

# POSITIVE IMPACT

Corporate Responsibility Report 2009



With the launch of initiatives such as the Government's Strategy for Sustainable Construction, the sustainability agenda is rapidly changing the way the construction industry conducts its business.

At Galliford Try we welcome this change and seek to make a positive contribution through our operations and our engagement efforts across the industry. This CR Report outlines our response to the sustainability agenda from July 2008 to June 2009.

**During the last year we:**

- > launched a CR strategy to identify opportunities to improve operations and meet changing client and societal expectations
- > subjected our CR processes and employee perceptions to an external review to gain an objective assessment of our CR strengths, weaknesses and opportunities
- > completed our first-ever submission to the Carbon Disclosure Project, providing transparency in our approach to climate change, including data on our emissions
- > participated in the NextGeneration sustainability benchmark for housebuilders – an industry initiative to drive best practice in sustainability
- > launched several internal CR initiatives to improve our performance in the areas of environment, health and safety and learning and development.

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**Cover image:**

The Sports Centre at the City of London Academy, Islington which was completed in February 2009. It accommodates the sports facilities for local academy students including the provision for football, basketball, netball, indoor cricket, trampolining, badminton and general circuit sports.

# MESSAGE FROM THE CHIEF EXECUTIVE



“Corporate Responsibility is part and parcel of the way we do business. We are committed to communicating with all our stakeholders on these issues.”

**Greg Fitzgerald**, Chief Executive

Dear reader,

I am delighted to welcome you to the Galliford Try Corporate Responsibility Report 2009, our second stand-alone CR Report. This Report contains a comprehensive summary of our approach to CR in the year and showcases some of the important work we have done.

Much has happened across the construction and housebuilding industries over the past year and, like many companies, we have had to alter the way we operate and adjust our businesses to better face the realities of the changing economic climate. Among other difficult measures, we have undergone a programme of cost-cutting and redundancies.

However, we are acutely aware that the industry will recover and that we need to make sure we have the skills in place to make the most of the opportunities that will arise. We are also mindful that during these challenging times we must continue to drive forward our efforts in CR.

This report reflects the step-change we have taken in our approach to CR in the past 12 months. We have seen the progress made by the CR Steering Committee implementing a review of our strengths, weaknesses and opportunities, published a dedicated CR policy and launched a three-year CR strategy with ambitious performance targets.

We made our first-ever submission to the Carbon Disclosure Project with detailed information about our carbon strategy, future plans and emissions data. We also participated in the NextGeneration sustainability benchmark for housebuilders, which aims to further the sustainability agenda across our peer group.

CR is critical to our future as a business and to our ability to meet rapidly changing societal and client expectations. We pride ourselves on the partnerships we form with clients, customers and communities. To us, this is true CR, because it is part and parcel of the way we do business.

We have been encouraged by your positive reaction to our first CR Report. This year, we have updated the CR sections of our website to reflect our progress as we continue to raise the profile of CR across the divisions. CR is now an item on all executive and divisional board meeting agendas.

Finally, we hope you enjoy reading this report and are able to find any information you may be looking for. We are committed to communicating with all of our stakeholders on these issues in the best possible way, so we welcome any comments you may have.

A handwritten signature in black ink, appearing to read 'Greg Fitzgerald'. The signature is fluid and cursive, written over a white background.

**Greg Fitzgerald**  
Chief Executive

# GALLIFORD TRY

## ABOUT US

Galliford Try is a housebuilder and affordable housing provider primarily focused across the South of England, Midlands and Eastern counties, and provides construction services throughout the UK.

We employ 3,850 people, and are an industry leader in collaborative working through partnering and long term relationships throughout our businesses.



### GROUP

Galliford Try is in the top ten of both the UK's housebuilders and construction companies.

Our housebuilding and our affordable housing and regeneration divisions develop homes for the UK housing market; our building and infrastructure divisions, supported by PPP Investments, deliver construction services to clients in both public and private sectors.

#### Strategy

To position the Group to resume growth in housebuilding as the housing market improves and to maintain a leading market position in construction.



### HOUSEBUILDING

Galliford Try develops homes for sale on individually designed, bespoke developments.

We operate through four regional brands: Midas Homes and Gerald Wood Homes in the South West, Linden Homes across the South and South East of England and Stamford Homes in the Midlands and Eastern counties.

#### Strategy

To maintain an appropriate level of activity and our geographic spread during the market downturn, positioning the business to resume growth as the market improves.



### AFFORDABLE HOUSING AND REGENERATION

Galliford Try is a leading player in the regeneration of brownfield sites, working in partnership with Government agencies, affordable housing providers and others to conceive and construct distinctive community and mixed use schemes.

#### Strategy

To increase the proportion of affordable housing developed by the Group during the market downturn through effective participation in Government assistance programmes and by restructuring long term regeneration projects to bring forward development.

### Group performance

Group revenue **£1.46bn**  
 Profit from operations **£32.1m**  
 Profit/(loss) before tax  
 – pre exceptional **£24.5m\***  
 – post exceptional **(£26.9m)**  
 Net cash **£34.1m**

\* Stated before exceptional items of £51.4m, comprising write downs of housing related assets (£50.4m) and redundancy costs (£1.0m)

### CR highlights

Planning approved for Graylingwell – the UK's largest net zero carbon scheme.

Participated in the NextGeneration sustainability benchmark for housebuilders.

### CR highlights

Contracts commenced on Code level 6 development for Three Rivers Housing Association in the North East.

Local labour schemes implemented on several regeneration projects

Our strategy over the longer term is to increase shareholder value by profit growth in both our housebuilding and construction businesses. We aim to maximise our cash position, maintain our strong presence in the markets that will mitigate current recessionary effects, and resume growth as economic conditions improve.

