olds. This follows a commitment by the UK government to increase the number of apprenticeships across all sectors in England to 400,000 by 2020. There is currently around half that number.

Balfour Beatty Infrastructure Services and **Balfour Beatty Utility Solutions** are two businesses taking a proactive approach and promoting the construction industry as a great career option to young people.

Highways maintenance

In North Yorkshire, Balfour Beatty Infrastructure Services is running an apprenticeship training scheme for local 16 to 21-year-olds.

They receive a strong grounding in industry skills and the chance to complete an NVQ in highway maintenance operations.

It gives them the skills they need for a career in highways, while based at depots across North Yorkshire, working on site in gangs of no more than three and under the supervision of a mentor.

The three-year structured programme starts with a six-week probationary period. After this the apprentices receive 70 days of off-site training.

They also have the chance of being recognised as the company's top apprentice, as part of its Employee Awards scheme each year.

In Hampshire, the company also worked with the County Council Children Services department to offer apprenticeships to young people leaving care, through its **Passport to Success scheme**. One of these apprentices won the Balfour Beatty Infrastructure Services Apprentice of the Year awards, which gave the scheme 'street-cred' with other young people.

Young apprentices in utilities

Balfour Beatty Utility Solutions, through the **North West Gas Alliance (NWGA)**, is piloting a young apprenticeship programme, building on links it has established with a local school.

This follows an Enterprise Learning scheme pilot, in conjunction with the Enterprise Advisory Service (EAS), part of the **Learning and Skills Council**.

The scheme involved three days of interactive sessions involving NWGA employees and pupils. The local children became more interested in the gas works in their area and learnt valuable skills such as leadership, confidence and project management.

Through the apprenticeship programme, the 14 to 16-year-olds gain a better understanding of a work environment and construction as a viable career.

This project has successfully maintained the students' attendance and involvement and continues in 2008.

[Read other case studies about people](#)



CREATING OPPORTUNITIES FOR LOCAL PEOPLE IN EAST LONDON

A Balfour Beatty Carillion joint venture was [awarded the contract to design and build an improved rail link](#) from north to south London by London Underground in October 2006.

The project involves the reinstatement of a disused railway alignment and upgrades to the existing line.

Employment and the local community

One of the project objectives is to ensure that east London's communities can access the significant job opportunities that are available during the construction phase of the contract.

The team held a 'Skillsmatch' open day in partnership with Tower Hamlets and the project's labour suppliers, who met and interviewed local residents who had been on a basic 'Construct Your Future' course.

The joint venture also provided a two week taster placement as part of its 'Women into Construction' initiative. This led to a permanent role for a woman identified through the [Construction Youth Trust](#) and the [East Potential project](#).

Two full-time community relations officers carry out daily communications and community liaison work. They ensure that residents, businesses and organisations are kept fully informed of the work and how it will impact them, building positive relations.

A bi-monthly community newsletter is delivered to over 30,000 residents and businesses along the route. A website, www.eastlondonrail.co.uk/, was set up to provide work and business opportunities for local people.

In an effort to reduce vandalism and increase community ownership and involvement in the project, the team also worked with local stakeholders to develop a community art mural. It was created on site hoardings near the GE19 and Allen Gardens, with materials donated by some of the project's suppliers.

Diversity in the supply chain

The joint venture has developed a diversity plan for its suppliers, to benefit the local communities of east London.

It produced:

- an equality, inclusion and diversity policy;
- an equality, inclusion and diversity training plan;
- a supplier diversity plan; and
- a communications strategy.

All suppliers are required to follow and support the project team's approach to equality, diversity and inclusion (EDI).

The team offers coaching, guidance and support for current and potential suppliers on EDI and its approach.

Supplier evaluation arrangements monitor performance and are used as part of the assessment criteria for tenders.

The project's labour suppliers were also appointed through a tender process that used the EDI checklist to ensure that those issues and approaches were considered.

Working with local businesses

The team is also maximising opportunities for local businesses, small and medium sized enterprises (SMEs) and black and minority ethnic (BME) organisations as part of its approach to sustainable procurement.

By enabling them to access work as part of the supply chain, the local

[Read other case studies about people](#)

Sustainability and on-site recycling

was implemented from the start



community experiences long-term benefit from the project. For example, local caterers have been appointed to provide food for meetings and a local print company to produce the project's community and internal newsletters.

In November 2007, a progress review of the suppliers' diversity plan showed that £12,325,121 has been spent with SME companies to date. Of this spend;

- 10% (£2,731,077) has been with east London SMEs; and
- 22% (£1,225,128) has been with pan-London SMEs.

