



Positive impact

Corporate Responsibility Report 2011

GallifordTry plc

Our strategy for responsible business

We work hard to keep the principles of responsible business at the heart of our strategy, so it is part and parcel of how we operate. We pride ourselves on the partnerships we form with clients, customers and communities.



Dear reader,

I am delighted to welcome you to our 2011 Corporate Responsibility Report. It has been an exciting year for Galliford Try as we delivered the second year of our transformational housebuilding expansion plan and remain on target to meet our objectives. At the same time, we have maintained a high quality construction order book in conditions that continue to be difficult, winning a number of important projects during the year.

We made excellent progress in our strategy for corporate responsibility and sustainability, most notably, towards setting our stated goal of reducing Group carbon emissions by 15% by the end of 2013. In addition we have set waste reduction targets for each operating division, established a volunteering scheme with the industry's homelessness charity CRASH and signed up as Associate Members of the Considerate Constructors Scheme.

In June 2011, the Government formally presented its plan for creating a low carbon construction sector. This is a response to the recommendations of the Low Carbon Construction Innovation and Growth Team led by the Chief Construction Adviser to Government, Paul Morrell. The proposal is effectively a business plan for the industry for the next 40 years and poses a number of fundamental changes to the way our sector has done business in the past.

Galliford Try is engaging with a wide range of stakeholders, in order to gain a better understanding of how we can deliver on these ambitious goals. We are already working to de-carbonise our own business, provide energy efficient homes and buildings and provide infrastructure for the supply of clean energy and sustainable lifestyles.

Carbon is one the main themes of this report, where we look at our strategy in more detail and showcase some of the most exciting low-carbon projects we have developed in the year. This includes our first-ever zero carbon building, completed in North London. We also hear the views of Mike Watson, Head of Construction at WRAP, about some of the most pressing challenges and opportunities facing our industry.

Also in the year, we introduced our new CR identity 'Constructing a Sustainable Future', illustrated on page 8. By giving our CR efforts a clear visual identity, we have been able to improve the communication of what CR means to us and how it fits within our business. We continue to seek to influence the stakeholders in our business to address our sustainable development agenda in their dealings with us.

Further detail on the areas addressed within this report can be found on our website, including performance data. We thank those who have taken the time to discuss with us their views and aspirations on sustainability – this feeds into our strategy and plans. We hope you enjoy reading this report and look forward to hearing your thoughts on the issues that are important to you.



Greg Fitzgerald, Chief Executive

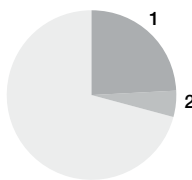

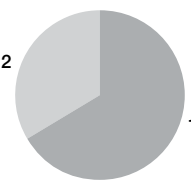
The Group at a glance

Galliford Try is a housebuilder and affordable housing developer across the South and East of England, and a provider of construction services throughout the UK.

Galliford Try’s strength is in the diversity of its operations, spanning markets in both the housebuilding and construction industries. We provide whole life solutions to projects for the built environment, delivering housing and regeneration schemes and carrying out major construction projects from public and commercial buildings to major civil engineering works.

Housebuilding

Revenue	Profit from operations	Home completions
£389m	£31.6m	2,170

Revenue by sector	UK coverage	Completions by sector
 <p>1 Private Housing £324m 2 Affordable Housing £65m</p>		 <p>1 Private Housing 1,446 2 Affordable Housing 724</p>

Our credentials

Galliford Try’s award winning housebuilding business has a long track record of building individually designed developments with an unrivalled expertise in brownfield sites and building conversions. We aim to design with local architectural styles and building materials and do not rely on standard house types.

Market position

We are the seventh largest housebuilder in the UK, and during the year rebranded our entire business as Linden Homes to provide a consistent recognisable presence across our regions. We operate across the South of England and the Eastern counties.

We are also a major provider of affordable homes and are one of only six developers working on all of the Homes and Communities Agency’s developer partner panels.

Our strategy

We are at the start of the final year of our three year expansion plan, under which we plan to have doubled the size of the business from 2009. In 2012 we anticipate completing over 3,000 homes, placing us in the top five of UK housebuilders – delivering an increasing proportion of our sales from land acquired since July 2008 on which higher profit margins will drive absolute profit growth.

Sustainability

Sustainability is about creating affordable, well designed homes in viable dynamic communities. The majority of our homes are on brownfield sites and we have sustainability action plans covering the key issues – technical, localism and planning, regulation, supply chain and customer engagement.

 For more information about Housebuilding see pages 12 to 15.

 For more detailed information go to: www.gallifordtry.co.uk

Construction

Revenue

£937m

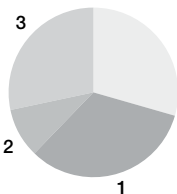
Profit from operations

£22.2m

Order book

£1.75bn

Revenue by activity

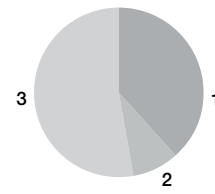


1 Building **£439m**
 2 Partnerships **£124m**
 3 Infrastructure **£375m**

UK coverage



Order book by activity



1 Building **£673m**
 2 Partnerships **£156m**
 3 Infrastructure **£921m**

Our credentials

Galliford Try's record has been built on collaborative working with clients to deliver best value construction projects. A significant proportion of our work is in long term frameworks, particularly on programmes for improving the country's infrastructure.