 <p><b>BUILDING</b></p> <p>Galliford Try offers a comprehensive range of building services across the UK with specific sector expertise in education, health, commercial, leisure, interiors and facilities management.</p> <p>We work for both public and private sector clients carrying out both single projects and building programmes under long term agreements.</p> <p><b>Strategy</b> To increase our share of the market by delivering whole life building solutions and developing further our national approach to our key market sectors.</p>	 <p><b>INFRASTRUCTURE</b></p> <p>Galliford Try is a leading infrastructure contractor, focusing on the water, highways, rail, flood alleviation, remediation and renewable energy sectors.</p> <p>From design through project implementation to aftercare, most of our work is in frameworks based on long established collaborative relationships with clients in the public and regulated sectors.</p> <p><b>Strategy</b> To maintain existing frameworks in our chosen sectors and by developing our major project capability alongside a regional presence.</p>	 <p><b>PPP INVESTMENTS</b></p> <p>Galliford Try invests in public private partnerships, that deliver design, finance, build and operate solutions for long term public sector projects. We have a long track record in education, health and MoD accommodation.</p> <p><b>Strategy</b> To secure a stream of projects that will generate profits on the equity investment made and provide negotiated opportunities for the Group's construction and facilities management businesses.</p>
<p><b>CR highlights</b></p> <p>Joined the 'Capital Xperience', operating through the Construction Youth Trust, to place young people from the Olympic boroughs on our building sites.</p> <p>In Scotland, we have undertaken a project to raise awareness of 'green travel' and are quantifying the impact of videoconferencing in reducing business travel.</p>	<p><b>CR highlights</b></p> <p>Morrison Construction, one of the Group's operating companies, joined the Mayor of London's carbon reduction project, Green500, and implemented a plan to reduce emissions.</p>  <p>Whitelee Wind Farm passed 1,000,000 man hours without a RIDDOR lost time accident.</p>	<p><b>CR highlights</b></p> <p>Delivered the £30 million St Andrews Community Hospital in Fife, a brand new primary care centre improving service to patients.</p> <p>Completed the £135 million Highland Schools PFI project which was awarded the PPP Annual Awards 'Highly recommended award for community involvement'.</p>

# CORPORATE RESPONSIBILITY

## OUR APPROACH

We define Corporate Responsibility as ‘the management of our economic, environmental and social responsibilities to benefit our stakeholders and future generations.’

### OUR VALUES

#### Excellence

– striving to deliver the best

#### Passion

– committed and enthusiastic in all we do

#### Integrity

– demonstrating strong ethical standards with openness and honesty

#### Collaboration

– dedicated to working together to achieve results

Our approach to CR is underpinned by our Group vision ‘to be leaders in the construction of a sustainable future’. This vision is the foundation of our approach, of which the cornerstones are our values.

Our corporate responsibilities span health and safety, climate change and the environment, our people, community involvement, procurement and our supply chain, corporate governance, and economic sustainability. We plan for the long term across these responsibilities and seek to make a positive environmental and social difference within the regions in which we operate.

We also recognise there are business benefits and opportunities for the Group in the proper management of its corporate responsibilities. These include improved efficiencies, lower costs and a competitive advantage in the marketplace.

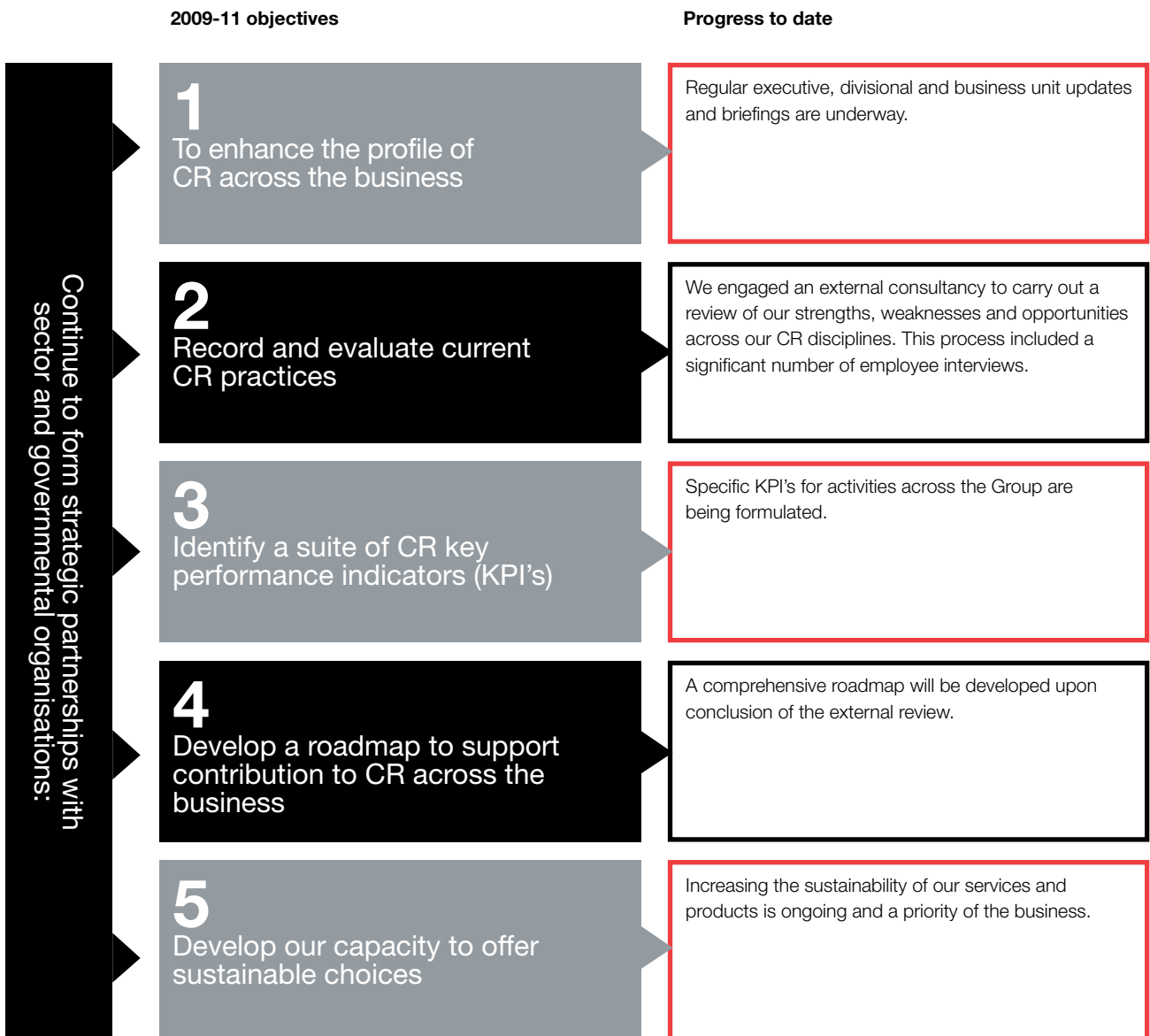


## OUR STRATEGY

Our strategy integrates CR into our business activities and aims to:

- > Identify opportunities for improving efficiencies and reducing costs
- > Improve customer and industry perception of Galliford Try
- > Develop future plans to minimise risk and maximise opportunities from rising environmental costs, emerging legislation and changing client/societal expectations.