Sustainability and on-site recycling

The team decided to not only follow good practice in sustainability from the start, but to lead industry best practice.

A sustainable design plan was used as the catalyst for regular review forums with designer [Scott Wilson](#) and client [Transport for London \(TfL\)](#), to identify opportunities for sustainable design options and implementation.

During the contract's early stages, the team contacted organisations including [WRAP](#) and the [National Industrial Symbiosis Programme \(NISP\)](#).

They discussed opportunities for recycling materials resulting from the site, such as soil and tyres. Haulage and disposal subcontractor, [S Walsh](#), was appointed because of its ability to produce most required fill materials from those arising on site.

A key objective is also to use recycled materials for all possible aggregates and fill requirements.

To control such materials and ensure they adhere to relevant specifications, a UKAS accredited test laboratory has been established on the contract. Operating under the [Balfour Beatty Civil Engineering](#) accreditation, the facility has proven invaluable for undertaking production trials and monitoring compliance.

The project has succeeded with its target to use recycled materials wherever possible.

Recycled material usage

	Tonnes	Recycled %	Tonnes
Total muck-away moved	230,848.91	100	230,848.91
Internally reused muck-away	46,731.00	100	46,731.00
Recycled muck-away (S Walsh)	184,117.91	99.99	184,099.50
Scrap rail recycled through Balfour Beatty track unit	189.00	100	189.00
Recycled tyres (Saltire)	20.00	100	20.00
Recycled scrap metal	159.89	100	159.89
General waste (Bywaters) recycled @70%	2,096.33	70	1,467.43
Canteen waste (Bywaters) recycled @70%	2.00	70	1.40

The team also provided whole-life costing of 'green' alternatives to address cost benefit; for example, the wind turbine for the southern section and a green roof at Haggerston station. It has also proposed the installation of a wind turbine to power the depot at New Cross Gate.

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RAISING MONEY FOR GOOD CAUSES, FROM ASIA TO THE US

Stepping out for charity in Hong Kong.

In April 2007, staff from Balfour Beatty's joint venture company in Hong Kong, **Gammon Construction**, took part in a sponsored walk to raise funds for **Children and Youth Services**.

More than 400 participants from Gammon and the Jardine Sports Association (JSA) joined in the Walk for Millions event, along the Hong Kong-Shenzhen Western Corridor.

The two teams raised around HK\$130,000 for the Services, which are supported by the Hong Kong charity organisation, **The Community Chest**.

The Hong Kong section of the highway was constructed by Gammon. The corridor has been traffic-only since its inauguration in July 2007.

Most of the company's 230 walkers, including Chief Executive Thomas Ho, completed the 7km-long walk in two hours.

Fundraising for NCH in the UK

Balfour Beatty employees in Britain raised £115,000 for **national children's charity NCH** in 2007.

The charity supports some of the UK's most vulnerable and excluded children and young people affected by issues such as poverty, disability and abuse.

Staff raised funds through a variety of activities, small and large, in teams and individually, which were then matched by the company.

a Balfour Beatty Civil Engineering employee swam the English Channel;
Balfour Beatty Utility Solutions held an Autumn Ball;
a team of 21 walkers from Haden Young and Balfour Beatty Construction Northern took part in the Three Peaks Challenge;
employees from across the Group ran in the London Marathon; and
other events included skydives, 'dress down' days, cake sales, raffles and sweepstakes.

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[Read other case studies about our work in the community](#)

400

participants from Gammon and the Jardine Sports Association joined the walk



COMMUNITY REGENERATION IN LEWISHAM, LONDON

Balfour Beatty company **Mansell** pledged to impact positively on the Honor Oak Estate community, when appointed by **Family Mosaic** to deliver a £17.8m housing regeneration programme.

Between 2006 and 2009, the business will try to help the area's poor employment record in particular, committing a budget of £105,000, along with the day-to-day services of two employees.

Tackling unemployment

Built in 1933, the estate in the London Borough of Lewisham provides public sector housing for a population of 2,203. Thirty percent of residents aged between 16 and 74 have no qualifications.

Its diverse community has an unemployment rate double the Borough average and crime and drugs are a concern. The estate houses a significant number of ex-offenders whose criminal records are a serious barrier to employment.

Working with the newly created Honor Oak Neighbourhood Employment Sub Group, Mansell helped to develop an action plan.

It is aimed at identifying the barriers to employment and providing up-skilling, work experience, mentoring and employment for residents interested or experienced in construction work.

Local residents interested in working in construction were given the opportunity to register with Rullion All Trades Employment Agency, Mansell's recruitment supply chain partner.

Those with sufficient experience/accreditation gained work with Mansell at Honor Oak or with other local contractors. Construction Skills Certificate Scheme (CSCS) training was provided for all unaccredited applicants, to enable them to work on construction sites.