We have experience in working in joint ventures where we can bring regional expertise and our specialist civil engineering skills to the largest projects.

Market position

We are a UK top 12 contractor operating across the entire country. Building works range across commercial property, leisure

and hospitality facilities, education, health and, in our partnerships division, affordable housing. Infrastructure projects encompass water, highways and rail, civil engineering and flood alleviation as well as renewable energy and energy from waste.

Our strategy

We aim to maintain our order book at a consistent level with the objective in the current economic conditions of delivering profit and cash balances, not absolute levels of revenue. We strive for a diverse spread of work across the regulated, public and private sectors, focusing on sectors where procuring work is not based on price competition alone, where there are opportunities to deliver best

value with an acceptable return and risk profile. We aim to be in a position to resume our growth strategy when economic conditions and markets improve.

Sustainability

We aim to play a key role in supporting our clients to achieve their sustainability objectives, and have initiatives in place to reduce our carbon footprint and drive improvements across our own operations.

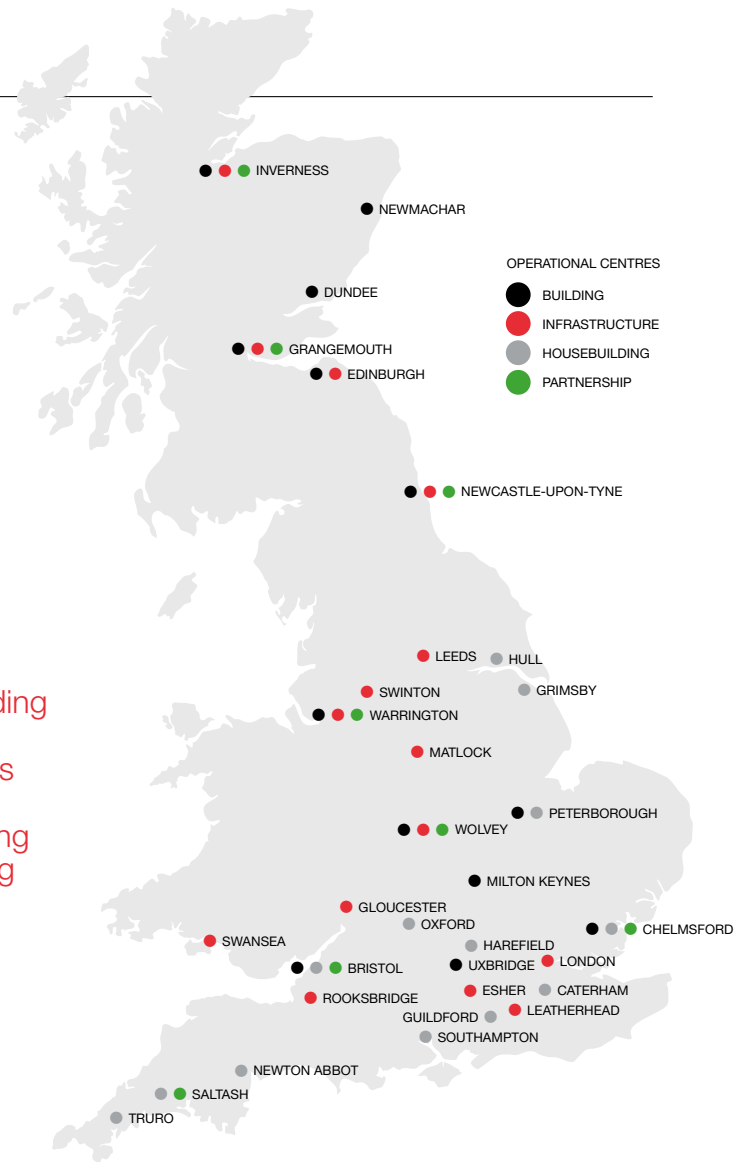
 For more information about Construction see pages 16 to 19.

 For more detailed information go to: www.gallifordtry.co.uk

A national business

Our low carbon projects

Galliford Try is one of the UK's leading housebuilding and construction companies, recognised for the strength of its diversity. With a vision to be leaders in the construction of a sustainable future, our business is represented across the UK, maximising the strength of a national network whilst delivering integrated solutions and developing long-lasting regional relationships.



First zero carbon vicarage

St John's Church vicarage in North West London is the first of its kind to achieve Level 6 of The Code for Sustainable Homes. It forms part of a mixed use development incorporating apartments, houses and a community centre. The zero carbon vicarage features rainwater harvesting, a ground source heat pump and photovoltaic arrays.



Solar power for social housing

We will be developing the country's largest solar-powered social housing project at South Shields, on Tyneside. The carbon negative scheme for 21 homes on a former car park will be equipped with solar panels, capable of generating enough electricity for all the homes. Surplus energy will be exported back to the National Grid.