Early in 2009 our first CR policy, which includes objectives for the following 12 months, was published on our website, intranet and throughout the Group. We have identified six strategic CR objectives during the period 2009–2011. A comprehensive action plan underlies each of the objectives.



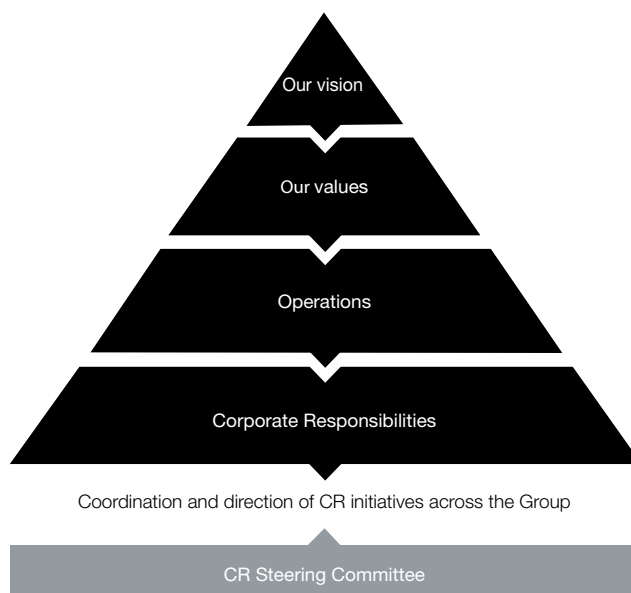
# HOW WE MANAGE OUR CORPORATE RESPONSIBILITIES

In three years, our business has more than doubled. With growth comes the responsibility of coordinating and managing our approach to CR in a new way.

In the last year, Galliford Try has undertaken a step-change in the management of CR. A CR manager was appointed to take responsibility for day-to-day affairs, liaise with individual businesses, and coordinate activities across the Group. He reports progress to the Executive Board on a monthly basis.

The CR steering committee, appointed by the Executive Board and chaired by an executive board member, consists of operational and services directors. It meets on a quarterly basis to address key issues and promote cross-group initiatives.

We integrate CR into our business activities in the following way:



Within this model, groups and individuals are allocated responsibility for action.

Area	Responsibility
Health and Safety	HS&E Director
Environment	Group Environment Manager
Procurement and Supply Chain	Group procurement forum and Divisional boards
Communities	CR Manager
Corporate Governance	Company Secretary
Economic sustainability	Executive Board
Our people	HR Director



### Stakeholder engagement

We proactively engage with all our key stakeholders. These include local communities, employees, shareholders, customers, our supply chain, regulators, and national and local governments.

We communicate regularly with our employees through a number of different channels including the intranet, email updates, the annual employee survey and our company magazine *Evolve*.

We continue to help shareholders develop a clear understanding of the Company's strategy, financial and non-financial performance and growth potential. We send all new shareholders a welcome letter with information about the Group, maintain a specific section on our website and make a detailed presentation at our Annual General Meeting.



We also engage with sectoral and government bodies on sustainability issues. 2009 has been the first year we have participated as a member in the NextGeneration initiative. Started in 2006 to benchmark the top 25 UK housebuilders on a range of sustainability and climate change issues, this initiative is overseen by a committee including Insight Investment, the World Wildlife Fund, the Homes and Communities Agency and Bank of Scotland. Its mission is to be an industry initiative to drive sustainability best practice into the housing sector. In 2008 we ranked 15th – our objective this year is to improve our score and secure a top ten place. We await the 2009 results...

## CLIMATE CHANGE

At Galliford Try we acknowledge that climate change is one of the greatest challenges we face, both as a business and a society. We recognise that we have a key part to play through:

- > our direct carbon footprint
- > the long term sustainability of the services we provide
- > the relationships with our clients, customers and communities provide a great opportunity to positively influence.

### CARBON DISCLOSURE PROJECT

In July 2009 we submitted our first response to the Carbon Disclosure Project (CDP), the respected global carbon management project. Funded by 500 institutional investors, the CDP is the largest corporate emissions database and its analyst reports, published annually, provide detail on how the biggest companies around the globe are responding to climate change. Within our submission we highlighted our carbon management strategy, allocation of responsibility and greenhouse gas emissions data.



Galliford Try Infrastructure has started construction on the first pod for the Halley VI research station on the Brunt ice shelf, Antarctica. Once complete, research will include investigation into the effects of climate change.

# HEALTH AND SAFETY AT EVERY LEVEL

We are committed to a policy of effectively managing all aspects of health, safety and welfare. We maintain our fundamental belief that everyone has the right to return home unharmed at the end of each and every working day.

KEY STATISTICS		
	2008	2009
Hours worked	34.5 million	31.7 million
Average number of people	14,900	13,738
Reportable accidents	83	76
Accident frequency rate	0.24	0.24
Accident incidence rate	5.58	5.74
Health and Safety Executive visits	122	178
HSE enforcement notices	3	0
RoSPA Health and Safety Awards	18	21

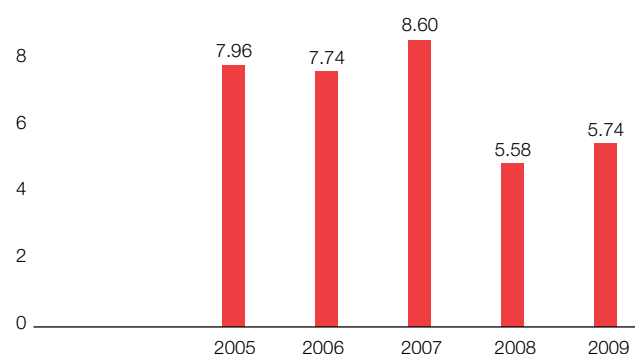
We recognise that achieving high standards of health and safety is an integral part of our business. We also believe that effective communication is of paramount importance to our health and safety performance.

All staff receive a copy of our Health and Safety Policy and information on the Group's health and safety standards. The company induction explains our health and safety culture and the importance of this issue to the success of the business. Information is communicated to sub-contractors through pre-start and regular on-site meetings, and to all operatives through safety notice boards, safety committees, toolbox talks and poster campaigns.