Known ex-offenders from black and minority ethnic communities and the unemployed were targeted for the first of three events.

Personal development opportunities

Of the initial 17 participants, 12 passed the CSCS test and went on to gain full-time employment. To date, 55 residents have registered to take part in the scheme.

Thirty-one residents achieved CSCS accreditation and 25 became employed. Eight of these work directly for Mansell, including two apprentices - crucial given the construction industry's widespread skills shortage. Both young men are on Mansell's traineeship scheme (having their tuition fees met by the company) and are working on the Honor Oak site.

Mansell uses the scheme to illustrate to other potential affordable housing clients its commitment to the community.

Following a Local Strategic Partnership Peer Review visit in 2007, the Honor Oak scheme was identified as a national model of good practice in the Peer Challenge Report.

Local business benefits

Mansell decided to use a local Caribbean take away and café, rather than an on-site canteen, enabling daily interaction between site staff and local residents.

The business's Sustainability Policy also led to local suppliers being sourced to deliver all the lifts in the new blocks and site office furniture.

Both of these decisions resulted in additional revenue and extra employment within the local community.

[Read other case studies about our work in the community](#)

Gilbert Francis, labourer, who intends to train as a plasterer or bricklayer in the future.

"It's the best thing that's ever happened to me because I haven't had a job for such a long time. I'm proud to come to work every morning and put something into the area that me and my kids live in. Everybody's come together like a family."

Ralph Henry, labourer.

"There's a real family atmosphere on site. We all grew up on the estate so it's great to be working together on the site and working on homes for our own community."



HELPING YOUNG PEOPLE GET INTO CONSTRUCTION

Read other case studies about our work in the community

Balfour Beatty is a founding sponsor of the Prince's Trust initiative, Building Better Lives, which helps young, disadvantaged people to gain entry into the construction industry through skills training and the provision of job opportunities.

Participants receive a Key Skills Level 1 certificate and on-going support from the Prince's Trust as they enter the industry.

Ben was released from prison a year ago and was placed on probation. He was also homeless and had very high basic skills needs.

He contacted The Prince's Trust and began the 12 week Team personal development programme. When he heard about the Get Into Construction course he was given leave to attend as he was keen to get into bricklaying.

He had a clear goal about what he wanted to do and gained as much experience and as many skills as possible. With support he passed both the CSCS test and the CiTB test. He is now completing an apprenticeship in bricklaying. He is also getting extra support to tackle his basic skills needs.

Ben said this course was his last option in getting onto an apprenticeship and he was grateful for the opportunity. He said if it had not been for The Prince's Trust and Get Into Construction he would never have been able to get his life back on track.

A further 23 courses are planned across the UK for 2008.

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SAFETY TRAINING DAYS 2002-2007

Year	UK	Rest of World*	Total Training Days
2002	31,680	8,292	39,972
2003	35,369	7,389	42,758
2004	44,611	6,377	50,870
2005	30,938	6,219	37,157
2006	53,567	22,046	75,613
2007	42,691	22,901	65,592

*Rest of World Data includes US, other parts of Europe and Hong Kong.

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SAFETY COMPETENCIES

Geographical location	Number of company H&S advisors in total	Number of company H&S advisors resident on operational sites	Number of members within H&S team holding formal safety qualifications	Number of H&S advisors pursuing H&S qualifications (plus further qualifications)
UK	234	55	218	58
Europe	117	103	16	104
Rest of the World	63	61	53	83
North America	27	13	16	3
Totals	441	232	303	248*

*Includes NEBOSH General Certificate, Post Graduate Diploma in Occupational Safety and Health, BSc in Occupational Safety and Health.

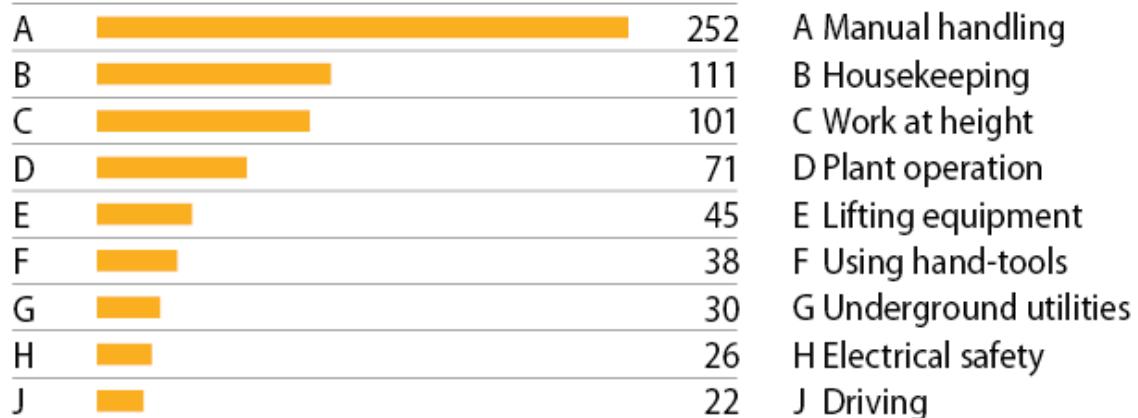
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SAFETY PERFORMANCE