50% fewer emissions for Worcester Library

We are creating a fully integrated public and university library, the first of its kind in the UK. The building is set to become one of the country's most sustainable buildings with a 50% reduction in carbon emissions, and a BREEAM rating of 'Excellent'.



Energy from waste

This state-of-the-art power plant for Biffa at Cannock will generate 34MW of electricity from waste. The fuel for the plant will be 400,000 tonnes a year of the region's non-hazardous residual business waste – that left over after recycling and composting – which currently goes to landfill.



Ground sourced heat for the NHS

We have designed, supplied and installed a Ground Source Heat Pump (GSHP) system at the Garston NHS Treatment Centre, in Merseyside. The GSHP will provide 50% of the heating and cooling requirement of the buildings, reducing their carbon footprint and help to achieve a BREEAM 'Excellent' rating.



Savings for London's flood barrier

We are undertaking refurbishment works at the Thames Barrier. The high performing environmental technologies installed include rainwater harvesting and an air to water heat pump to heat the electric boilers. The heat pump is 80% more efficient than the existing system, driving both energy and cost reductions.



Natural services for theatre

Corby Cube is the only theatre in the UK to receive a BREEAM 'Excellent' rating. Built on a brownfield town centre site, its key features include passive natural ventilation, natural daylighting, solar panels and rainwater recycling. The site's ecology has been enhanced through imaginative planting schemes and 'green roofs'.



Maximising efficiency at Culverdale

At this affordable housing development, the efficiency of the building fabric was maximised using high performance insulation and building materials. With all homes delivered to Level 4 of the Code for Sustainable Homes, the project also utilises rainwater harvesting and solar thermal water heating in the houses and photovoltaics for the flats.

A question of carbon

In light of ambitious new carbon reduction targets in place for the construction industry, we asked Mike Watson, Head of Construction at WRAP, a leading NGO advising business on using resources efficiently, to share his views on the opportunities and pitfalls that lie ahead.



In the context of carbon reduction goals, embodied energy* has become a key issue. What challenges do you see for the industry in this area?

The industry's focus is clearly on a building's efficiency, its energy usage and associated carbon impacts, but there is a lack of clarity as to what embodied energy actually means.

As the energy efficiency of buildings is optimised, the impact of reducing embodied energy in the building fabric will become more important.

There's a lot of work already underway to identify carbon footprints for individual products. WRAP's role is to identify the opportunities for improvement and raise awareness of resource-efficient products.

Where are the main opportunities for reducing embodied energy in construction?

They're at the specification or design stage. It is important to establish an approach which encourages clients to incentivise design teams to offer low carbon solutions.

The opportunity for contractors to play an active role is often more difficult because of the fragmentation in the supply chain. Contractors must engage and challenge the design. There are often innovations across the supply chain that are not being communicated back to the design teams.

Our approach has shown the role that voluntary agreements can play when industry gets involved and creates solutions through partnerships.

...and the risks of not addressing the issue?

It's about future proofing your business. In the past, sustainability in business has been identified with environmentalism. Now, carbon reduction is a key measure for business efficiency and, increasingly, a way of doing business. You would want to have a sustainable business by definition, and using resources efficiently is clearly an important element of that.

Will resource efficiency and embodied energy be part of how we meet the UK's 2027 carbon reduction targets?

Without doubt. WRAP published a report in 2009 identifying the part materials can play in meeting the targets. This report identified materials sectors and the impact of different reduction strategies for minimising their use and associated waste. Some strategies were

* Embodied energy is defined as the energy that was used in the work to make any product, bring it to market, and dispose of it. To enable sustainable outcomes, it requires thinking and smart choices on materials – based on criteria such as location, composition and durability.

** <http://www.bis.gov.uk/assets/biscore/business-sectors/docs/l/10-1266-low-carbon-construction-igt-final-report.pdf>



**Working together for
a world without waste**

WRAP works to help businesses and individuals gain the benefits of reducing waste, develop sustainable products and use resources in an efficient way.



straightforward around waste reduction and design, while others required fundamental changes in business models. Overall, 10% of the UK's requirements to reduce carbon emissions could be met through more efficient use of resources.

How does the Government's recent Low Carbon Construction report reference embodied energy?**

The report itself is a business plan for the industry over the next 40 years – outlining a huge opportunity to change. Although the biggest focus is on energy and its use, embodied carbon is recognised very clearly with specific actions. The challenge is translating these industry-wide recommendations into what organisations can practically do themselves. WRAP will be developing guidance that addresses more efficient resource use and the associated efficiencies in embodied carbon.

For Galliford Try, the Carbon Disclosure Project and Halving Waste to Landfill (HWTL) commitment have been extremely useful in establishing common industry metrics.

Yes, one of the key drivers for HWTL was developing a standardised methodology. We've done a lot of work with the UK Contractors Group in getting them to adopt that methodology.

Are there any benchmarking initiatives on resource efficiency?

The Product Research Forum is an industry group set up by WRAP to look at a whole range of product categories and establish the rules for impact measurement. The Construction sector is probably ahead when it comes to product standards and environmental declaration. There is a lot of data, but what you do with it is the key. It is vital to have a common means of reporting data and be able to present it externally.