We remain active members of key industry bodies including the UK Construction Group, Home Building Federation, Construction Industry Advisor Committee and the Civil Engineering Contractors Association.

## Accident incidence rate

Incidence rate per 1,000 people  
10



## HIGHLIGHTS OF THE YEAR

Our total number of reportable accidents reduced by 9 per cent in the 12 months to 76, with our accident incidence rate little changed at 5.74 and our accident frequency rate stabilising at 0.24. With over 170 visits from the Health and Safety Executive there have been no enforcement notices served. However, the Group had one prosecution for a breach of regulations in relation to an incident in 2005 that left a joiner with a broken leg.

Past incident investigations have highlighted how important regular reinforcement of site disciplines is, in addition to effective communication of site plans and any changes. As a result, the 'First 10 Minutes' communication tool, used at the start of each day with all site personnel, was introduced across the Group to ensure safety checks are made, and to identify daily changes in site conditions.

We have increased both the scale of health and safety auditing and the number of internal trained auditors. This has necessitated the production of a stringent audit protocol, standard reporting process and the use of measurable corrective action plans. We have maintained our Group-wide certification to the independently assessed health and safety management system standard, OHSAS 18001.

## Future commitments/goals

The past year has seen our exciting behavioural safety programme implemented on a number of projects (see Safe Mind, Safe Body case study). The next 12 months will see continued emphasis placed on its effective and sustained implementation, with 300 staff due to attend a series of leadership workshops. The focus will then move to site management and, ultimately, to our supply chain.

# -9%

Our total number of reportable accidents reduced by 9 per cent last year to 76.

We take pride that our clients recognise our absolute commitment to health and safety. "In Morrison Construction, Scottish Power Renewables selected a company where the health and safety culture aligns very much with its own. Throughout the successful construction of the Whitelee Wind Farm project, Morrison Construction demonstrated its commitment to the health, safety and welfare of the workforce by continually striving to minimise risk."

**Stuart Mason**, Construction Director  
Scottish Power Renewables



## SAFE MIND SAFE BODY

The move toward an inter-dependent safety culture requires education, motivation and practical support.

The Olympic Park project, Morrison Construction's 120-hectare remediation project in East London, was one of the first to implement the Group's behavioural safety programme.

Early in 2009, a course was held on site for all supervisors to learn about how people's way of thinking affects their behaviour. Ten supervisors then had further training to become Behaviour Safety Coaches, in order to facilitate change amongst their peers.

## OVERNIGHT BRIDGE DEMOLITION

Our approach to safety is well encapsulated in this photo from the M40 J15 refurbishment project in Warwickshire.

Careful planning, communication and teamwork were required to safely demolish the farmer's bridge over the A46 dual carriageway during the middle of the night in August 2008. Nine 70 tonne demolition rigs were used to break up the concrete and steel, with four 25 tonne dump trucks to then remove it.



# ENVIRONMENT

## A SUSTAINABLE FUTURE

We aim to protect the environment in everything that we do, and minimise the impact of our operations.

SUMMARY OF KEY PERFORMANCE INDICATORS	
Objective	2009 Update
Implement pre-construction environmental risk registers for all new projects	90% of projects completed environmental risk registers
Plan, manage and monitor our construction waste streams in order to reduce the percentage of waste sent to landfill	All sites developing waste management plans. Waste diverted from landfill has been calculated for 2008 at 53% (excluding on site recycling of inert materials)
Monitor office energy consumption to establish baseline from which to base future targets for reduction	Initial results demonstrate that annual carbon dioxide emissions from office energy consumption is 1,125 tonnes or 0.09 tonnes/m <sup>2</sup> . Monitoring of energy and emissions to continue
Develop and implement a GT specific 4-day IOSH accredited Environmental Training Course	Course developed and delivered to 40 employees. Role out of the course to continue on an on-going basis
Promote a new Group Environmental Policy	Policy available to all employees and displayed across all workplaces

Our commitment to improving the Group's knowledge about environmental issues continues, with over 1,400 employees attending our in-house environmental course. In addition, our Health Safety and Environmental advisers, who regularly carry out site inspections, have all completed a four day IOSH-accredited environmental training course.

We had four notices and one prosecution during the year which was in relation to the use of a water standpipe.

We have continued to progress our objective for all business units to be certified to ISO 14001:2004. Progress has been slower than anticipated due to the economic climate, however, 26 out of 39 business units have now achieved third party certification.

During 2008 we commenced a Group-wide initiative to monitor and report our waste management performance. The results showed the proportion of waste diverted from landfill was 90.5%. Excluding the reuse and recycling of inert material on site, which we undertake wherever possible, the proportion is 53%. This is encouragingly positive and gives us a benchmark to plan actions to further reduce waste to landfill.

OFFICE CO <sub>2</sub> EMISSIONS				
Total tonnes of CO <sub>2</sub>	Electricity	834	Total Tonnes of CO <sub>2</sub> per m <sup>2</sup>	0.09
	Gas	198		
	Gas Oil	93	Total Tonnes of CO <sub>2</sub> per m <sup>2</sup>	48.35
	Total (tonnes)	1,125	Total KWh per m <sup>2</sup>	276.90

Another initiative that commenced in 2008 was an initial determination of our carbon footprint from our permanent office locations. The results indicate 1,125 tonnes of CO<sub>2</sub>. This now provides us with a benchmark to understand where we can make improvements in the future.

## FLEET GOES GREEN!

We actively seek solutions to reduce our own carbon footprint.

We launched a major initiative to make our entire fleet of 1,700 vehicles more energy efficient and environmentally friendly. This has included a greater choice and range of options available and an incentive scheme to encourage staff not currently in the fleet to switch to lower carbon vehicles. The fleet itself is focussed on vehicles below the 160g/km CO<sub>2</sub> threshold, and the lowest emitter is just 98g/km CO<sub>2</sub>. This environmental initiative also makes great business sense, offering tax savings for both employees and the Group.





## ENHANCING NATURE

Linden Homes' 'Watercolour' development, currently under construction in Surrey, is a mixture of 500 private and affordable homes due for completion in 2011.

In partnership with the Surrey Wildlife Trust and the local authority, Linden has regenerated a disused sand quarry site to include a wetland area and nature reserve. This has encouraged flora and fauna back into the local environment, while a network of cycleways and footpaths have been provided for the local community to enjoy the new area.