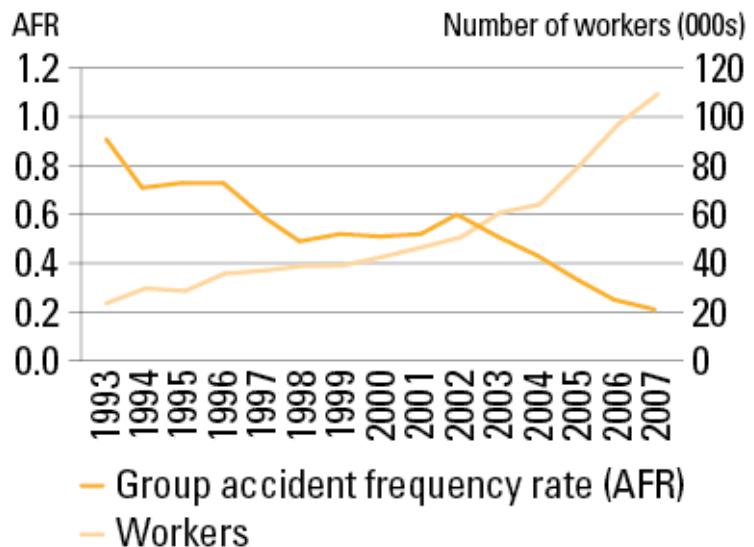
Safety performance targets for 2007	Status (for year 2007)	Target 2008
Zero fatalities	18 worker fatalities; comprising two in the US, one in Italy, one in Malaysia. 14 in joint venture businesses; 10 in Dubai and four in Hong Kong.	Zero fatalities
Zero permanently disabling injuries	Two permanently disabling major injuries	Zero permanently disabling injuries
Each operating company targets sustained reduction in AFR in 2007, and to achieve AFR <0.2 by end of 2010	AFR improved 16% from 0.25 to 0.21 within this total: – UK 0.29 (2006: 0.31) – Europe 0.48 (2006: 0.43) – US 0.10 (2006: 0.14) – Other 0.14 (2006: 0.12)	Each operating company aims for zero accidents and injuries in 2008, with an absolute ceiling on AFR of 0.2 by end of 2010

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KEY HAZARDS GIVING RISE TO REPORTABLE INJURIES

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IMPROVING SAFETY PERFORMANCE

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CONVICTIONS AND PENALTIES UK

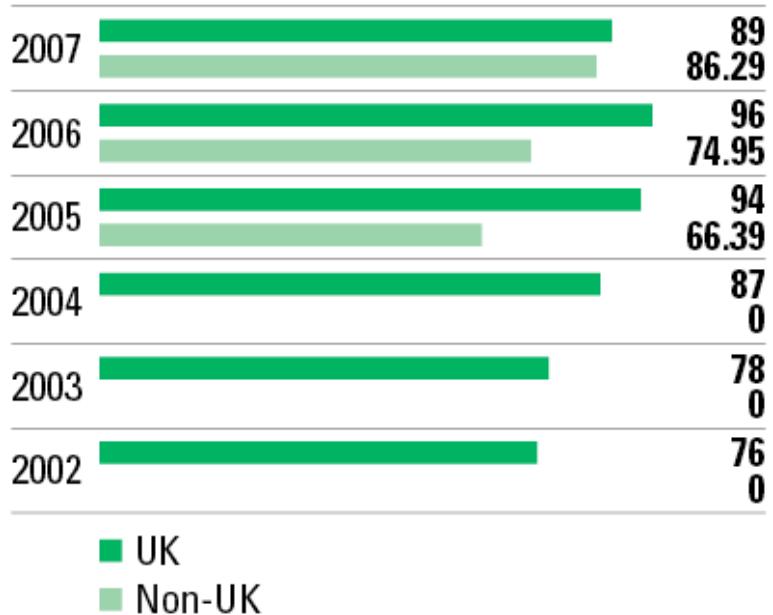
UK Regulatory Action	2007	2006	2005	2004	2003	2002
Prosecutions	1	2	2	2	3	0
Prohibition Notices	4	2	2	1	8	8
Improvement Notices	3	1	0	2	3	3
Visits by HSE Inspectors	127	188	159	238	192	285
Convictions	2	1	2	3	2	1
Fines (£)	260,747	100,000	10,060,000	320,000	7,000	4,000