The Strategic Forum developed a road map for operational carbon use. Could anything similar be produced for resource efficiency?

That's going to be a big challenge! If you start to broaden that idea to resource efficiency it gets more difficult because of the sheer number of materials and the complexity and size of the supply chains. Resource efficiency involves many choices and trade offs. The quick wins would be some very basic rules of thumb that everyone would agree with.

Is resource efficiency important enough to clients?

Clients are increasingly looking for initiatives and innovation in this area that align with their own sustainability goals. It's clear too that some contractors see this now as a means of differentiation and winning work.

What makes a company good at driving sustainability?

Commitment from the very top is key. Secondly, the ability to pass this down to the senior management team and communicate the messages through the organisation. Some organisations appear to be able to embed that sort of change quite quickly and that's down to organisational culture. It's most successful when organisations can say 'this is part of how we do business'.

What can WRAP bring to this area?

As an independent, non-governmental, non-industry body, WRAP offers technical advice and practical help to assist businesses make the best move that suits their own needs. Our main value is to come up with simple rules of thumb, quick wins for implementation and the means to standardise measurement and reporting.

Your advice to an organisation trying to get to grips with these issues?

Establish your own business drivers for change. Is it about cost saving? Market position? Reputation? Ultimately, it's got to be about sustainable business, but it helps if it's tied down to something that has an immediate impact. Having decided what is important to you, it's then about implementation and measurement. You must be able to measure your impact to establish a baseline for improvement and compare it to similar organisations.

Our strategy

Constructing a sustainable future

We are committed to making a positive impact in the areas in which we operate, aspiring to be leaders in the construction of a sustainable future. As a Group, we work hard to keep our CR principles at the heart of our business strategy.

Our six fundamentals of sustainable business



A responsible business

Our vision “to be leaders in the construction of a sustainable future” drives us forward as a business and inspires us to make a positive impact in the areas in which we operate. The long term success of our business goes beyond our economic sustainability to embracing our responsibility to society as a whole.

While we continue to demonstrate our commitment to winning work, delivering major projects and maintaining profitability, we also recognise the need to make a positive contribution to lives, communities and the environment through good business practices. Within this report we have outlined examples which demonstrate how CR is establishing itself simply as the way we do business.

As part of our commitment to enhance the effectiveness and transparency of our CR management and reporting processes we have developed a new identity called ‘Constructing a Sustainable Future’, which draws on six key Group elements.

The identity creates a platform to visually communicate our efforts in six key areas. Each triangle within the hexagon represents a segment of Galliford Try’s corporate responsibilities and can be found across all our internal communications.

15% carbon reduction by 2013

“Setting a carbon reduction target has shown our commitment to both internal and external stakeholders. A collective goal will focus our effort and maximise our results.”

Jon Bailey, Group Corporate Responsibility Manager

This is our second set of CR KPIs, demonstrating the performance of our business. Our KPI's have been a fundamental part of engaging all levels of the business in our CR activities.

Health and safety

Accident frequency rate (number of accidents per 100,000 hours worked)

2011	0.19
2010	0.22

Environment

Waste diverted from landfill, as a proportion of total waste produced – six months to year end

2011	74%
2010	39%

Operational carbon emissions metric tonnes CO₂/£100,000 revenue

2010*	3.63
2009	3.74

* Latest available – to December 2010

Our people

Staff churn – staff leaving voluntarily

2011	8.7%
2010	7.0%

Training days completed

2011	2,964
2010	2,171

Supply chain

Wood supplied with chain of custody certification, as a proportion of total orders

2011	93%
2010	93%

Customers

Customer satisfaction:

Housebuilding

– “Would you recommend a friend to buy one of our homes?”

2011	95%
2010	97%

Construction

– Overall satisfaction

2011	79%
2010	83%

Economic sustainability:

Housebuilding

– Sales in hand

2011	£247m
2010	£201m

Construction

– Forward order book

2011	£1.75bn
2010	£1.8bn

Community

Average overall score in the Considerate Constructors Scheme

2011	33.6/40
2010	33.2/40

Carbon

Carbon has become a key focus area for many of our clients, both public and private. They require evidence of our strategy, as well as embedding requirements to demonstrate reductions and measure emissions specific to their projects' needs. They look to us, and our supply chain, for solutions and innovations in this area.

In last year's report we set out our plans for developing a carbon strategy. Now agreed at Executive Board level and in place, our policy is to reduce the Group's carbon emissions per unit of turnover. We aim to reduce our 2008 figure by 15% by the end of 2013.

We have established a carbon Task Force, who will implement the strategy, look at training initiatives and engagement with key supply chain partners. In this way we will generate cost savings, develop new products and services and seek to change behaviours.

2011 saw our third submission to the Carbon Disclosure Project. We have seen our emissions drop over the last three reporting years. There has been a noted reduction in emissions intensity of 5%, contributing towards our overall target. Going forward, we are working on a number of initiatives to reduce our emissions intensity including further reductions in fleet emissions, an energy saving initiative for offices and the launch of a new range of eco-cabins.