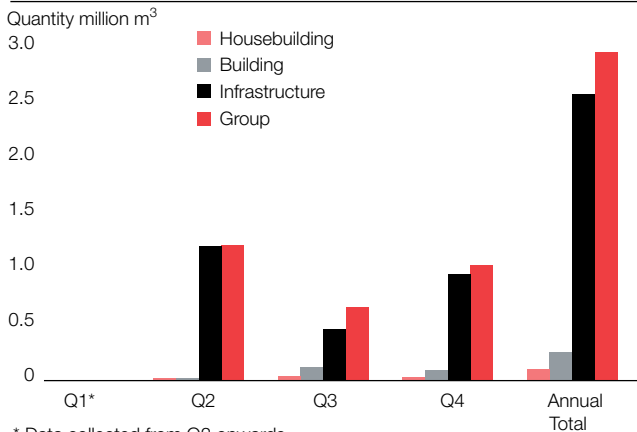


## WHITELEE WIND FARM

South West of Glasgow, Morrison Construction has been involved in the construction of the largest onshore wind farm in Europe with 150 turbines.

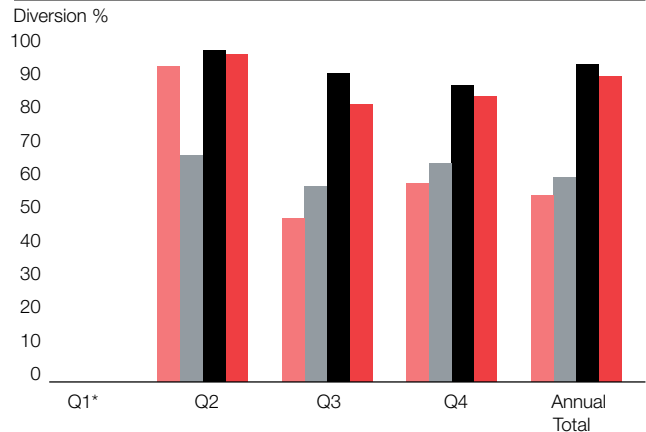
The 6,000-hectare site is located in a highly sensitive environment, a third of it within a Scottish Water reservoir catchment area. In addition, significant depths of liquid peat existed at a number of the turbine locations. These environmental challenges, as well as many more, necessitated strict controls, a dedicated environmental team and detailed environmental inductions for all staff. The site team adopted a collaborative approach with the Scottish Environmental Protection Agency to ensure the project ran smoothly. It completed successfully in the summer of 2009.

Total waste generated 2008



\* Data collected from Q2 onwards

Waste diverted from landfill 2008



### Typical stakeholders and how we engage

We communicate with a range of people who have an interest in our environmental performance including:

#### The Department for Environment, Food and Rural Affairs (DEFRA)

We engage in open and constructive dialogue with DEFRA on proposed new legislation and guidance through participation in workshops and the submission of formal responses to consultations. This year we have responded to the Carbon Reduction Commitment legislation and joined a steering committee developing a Code of Practice for the Sustainable Use of Soils on Construction Sites.

#### The Environment Agency and Scottish Environment Protection Agency (EA/SEPA)

We routinely consult with the EA and SEPA, in addition to the formal submission of applications for environmental permissions such as waste management licences.

#### Local authorities

In order to cause minimal disruption to local communities, we engage with local authorities to ensure noise, odour, dust and ecological habitats are effectively managed.

#### UK Contractors Group (UKCG) Environmental Committee

Our environmental team regularly participates in UKCG environmental committee meetings to help the construction industry continually improve its environmental performance.

# COMMUNITIES MAKING A POSITIVE IMPACT

At Galliford Try our priority is to make a positive impact, not only within the communities where we operate, but also in those that we develop.

Our work with communities is driven by the regional businesses. At this level, the businesses have a greater understanding of community needs and know the most effective and appropriate channels through which to engage.

At a Group level, we gather information on community projects and disseminate examples of best practice across the divisions to develop a consistent approach. We have many examples of consultation and charitable work within local communities – in addition to those in this report, a selection can be found in *Evolve* and on our website.

**Set out below are the three main stages of our involvement with communities:**

**1**

Pre-construction – stakeholder engagement in the planning process

**2**

Construction (temporary works) – through visual intrusion, noise, odours and safe working

**3**

Project legacy – many projects have inherent benefits for local communities e.g. hospitals, schools etc. Good design can enhance these benefits.

## STUDENT VISIT

Linden Homes organised a visit for a group of Level 2 Construction Diploma students to their 200 home redevelopment of a derelict brownfield site in Surrey.

The students were talked – and walked – through the whole construction process. There was a particular focus on resource conservation and waste minimisation, giving them first-hand insights that will be useful in their studies and future careers.

“For the students, the chance to interact with adults doing real jobs is invaluable. You all displayed such knowledge and enthusiasm when explaining the various sites and processes. I know we adults learnt a lot too!”

Jill Harris, Planning Aid (visit organiser)



## DOCKLANDS RIDERS

Docklands Riders is an initiative managed by two experienced charity workers.

It aims to address the issue of illegal motorcycle riding and the lack of practical mechanics provision for young people in North Woolwich in the London Borough of Newham.

Morrison Construction supplied a roller, excavator and drivers to re-build and grade the track to make it suitable for riders of all ages and abilities.



## YARBOROUGH REGENERATION

In the 1950s, Yarborough estate was in its prime: its newly built homes had spacious gardens and indoor bathrooms, giving tenants a real sense of pride.

Unfortunately, the estate dwindled into decline alongside the diminishing fishing industry. Stamford Homes' successful tender to regenerate the estate received an enormous 78 per cent of the votes from the local community, reflecting its strong regional focus.

Community engagement has remained a key element of the project, and a Tenants and Residents Association has been formed by the community to work closely with the Housing Association, architect and Stamford Homes. Regular newsletters, workshops and consultations with residents were key to the engagement process which fed into the masterplan. There were five community workshops on the masterplan itself, with many useful ideas being generated. Local schoolchildren devised a new name for the area – Freshney Green – and the community was involved in a street-naming competition. The project is uniting the local community through their shared desires and goals.

Following on from our community activity survey last year, we established that at any given time we were undertaking a significant amount of community work across the Group but were weaker at capturing data and stories and then learning from them. Typical ways in which we interact with local communities are through project design and planning consultations, use of local labour and services, school visits and education programmes, fundraising for local charities, charitable donations, employee volunteer work and the provision of equipment and services.