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COMPARISON OF UK INJURIES AND FATALITIES VS HSE'S CONSTRUCTION INDUSTRY NORM

Rates per 100,000 employees (direct & indirect)	2007	2006	2005	2004	2003	2002	HSE's construction industry norm (2006/07)
All reported injuries	599	668	819	883	1,050	1,152	865.3
Non-fatal major injuries	170	240	239	205	224	255	295.4
Fatalities	0	0	0	0	6.7	8.3	4

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OPERATING COMPANY CERTIFIED TO ISO 14001[< back](#)

ENVIRONMENTAL TRAINING DAYS

	2007	2006	2005
UK	2,365	1,945	1,241
Europe	539	540	57
Rest of the World	46	7	NR
North America	431	453	NR
Total	3,381	2,945	1,298

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INTERNAL AUDIT DAYS

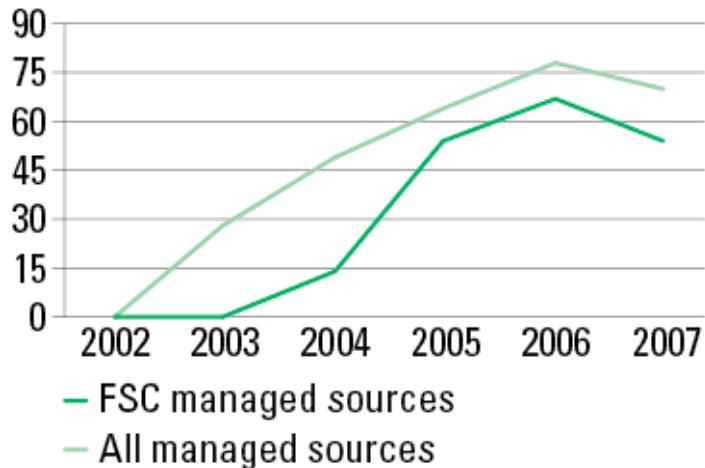
	2007		2006		2005	
	Internal audit days	External audit days	Internal audit days	External audit days	Internal audit days	External audit days
UK	2,616	507	1,859	287	1,204	344
Europe	61	42	41	28	53	17
Rest of the World	23	47	40	17		
North America	1,040	20	932	43		
Total	3,740	616	2,872	375	1,257	361

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ENVIRONMENTAL PERFORMANCE

Energy	Fuel and electricity usage in offices, sites, industrial processes, and in vehicles (this included air travel for the first time in 2007)
Water	Water usage in offices, factories, abstraction and other large water usage
Waste	Waste by type, recycling and reuse of inert material
Other impacts	Damaging substance use, eg persistent herbicides Noise and vibration nuisance Supply chain activities Biodiversity
Montreal Protocol	Ozone depleting substances and sulphur hexafluoride

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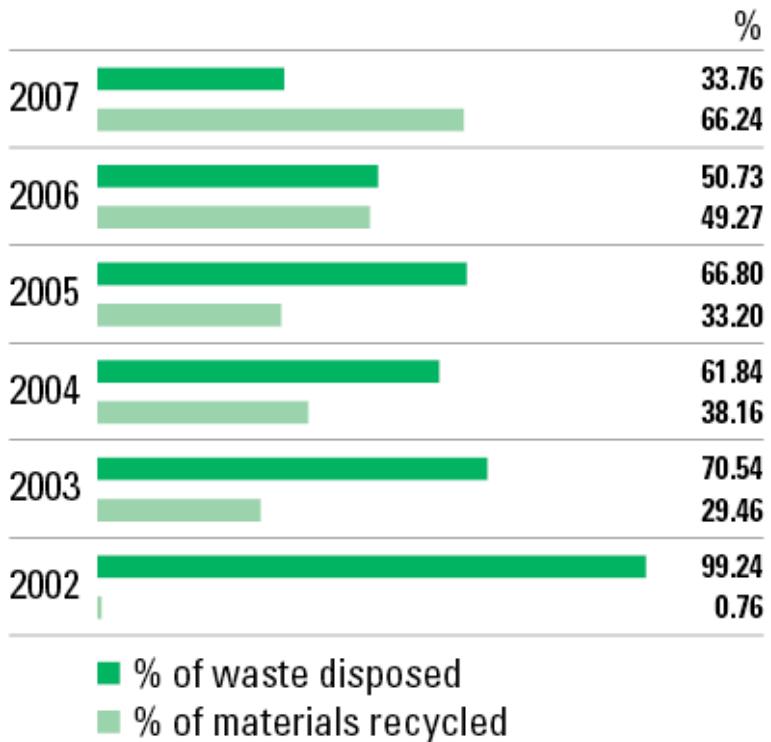
UK TIMBER SPEND[**< back**](#)