Carbon Disclosure Project submissions (metric tonnes CO₂)

	2008	2009	2010
Fleet	46,797	27,877	10,036
Site and office energy*	10,361	10,907	22,904
Site and office electricity	8,160	10,205	11,656
Total emissions	65,318	48,989	44,596
Emissions intensity**	3.82	3.74	3.63

* Excludes electricity.

** Metric tonnes CO₂/£100,000 turnover.



For more detailed information go to: www.gallifordtry.co.uk

Our approach

“Our goal is to support employee development through innovative online learning that can be accessed by employees 24 hours a day, seven days a week.”

Howard Walker, Group HR Director

Managing corporate responsibility

Corporate Responsibility (CR) is part and parcel of the way we do business. By adopting best practice across our business and constantly seeking initiatives which add value and build partnerships, we aim to achieve the future sustainability of our business in a responsible way.

Accountability

At Galliford Try the Executive Board has overall responsibility for CR with a board director accountable for each element, reflecting that it is part of how we do business. This ensures our policies are implemented and that sufficient resource is made available.

In recent years, we have made real progress in the way our divisions take ownership of their approach to sustainability, so that our action is relevant and timely. Divisional CR plans are set around a Group framework which establish a number of priorities. The next step is to publish these action plans with clear responsibilities and accountability for action. Our overall approach is developed and coordinated by a Group CR steering committee, consisting of director-level representatives. It meets quarterly to advise on the direction of CR within the business and has been responsible for developing the carbon strategy.

Supply chain

Our supply chain strategy is based on establishing and maintaining long term trading relationships with key suppliers and manufacturers. We learn a lot through our engagement with these partners and we continually encourage and support both collaboration and innovation.

People

Our approach to people is to maintain a committed and flexible workforce that wants, and has the ability, to learn new skills. We recognise how important it is to communicate our key sustainability messages to empower the next generation of managers. Introduced in the last 12 months, sustainability is now a stand-alone module in both our executive development courses at Henley Business School and our Graduate Development Programme.

Engagement

We want to learn from others, consult on our approach, share ideas and ensure the Group plays its part in delivering a sustainable economy. We strive to demonstrate to all of the stakeholders in our business that we provide sustainable solutions and services. We seek to influence them to address the sustainable development agenda in their dealings with us. Our stakeholders include local communities, employees, shareholders, customers, our supply chain, regulators and government.

We want to play an active role in industry working groups and policy thinking. We are part of the UKCG's 'Doing Business Responsibly' Group – set up to improve the perception of the Construction Industry.

Governance

We are firmly committed to attaining high standards of corporate governance and conducting the Group's operations in accordance with the best principles. We have carried out a considerable amount of work prior to the implementation of the 2010 Bribery Act on 1 July, and put in place a package of appropriate measures, including a Group-wide information and training plan, to drive compliance with the law. We have appointed a Head of Risk and Internal Audit to further strengthen our processes for managing the assessment, impact and mitigation of risk across the Group.

Safety

The Group continues to promote the ethos that health, safety and environment has to be led from the top of the organisation. Our total number of reportable accidents has decreased for the fifth consecutive year. Our Accident Frequency Rate also decreased from 0.22 to 0.19, meeting the challenging Group target set last year. We have now put over 1,500 operational managers through the Galliford Try Safety Leadership Programme – Challenging Beliefs, Affecting Behaviours.



Considerate construction

In 2011 Galliford Try became an Associate Member of the Considerate Constructors Scheme. Our participation in the Scheme is an opportunity to raise standards on-site and improve community liaison. At any given time, we have well over 100 sites registered with the Scheme. We received eight National Site awards through the Considerate Constructors Scheme in 2011.

- 1 **St Pancras Chambers**, Considerate Constructors Scheme 2011 National Site Award.
- 2 **Boxgrove Gardens**, Considerate Constructors Scheme 2011 National Site Award.
- 3 **Ivor Goodsite** and Galliford Try visit St James' C of E Primary School in Ashton under Lyne.



Our current average score for the Considerate Constructors Scheme compared against the industry average

32.8/40	33.6/40
Industry ave.	Galliford Try

Passionate about creating homes

Linden Homes is a leading new homebuilder with an impressive brand, offering a distinctive and diverse product range of new homes. We are currently building houses and apartments throughout the entire South of England and Eastern counties.

In 2011 we united all our companies under the Linden Homes name with a new brand identity, representing both brand and business unification. By operating under 'one brand' we can present ourselves to a wider audience, with greater confidence to deliver our objective of being a top five UK housebuilder.

One of the many benefits of our rebranding has been the sharing of best practices and pooling of knowledge and resources. This will help us to further improve our customer service and quality of homes, based upon a better understanding of what local communities want. Our combined regional knowledge and national experience will help us to be better at offering a distinctive and diverse range of new homes.

As production increased and we opened new sites in line with our expansion plan, the number of homes completed rose by 27% to bring the total for the year to 2,170. We entered our new financial year with £247 million in housing sales carried forward, 23% up on last year.