Although business units publish stories in their own newsletters or the local press, Group-wide dissemination would typically occur on an ad-hoc basis through our intranet or employee magazine. As we outlined in last year's CR report, we have developed a Group community plan and trialled the collection of community interactions

in a selection of business units. This has helped to coordinate and develop our approach consistently across the Group, and we are looking to implement some form of community indicator.

Direct charity giving totalled £81,000 in the year, compared to £60,000 last year. This is, however, a small part of monies raised by employees who organise and take part in many charitable events.

### Future commitments/goals

Our Group culture will ensure we continue to maintain a high level of positive community interaction in the future. However, our focus is to collect more detail on these interactions and in doing so spread awareness, good ideas and best practice across the different parts of the Group.

# OUR PEOPLE MAXIMISING THEIR POTENTIAL

Central to our culture is the value we place on our employees, whom we seek to support through an employment relationship founded on fairness, equity, consistency, and trust.

We continue to invest significantly in training and development across the Group – for example, in our Management Development programmes we increased our investment from £240,000 in the previous year to £400,000, and involved 365 delegates over 1,814 training days.

Today, Galliford Try employs 3,850 people, compared to 4,450 a year ago. Continuing to develop strategic human resources policies, underpinned by our commitment to the Investor in People standard, is our objective as we aim to be an employer of choice

Our commitment to equal opportunities is designed to ensure that all our employees, regardless of race, gender, nationality, age, disability, sexual orientation, religion or background, have the opportunity to develop their full potential within the Group. We recognise the value of a diverse workforce and have policies and practices in place that provide a fair opportunity for everyone in respect of employment entry to employment, benefits, training, placement and promotion.

These policies include a new Code of Business Conduct for employees, launched across the group in February 2009.

The number of voluntary leavers continues to decline and our churn rate has fallen 4 per cent to 12.3 per cent.

## PROFILE HEATHER HARMAN Senior Design Engineer

This is the personal account of one employee's career and achievements with Galliford Try:

"I started work as a Site Engineer and progressed through the roles of Senior Engineer and Site Agent, working on a wide range of projects including new railway stations, major earthworks and road works, land remediation projects and refurbishment projects.

As a graduate member of the Institute of Civil Engineers, I am working towards achieving chartered member status. To obtain design experience as part of my graduate training programme I was seconded to Ove Arup for 11 months, where I designed sections of the permanent works for the National Ice Centre.

In 2004, I moved into the company's Design Department at the Matlock office to work as a Senior Design Engineer. I am part of a team that provides engineering support to all the business units operating in England and Wales. I carry out permanent and temporary works designs and design checks, structural surveys and technical



advice covering a variety of engineering issues. I enjoy visiting our construction sites to help solve engineering problems.

Throughout my career, I have benefited from continuous training and personal development including attendance on a wide variety of internal and external courses. These courses have included formwork design, leadership, site safety management, design of steel structures and appointed persons (safe use of cranes)."



## GALLIFORD TRY ACADEMY

The Galliford Try Academy was launched in September 2008. The Academy exists to provide a structured and managed approach to career development. A total of 47 trainees and graduates and apprentices were enrolled in the Academy.

The Academy programme features trainee rotation around functions including Design and Build, Planning, Purchasing, Estimating, Quantity Surveying and Engineering. Trainees and graduates also have periods of secondment to the Group Health Safety and Environment function.

One such trainee is Andrew Roberts, a 22 year old Trainee Engineer from Earth Tech Morrison, who is currently studying for an HNC in Construction. Andrew says of the Academy:

“I would definitely recommend the Academy to newcomers. It helps trainees make informed decisions about what career path to choose and has provided me with a great overview of the company, fully explaining the different elements of each of the businesses’ capabilities. It has outlined the different influences within the company and how the different departments affect each other – it’s been brilliant.”



All academy trainees are required to take part in Flyers – a four day development course. Here, the trainees take part in one of the activities – rock climbing.

Unfortunately, we have not been immune to the worst effects of the current recession and have been forced to implement some downsizing measures across the Group, particularly within our housebuilding businesses. These employees agreed to work a four day week from January 2009 as a further measure to match our resources to the market. This meant, in the worst housing market for generations, we avoided even more redundancies and preserved our basic business structure and skill set. With activity levels improving, we were delighted to be able to return to full time working from July.

We continue to be committed to our employee survey as a way of allowing our people to influence change within their businesses. Our 2009 results are shown in the table opposite.

Touring England, Scotland and Wales, the chief executive gave 23 presentations at 12 venues in March to communicate key messages to staff. The presentation highlighted the Group’s strengths during these challenging times and focussed on our current position and priorities, recent contract awards, and opportunities for the future.

Employee feedback on the chief executive roadshow:

“It was reassuring to see the good projects that are in the pipeline and the many opportunities for us to move forward. The presentation covered everything across the Group, and externally across the industry.”

**Foster Innes,**  
Contracts Manager,  
Galliford Try Partnerships North

The presentations were attended by 1,600 employees and offered an opportunity for them to ask questions.

### Plans for next year

For the next year, our focus will be to fully establish the Academy, identify new ways of learning (such as e-learning) and look to address some of the key people issues, including diversity and equality, that the industry is facing.

EMPLOYEE SURVEY 2009		Annual change %
Satisfaction with own job	83	-7
Feel Health and Safety has high priority	95	0
Feel environment has high priority*	90	-
Recommend Galliford Try to a friend*	86	-
Right level of training to do job	80	+8

\* New questions this year

# SUPPLY CHAIN

## THE VALUE OF PARTNERSHIPS

We believe that developing long term relationships with all who provide services to our business is crucial to our ability to provide our clients and customers with projects that deliver to the highest standard.

We choose like-minded suppliers who understand our company and help us achieve our CR objectives.

“Speedy has worked with Galliford Try on a wide variety of projects where we have provided fuel-efficient plant hire and ‘green’ site cabins. This partnership has helped to reduce the environmental impact of Galliford Try's operations.”

**David Simpson,**

National Account Manager, Speedy

The key to a successful project is the genuine collaborative effort of all parties involved. Through early engagement and working in partnership with our supply chain, we can address key performance requirements for health, safety, environment, employment and other CR matters.

Our supply chains are created both at a Group and a regional level. Our size and buying power allows us to negotiate national supply agreements for base materials, whilst at a regional level our sub-contractor supply chains tend to be more specialist and closely linked to the operations of our various companies and divisions.