UK HAZARDOUS WASTE

2007		29855
2006		11312
2005		14358
2004		6344
2003		2654
2002		7927

Total weight hazardous waste (unit: Tonnes)

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WASTE GENERATED VS WASTE RECYCLED[< back](#)

RECYCLED MATERIAL IN TONNES

(Unit Tonnes)	2002	2003	2004	2005	2006	2007
Packaging	0	731	1,204	11,258	13,125	21,466
Plastics & Polythenes	1,609	2,158	3,909	5,586	6,179	9,387
Metals	4,607	7,769	43,679	17,516	27,659	41,722
Paper	147	321	484	452	371	4,775
Inert material	NR	286,970	474,728	286,431	717,028	1,214,773
Other material	NR	NR	NR	31,474	66,213	92,917

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Geographical CO₂ emissions breakdown by source

Geographical location	Vehicles & plant	Buildings	Air travel (estimated)
UK	155,740	40,270	44,028
Europe	2,162	337	90
Rest of the World	33,779	9,455	616

Unless stated, our 2007 data includes UK and non UK operations excluding the US.

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Absolute tonnes equivalent CO₂

	2007	2006	2005	2004	2003	2002
UK	196,010	*163,256	147,455	149,961	142,982	131,399
Europe	2,499	1,727	640	NR	NR	NR
Rest of the World (ex. US)	43,235	63,119	NR	NR	NR	NR
Total	241,744	228,102	148,095	149,961	142,982	131,399

*Restated figure

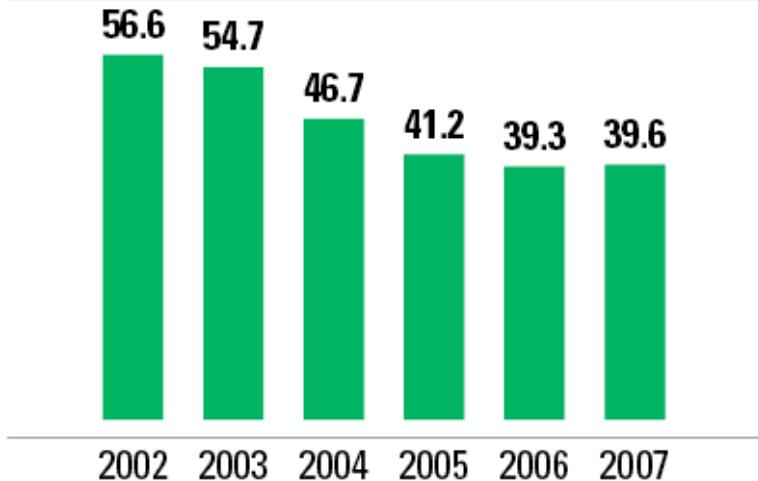
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INDIRECT/DIRECT EMISSIONS

	2007	(m) tonnes
Indirect Emissions	40,823	0.04
Direct Emissions	200,921	0.20

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UK tonnes equivalent CO₂ per £m NSV