Private housebuilding represented 65% of our output, whilst affordable and regeneration was 35%. The average price for private sales was £227,000 (2010: £207,000) while the price obtained for affordable homes averaged £106,000 (2010: £124,000).

We recognise that sustainability is about creating affordable, well-designed homes in viable dynamic communities. Both technically and socially, sustainability sits at the heart of our regeneration agenda. 90% of our homes are built on brownfield site developments.

Our sustainability priorities for action fall into a number of categories – technical, localism and planning, regulation, supply chain and customer engagement.

Technical

With zero carbon requirements for new homes not far away in 2016, our current focus is to drive a reduction in CO₂ emissions by amending the building fabric. We have undertaken a significant amount of research over the last 12 months to ensure we are fully ready to meet the new requirements. We undertook a detailed review of 35 differently designed homes to identify the impacts from new Building Regulations in 2010.

Regeneco, a business within the Group, carries out the majority of technical work to achieve Code for Sustainable Homes requirements. This gives us a unique advantage – bringing learnings from each region and team – to meet tightening building regulations. We prepare ourselves with extensive knowledge and a highly competitive cost base.

“We are committed to increasing sustainability across all of our developments. We believe the Government and new-build housing industry need to explore alternative ways to deliver the further carbon reductions and improvements in sustainability aspired to.”
Ian Baker, Group Managing Director, Housebuilding



BUILDING FOR LIFE

Award winning designs

Over the past year Linden Homes has placed itself amongst the best in the industry, as a wide range of industry awards testify. Awards collected include ‘Best Large Housebuilder of the Year’ and three ‘Building for Life’ awards from a total of only ten across the industry, meeting the highest national standards for well designed homes and neighbourhoods.

- 1 **Little Eaves** wins ‘Bronze’ for ‘Best Development’ at the What House Awards 2010.
- 2 **Graylingwell Park** wins ‘Best Low or Zero Carbon Initiative’ at the Housebuilder Awards 2010.
- 3 **Evolve** wins ‘Bronze’ for ‘Best Partnership Scheme’ at the Housebuilder Awards 2010.



A full list of awards can be found at www.lindenhomes.co.uk/awards



1



2



3

Our approach: Housebuilding division continued

Planning

With the significant changes to planning driven through the Government's localism agenda, our ability to maintain a dialogue with policy makers and generate new thinking is critical. We have set up an internal Public Affairs Committee with representation from all regions.

This committee identifies opportunities to engage and oversees our general approach. We have also worked with an external agency to undertake a series of presentations across all of our regions highlighting the challenges and opportunities from localism. It has been a great opportunity to stimulate our own conversations and generate new ideas on the subject.

Regulation

We participate in the Home Builders Federation Sustainability Forum whose remit is to address the increasing level of regulation on the industry. The Forum's future plans also

include developing a coordinated approach to post occupancy monitoring. This will help us to design homes in the future that are both highly efficient and easy to operate.

Supply chain

Leveraging our expertise and influence, we continue to maximise our spending power, reduce the number of suppliers with whom we work and establish robust supply chains. We are particularly focused on creating more 'added value' in our services through the expertise of our supplier partners.

Customer and community engagement

This year we launched a set of best practice planning guidelines to ensure each community and stakeholder interaction is of the high standards we aspire to.

Linden Homes was a finalist in the 2011 UK Customer Experience Awards in July, competing with other blue chip companies

and industries. It was a good opportunity for us to learn from other sectors and ensure our brand is strong, well recognised and synonymous with quality and service.

NextGeneration

In 2010, we achieved 12th position in the annual NextGeneration sustainability benchmark. We were disappointed not to have done better and the result has prompted improvements in the way we capture, communicate and structure sustainability information. This is centred around an action plan where responsibility for key tasks is divided at director level across the business.

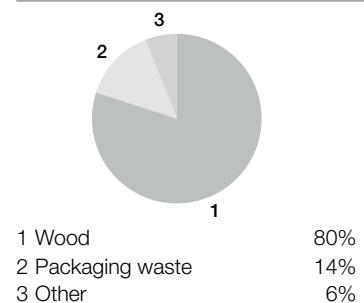


Reducing waste through design

Working with one of our suppliers, Symphony kitchens, we have established how much and what type of waste is generated by kitchen fit operations. This has led us to prioritise areas for waste reduction in design and identify new ways of recycling waste material.

Average waste arising per plot was 10% of the weight of the kitchen supplied. Of the total waste generated, wood products accounted for 80%. In response to this, we have lined up the National Community Wood Recycling Programme to provide an opportunity to recycle waste wood through their network of social enterprises.

Breakdown of waste generated per plot through fitting a kitchen



48kg — Waste generated per plot from kitchen fit out.



1

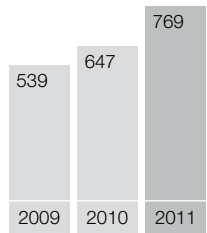


2



3

Our workforce



On target to meet our housebuilding expansion plan. We have built up our workforce so we can increase sales outlets and deliver more homes.