We have a quarterly Group procurement forum which is attended, amongst others, by three divisional procurement managers and a newly appointed Group Procurement Manager. This supplements three divisional procurement forums that also meet quarterly. As well as identifying where the needs of each division coincide and ensuring we do not miss any opportunities, these forums will provide a focus to drive CR-related supply chain issues.

## LIVERPOOL WOMEN'S HOSPITAL

This £5 million project helped transform the original hospital into one of Europe's largest IVF centres.

Collaborating with the supply chain early was critical to ensure we specified the correct product to achieve the performance levels required (such as fire safety) and drive out waste. Through its own value engineering process, and by working closely with Galliford Try, British Gypsum standardised the plasterboard product and partition types, and significantly reduced labour costs and waste generation.

Over the next year, we are looking to utilise British Gypsum's own plasterboard recycling service, where they collect and recycle waste plasterboard to produce new material. With better quality data on the plasterboard waste that is recycled, we will target improved performance across all of our sites. This approach is made possible as both organisations hold similar environmental values and partnering aspirations.



## SHARING SUSTAINABILITY WITH THE SUPPLY CHAIN

Alongside other clients and suppliers, Galliford Try was invited to participate in the inaugural UKOS Sustainability Forum.

UKOS, our supplier for stationery and office products, wanted to gather feedback both on their own and their clients' approach to sustainability, to develop relevant sustainable procurement processes. Since working with UKOS, we have moved to online ordering, use recycled office paper in our offices and take their reusable delivery packaging option 'Box4Life'.

## WIMBLEDON PARTNERSHIP

We have been the construction partner of the All England Lawn Tennis Club at Wimbledon for over 35 years and this year completed the retractable roof on centre court, making it into an all-weather stadium.

Our relationship with the Club is founded on mutual trust and in depth understanding of the priorities and needs of both client and the construction process. This ensures world class projects are delivered. Our supply chain is well established which helps us to ensure we meet the tight deadlines in between the annual championships.

## SUSTAINABLE TIMBER

Morrison Construction Civil Engineering England and Wales was recently certified to two leading sustainable timber standards: the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC).

These schemes certify that all timber used on Morrison Construction sites is purchased from legal and sustainable sources and has full chain of custody certification. Adherence to both standards is externally certified by BM Trada and all sites are periodically audited to ensure compliance. The picture on the right shows the new FSC timber lock gates on the Droitwich Canal refurbishment.



Construction has traditionally fluctuated widely with peaks and troughs in activity. Supply chain management establishes long term goals for buyers and sellers, which is even more important in these challenging economic times.

Our sub-contractor selection process is based upon choosing the best companies for the job. Our criteria for companies include:

- > having the capability to deliver the required performance and quality and to show care in the development of details and designs
- > an excellent Health and Safety record and willingness to support our systems and processes
- > financial stability.

Our supply chain practices are mature and fully embedded in the culture of our business. We understand that our strategy must be flexible as our work type is very varied and geographically spread.

We are happy to test and use new suppliers and sub-contractors if they are appropriate, and continually explore the supply market to achieve new solutions to design or financial challenges.

# CORPORATE GOVERNANCE

Galliford Try is committed to upholding the highest standards of corporate governance and operates in accordance to best practice.

During the year under review, the Company complied with the provisions set out in Section 1 of the Combined Code of Corporate Governance (the "Code"). Maintained by the Financial Reporting Council, the Code was revised in 2008 and lays down how companies should report on their governance to stakeholders. This section outlines how we meet the Codes' main principles.

## **The board of directors**

Galliford Try's board of directors currently consists of a non-executive Chairman, two Executive directors and three non-executive directors who have full-time roles with Clifford Chance, Babcock International plc and Serco Group plc. They bring to the board an independence of approach from their different business skills and experience. The board meets regularly throughout the year and its work is supported by the Company Secretary.

## **Committees and management**

Specific responsibilities of the board have been delegated to the audit, remuneration and nomination committees; all of which have defined terms of reference, procedures, and responsibilities. These committees proactively advise the board in their respective areas. Galliford Try publishes a Remuneration Report, which gives details of benefit packages payable to all directors as well as putting them in the context of the remuneration structures of the Group.

There is also an Executive board that is responsible for operational management of the Group that meets on a monthly basis. It is chaired by the Chief Executive and comprises the Executive Directors, two divisional Managing Directors and the Company Secretary.

## **Risk management**

Internal controls within the Company comprise procedures that are laid down in manuals and systems, regular reporting of financial and non-financial information and the levels of authority that operate throughout the Group. Each year directors review the way in which the Group's risks are being managed. These include risks related to the markets in which we operate, the risks of taking on and managing projects, financial risks, and CR-risks relating to human resources, health, safety and environment.

## **Reporting to stakeholders**

The Company seeks to present a balanced and understandable assessment of its position and prospects throughout the year. The Annual Report, published in September, comprises a business review that looks at its key risks and opportunities and outlines its strategy for the future. The Company also publishes an interim report in March and interim management statements in November and May.

An effective ongoing dialogue with its shareholders, particularly its institutional shareholders representing pension funds and other investment businesses, is a high priority. In addition to the Annual General Meeting of shareholders in November, many face-to-face and group meetings with institutional shareholders took place during the last year.

For further information about the role of the board and the committees, internal controls, risk management, shareholder communication, and directors' biographies, please refer to Galliford Try's Annual Report 2009.

# CUSTOMERS AND CLIENTS

## VALUED RELATIONSHIPS

Our business is built on total commitment to our customers.

### **Liskerrett Vale, Midas Homes**

In housebuilding, prospective purchasers are helped every step of the way, from first contact, to moving in day and beyond. For the second consecutive year, over 90 per cent of our customers state they would recommend us to their best friend (Independent research).



“We’ve been so pleased with our whole experience. We moved at the end of June and both the Sales and the Customer Service teams have been fantastic. We’ve recommended Liskerrett Vale to our family and friends and hope some of them will become our new neighbours!”

**Caroline Dellanno** and **Andy Border**

New tenants

### **Morrison Construction and British Waterways**

Our construction work relies on long-established collaborative relationships, creating a genuine sense of partnership and stimulating innovation. This results in strong long term order books. We undertake our own customer perception surveys at project close and feed the results into a central database. We also engage an external organisation to gather client feedback annually. Looking forward this process is being completely overhauled to provide a more powerful appraisal tool.