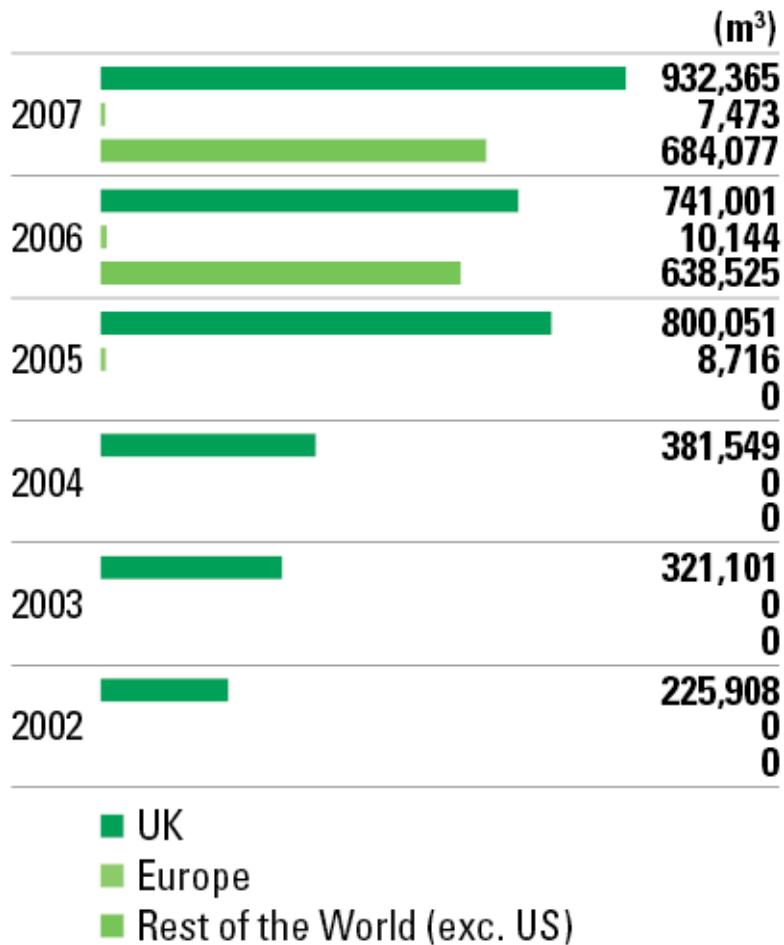
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GEOGRAPHICAL BREAKDOWN OF TOTAL WATER CONSUMPTION

2007	Office	Industrial	Site	Abstracted water	Total volume (Unit: m ³)	Total equiv. to olympic sized swimming pools	Total relative to £m NSV
UK	483,963	282,164	165,694	545	932,365	373	188
Europe	6,685	781	7	0	7,473	3	29
Rest of the World	684,077	0	0	0	684,077	274	1,069
Totals	1,174,725	282,945	165,700	545	1,623,915	650	278

Unless stated, our 2007 data includes UK and non UK operations excluding the US.

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UK WATER CONSUMPTION 2002-2007[< back](#)

UK ENVIRONMENTAL INCIDENTS BY YEAR

	Significant					Moderate					Minor				
	07	06	05	04	03	07	06	05	04	03	07	06	05	04	03
UK	0	1	1	3	0	8	9	8	11	21	328	270	270	265	284
Non-UK	0	0	0	2	0	0	0	0	0	0	294	5	4	53	0

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UK ENVIRONMENTAL INCIDENTS BY TYPE



- Discharge **8%**
- Emission **2%**
- Spill **65%**
- Waste incident **11%**
- Disturbance **14%**

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UK ENVIRONMENTAL INCIDENT BREAKDOWN

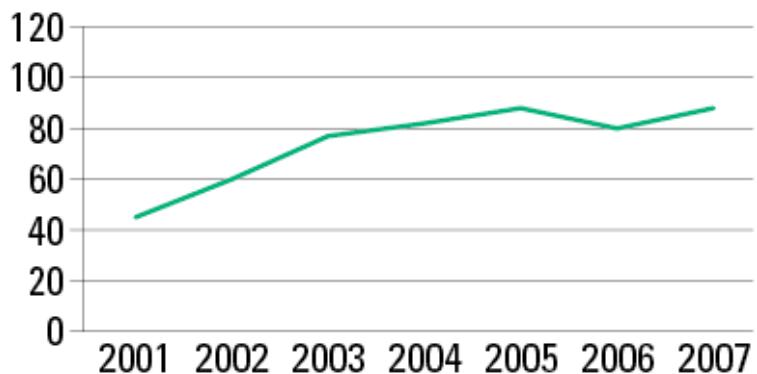
Release Type	No of incidents
Discharge	27
Emission	7
Spill	217
Disturbance	47
Waste incident	38

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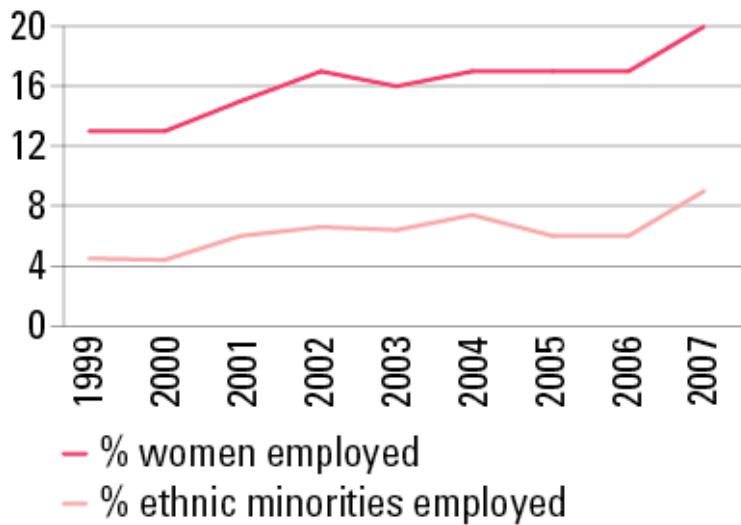
REGULATORY ACTIVITY