- 1 **Consultation** It is important that we ensure communities have easy and ready access to all of the development information. For our Flemingate development in Beverley, we set up a project website and freephone information line. We held a public exhibition to communicate the wider development and our long term proposals.
- 2 **Community** Improving capture of what we do has been an important part of this year's CR plan. Representatives from Linden South West visited Canada Hill Primary School giving talks and hi-viz vests during Walk to School Week.
- 3 **Apprentices** Linden Homes South West has developed an apprenticeship programme, aiming to encourage young people to work in construction. Sean Lindsay, aged 18, is currently in the second year of his carpentry apprenticeship with Linden Homes.

Providing whole life and sustainable solutions

We are a leading construction company, carrying out building and infrastructure works across the UK. Our spread of work for both public and private sector clients is well balanced and extensive. We are renowned for our ability to provide whole life solutions.

The Group's construction business has maintained its workload in markets that remain difficult, concentrating on sectors where it has a strong presence and can continue to deliver acceptable margins and cash balances. We enter our new financial year with a total order book maintained at £1.75 billion, with 80% of our planned revenues for the new year secured.

40% of our order book is for the regulated sector, 42% for the public sector, and 18% for the private sector.

Although we have anticipated an overall reduction in publically financed work, we have secured a number of significant long term public sector projects in Scotland. Our strengths with the regulated utilities, particularly in water, and our presence in the gradually improving commercial market, specifically in London, puts us in an encouraging position. Recognised for our high standards of project delivery and the diversity of our activities,

we are focused on delivering integrated and sustainable solutions that contribute to the enhancement of the built environment. In addition to our core construction and design and build activities, we carry out investment and development services and provide post construction property support.

The Construction Division CR Working Groups continue to drive progress and advise on significant initiatives affecting the business. Over the last year we have sought to go into more detail in the priority areas for our Construction business: customer focus; community; innovation; improved communication and engagement. We are in the process of developing action points and targets in each of these areas.

Customer focus

Customer satisfaction is fundamental to our strategy of generating strong predictable revenues from long term clients. To help us achieve this, we commission an annual

customer perception survey undertaken by an external organisation. This year we were very pleased to increase our overall customer satisfaction score, with improvements in health and safety, environment and the skills and experience of our staff. The survey also highlighted areas where we can improve, where clients are demanding a greater focus on service and innovation.

Community

Our engagement with communities is based on four key principles:

- Contributing to the community through our core activities such as providing schools, healthcare facilities, affordable housing and transport infrastructure
- Engaging with the communities and individuals in the areas in which we operate
- Delivering wider community benefits such as local employment
- Charitable investment

Recognised for excellence

We have received a number of external accolades within the construction business over the last year, including three 'Green Apple Awards' and 14 Gold and Silver 'RoSPA Awards'.

The finals of our own internal 'Infrastructure Excellence Awards' showcased some of our best projects in the division. Categories included Collaboration, Health and Safety, Quality and Sustainability. It's a great way for us to highlight and share best practice across the Group.

- 1 **Morrison Construction** wins prestigious 'Saltire Society Award' for Civil Engineering on the A830, Arisaig to Loch nan Uamh.
- 2 **Morrison Construction Water** wins the Scottish Chamber of Safety 'Lord Cullen Trophy' for producing hard-hitting safety DVD, 'Buried Alive'.
- 3 **Rock & Alluvium** wins our internal 'Health and Safety Award' for challenging the behaviours and attitudes underpinning health and safety in its sector.
- 4 **Morrison Construction** wins 'Silver' Green Apple Award for the Forres Flood Alleviation Scheme.
- 5 **Interlink M74** joint venture wins 'Best Project Over £50m' at the Construction News Awards and receives 'Outstanding CEEQUAL Award'.
- 6 **Morrison Construction** wins 'Gold' Green Apple Award for Whitelee Windfarm.



A full list of awards can be found at www.gallifordtry.co.uk/about-us/awards



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Our approach: Construction division continued

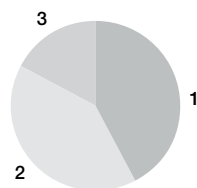


Working with our clients

1 Marks & Spencer We map out how we are going to meet each of their Plan A commitments, both at a corporate level and on-site. Working for an organisation with such a leadership position on sustainability challenges us, but ultimately helps to raise our game. Our projects with M&S have helped provide benchmarking and best practice guidance.

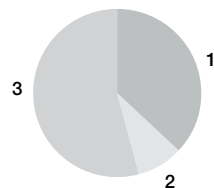
2&3 Orford Park In 2010 we commenced work on this community hub – a £16 million health, leisure and wellbeing centre for Warrington Borough Council. We are supporting a number of events to help promote health and wellbeing within the borough, the positive aspects of construction and plans for the new buildings within the hub.

Order book by sector



1 Public 42%
 2 Regulated 40%
 3 Private 18%

Order book by activity



1 Building 38%
 2 Partnerships 9%
 3 Infrastructure 53%

“Galliford Try is delighted to support The Transformation Trust, part of our commitment to investing in the future of young people and building upon the work we do through school projects across the country.”

Ken Gillespie, Group Managing Director, Construction

We ensure that our operations are integrated into the community as effectively as possible and pride ourselves on innovative and interesting ways that we can connect with our stakeholders.

Innovation

We see the future of construction requiring genuine collaboration throughout the supply chain, and with all our stakeholders, to achieve new ways of working.

We believe that developing long term relationships with all who provide services to our business is crucial to our ability to provide clients and customers with projects that deliver to the highest standard. Through early engagement and working in partnership with suppliers, we can address key performance requirements for health, safety, environment and innovation amongst others. Our energy services business, Regeneco,

has shown excellent progress with a number of exciting and innovative projects. It has experience in all aspects of renewable and low carbon technologies including finance, installation and maintenance of wind turbines, heat pumps, photovoltaics and Combined Heat and Power systems.

We have established an Off site/Modern Methods of Construction task group to test the strengths, weakness and costs of new solutions with a number of suppliers. This group enables us to share knowledge better and provide a coordinated approach to strategic partnering and the way forward.

Communication and engagement

Partnerships with external organisations are critical for us to raise the profile of our industry and be involved with current thinking around best practice. We joined the educational charity, the Transformational Trust and to contribute

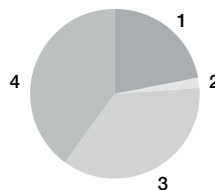
to industry consultations and thinking, we have a director on the board of the British Council for School Environments, an independent membership-based organisation whose purpose is to influence policy and industry.

Our infrastructure division is the first within the Group to launch a new Employee Forum, GT VOICE (Views, Opinions, Ideas and Concerns of Employees). It provides an opportunity for employees to meet members of the Divisional Board and discuss issues important to them.

We see an opportunity to engage with our employees on sustainability issues, to educate and to lead by example. Not only will this approach deliver benefits for the business and our clients, but it will also encourage employees to make a difference outside of work in their own homes and lifestyles.

Sustainable energy generation

Regeneco is implementing a highly innovative carbon reduction solution for the net-zero carbon Graylingwell housing development. The £8m on-site energy centre (pictured below) is generating electricity and heat for a gas fired district heating scheme. Highlighting the long term sustainability of the venture, Regeneco is also accountable for a 25 year operational period. It will gain revenue from the sale of heat to the 800 residential homes and from electricity sold to an external user.



How Graylingwell achieves net zero carbon

1	Enhanced efficiency of building fabric	22%
2	Solar photovoltaics	2%
3	Gas fired combined heat and power	36%
4	Off-site wind turbine	40%



Strength in diversity

An award winning flagship development in Bradford-on-Avon demonstrates our ability to provide sustainable whole life solutions for some of the most complex and challenging projects.

Kingston Mills presented many challenges. The site, located on a former tyre and rubber works factory in Bradford-on-Avon had been derelict since 1992. Although the area was in desperate need of regeneration, many obstacles stood in its path, including a high flood risk, restricted access to the site and a requirement to retain several buildings of historic interest.

By harnessing the Group's ability with all of these challenges, Linden Homes successfully gained planning permission to rejuvenate this 2.5 hectare brownfield site within just five months of acquiring it.

The project, which includes 170 affordable homes and new business accommodation, will enhance the physical environment of the site, adding to the quality of the local townscape and increasing the attractiveness of the town centre for residents and visitors. It also addresses important sustainable development issues by comprising flood protection and energy generation proposals.

In recognition of the achievements of the project and its team, Kingston Mills was presented with The Royal Town Planning Institute's 2010 Local Regeneration and Renewal Award.

"The approach to site planning and design is excellent, being both sensitive and creative in its response to the constraints of the site and its surroundings."

**Judge
Local Regeneration and
Renewal Award**



The Royal Town Planning Institute is the UK's leading planning body and aims to advance the science and art of planning for the benefit of the public.

Working together

Ten of Galliford Try's businesses worked to deliver this project for Linden Homes



Galliford Try Affordable Housing & Regeneration
Secured the grant for affordable aspects of the development.



Galliford Try Plant
Provided site cabins and welfare facilities.



Galliford Try Civil Engineering
All aspects of groundworks including site clearance, remediation and drainage.



Pentland Estate Management
Will manage and maintain the estate and collect any service charges.



Rock & Alluvium
Installed more than 600 CFA load-bearing piles.



Regeneco
Installed photovoltaic panels on the roofs of three blocks.



Galliford Try Central Engineering Services
Designed and checked the temporary works.



Galliford Try Highway Maintenance
Surfaced the roads.



Galliford Try Construction South
Refurbished the façades of listed buildings and constructed the commercial elements of the scheme.



Linden Homes Western
Community consultation and construction of homes to Level 3 of the Code for Sustainable Homes.



Corby Cube is a 7,300m² Civic Hub and Performing Arts Centre. Constructed to BREAM excellent, it features a 445 seat theatre, library and Council offices. Further details on page 05.

Working in partnership with long term partner ASRA Housing Association, Galliford Try Partnerships has completed the zero carbon St John's Church vicarage for the London Diocesan Fund. Further details on page 04.

www.gallifordtry.co.uk



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