UK Regulatory Action	2007	2006	2005	2004	2003	2002
Prosecutions	1	0	2	2	0	0
Enforcements and Prohibition Notices	4	0	3	0	2	0
Warning Letters	8	11	5	12	9	0
Visits by Environmental Inspectors	90	37	217	226	263	309
Convictions	0	0	2	0	0	0
Fines	0	0	£23,000	0	0	0

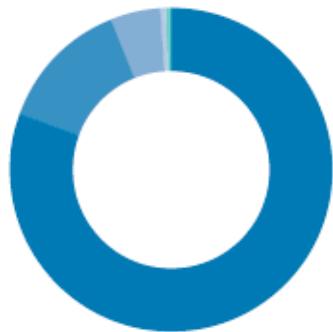
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BITE SURVEY RESULTS[< back](#)

DIVERSITY IN THE WORKPLACE

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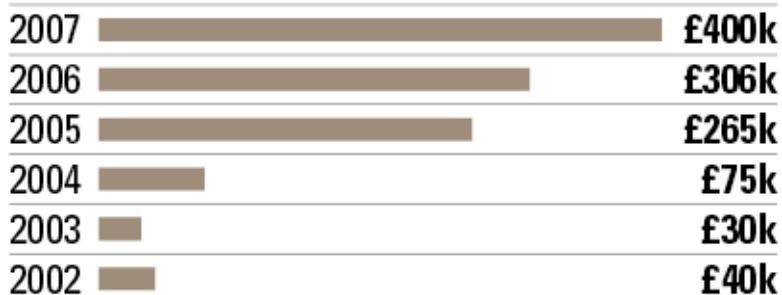
GEOGRAPHIC LOCATIONS OF EMPLOYEES



- **UK 80%**
- **US 13%**
- **Mainland Europe 5%**
- **Asia Pacific 0.6%**
- **Middle/Near East 0.4%**

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CHARITABLE DONATIONS (UK)



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ASSURANCE

Assurance scope

Balfour Beatty engaged Sd3 to carry out an independent assurance of its Corporate Responsibility Report 2007, specifically covering the accuracy of data, data collection systems and procedures. The assurance covered UK environment data and global safety, health and diversity data for the 2007 calendar year. In addition, Sd3 has assured the written and visual interpretation of this data. The assurance did not cover the materiality of the issues reported on, or the appropriateness of the metrics chosen. The assurance was carried out in line with [Sd3's Assurance Code of Conduct](#). The Corporate Responsibility Report is the sole responsibility of Balfour Beatty. Sd3's responsibility is to provide an independent assurance statement to stakeholders giving our professional opinion based on the scope and methodology described.

Methodology

Information provided in the report was checked through UK site visits, telephone interviews and e-mail correspondence. Sd3 reviewed all data aggregated at Group level and processes for checking and aggregating this data. Based on this review, Sd3 selected sample data sets and operating companies for further investigation. For the sample data sets Sd3 checked reported safety, health and environmental data back to the responsible party at the operating company level along with the recording processes. Four operating companies were sampled in greater depth for environmental data and four for health and safety. Diversity data was checked via a site visit to the Group headquarters.

Our Opinion

Based on the activities outlined, Sd3 found the environmental and diversity reporting systems to be sufficiently robust to collect data that provides a fair representation of the company's performance in the metrics chosen. The calculation of air travel's contribution to carbon dioxide emissions is an exception and Balfour Beatty have sensibly placed little reliance on it, although it is an important positive signal for the future. It is disappointing to find that Group environmental reporting processes were not always well embedded at the operating company level. This led to variation in the ease of data collection across the Group. Increased central support and the clarification of acceptable methodologies and definitions are recommended.

Safety reporting remained fairly consistent across the Group and provides evidence of continued improvement in most areas among the UK operating companies. Although the Tr@ction reporting system now ensures comprehensive and consistent data collection from all operating companies, we recommend more uniformity in the time taken to complete investigations into near miss incidents and of accidents involving members of the public. We recommend that Tr@ction includes a requirement to confirm that reportable incidents have been notified to the appropriate enforcing authority. We were unable to assure Health data as some details needed are not available for examination, being kept by individual operating companies under data protection restrictions. It is recommended that a Group-wide strategy be established for publishing details of health screening and its outcomes without compromising individuals' privacy.

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A handwritten signature in black ink, appearing to read 'John' or a similar name.