“Morrison Construction has partnered with British Waterways for over eight years to deliver successful projects across the United Kingdom. Both sides have worked together to overcome challenges, minimise risks and bring down costs, while ensuring that the highest standard of work is achieved. This strong partnership has enabled us to consistently deliver value while staying true to our ethos of trust and openness.”

**Kevin Kirkland**

Framework Manager, British Waterways

# MAKING PROGRESS

In last year's CR Report we featured plans for a major zero carbon development; Graylingwell Hospital. Close to the Roman city of Chichester, this development has been undertaken in partnership with Affinity Sutton Group housing association.

We also featured the work of our new renewable energy business, highlighting its areas of expertise and the types of project it had undertaken.

A year later, we return to check on progress.

## GRAYLINGWELL REGENERATION

### 2009

Since last year, planning permission has been approved by Chichester District Council for the regeneration of this former hospital site into a mixed-use, mixed-tenure development. This will include 750 new homes, commercial and community buildings and a 60-bed care home. Construction is due to start in late 2009 and is expected to be completed by 2016.

At least 40 per cent of the housing will remain as affordable, with private homes throughout the development. The site is still the Homes and Communities Agency's largest regeneration project, as well as being the largest net-zero Carbon Scheme in the UK. It will achieve Code for Sustainable Homes Level 6 for energy and Level 4 on all other standards. This will be achieved through use of off-site wind technology, an on-site gas combined heat and power plant and photovoltaic panels on roofs.



## GALLIFORD TRY RENEWABLES

### 2009

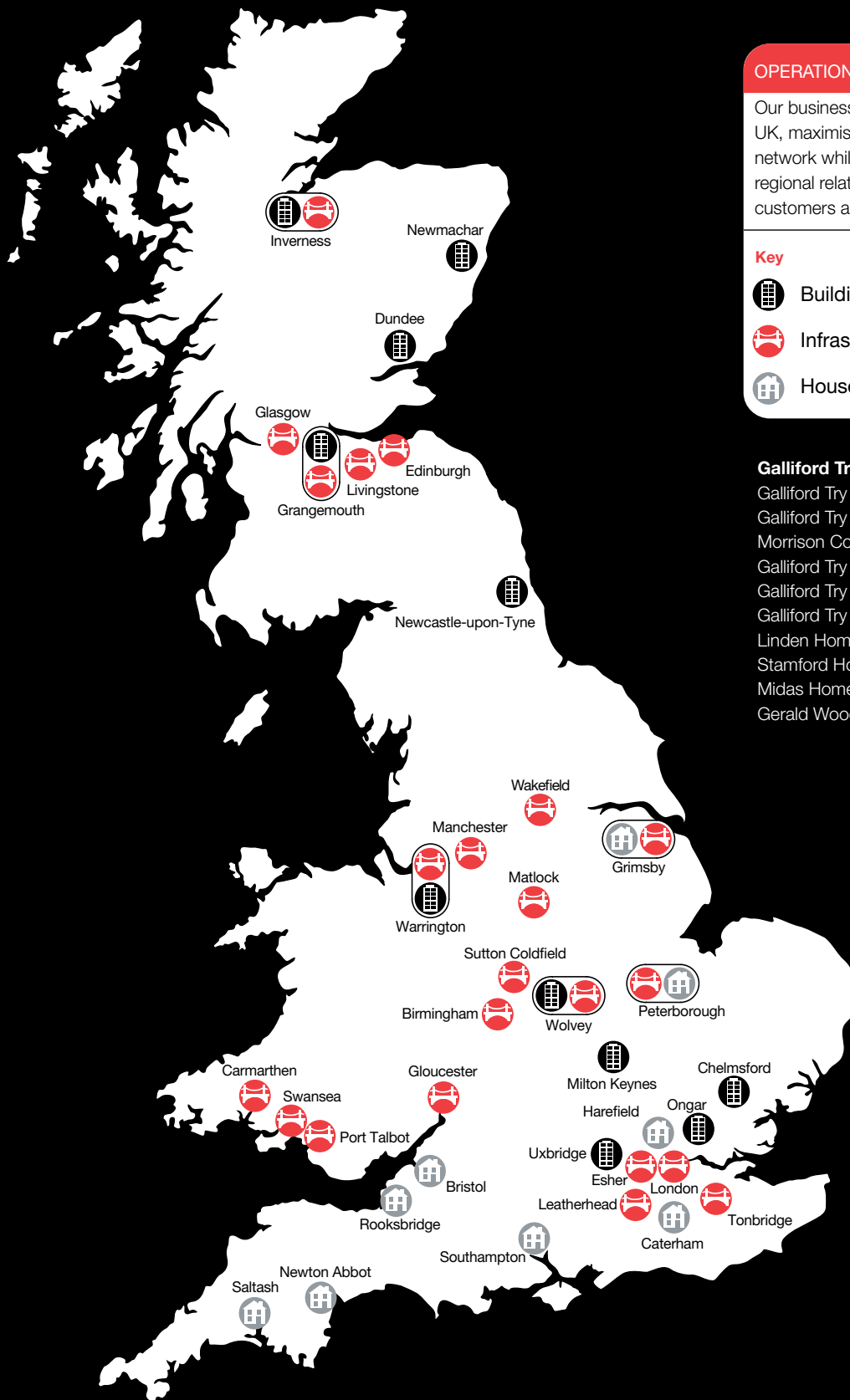
Two years as a new business has seen significant progress for Galliford Try Renewables (GTR). It has developed an innovative wind development service where it finances, owns and operates wind turbines on client sites. This reduces and stabilises their long term energy costs and improves security of supply. To date, GTR has signed five exclusivity agreements with clients across the UK providing development rights for 28MW of wind turbines with a capital cost of £45 million.

GTR continues to use its specialist knowledge and expertise to provide sustainability consultancy services to our Housing division, helping them achieve building regulation and gain planning approval.

GTR has also been appointed as the Energy Services Company (ESCo) for the Graylingwell development (see above). This ESCo scheme will be the largest operational District Heating scheme in the UK and will see Galliford Try pioneering new strategies and technologies to deliver, own and operate a ground-breaking net zero carbon energy solution.



# OUR ACTIVITIES IN THE UK



## OPERATIONAL CENTRES

Our business is represented across the UK, maximising the strength of a national network whilst developing long-lasting regional relationships with clients, customers and communities.

### Key

- Building
- Infrastructure
- Housebuilding

### Galliford Try plc

- Galliford Try Construction
- Galliford Try Infrastructure
- Morrison Construction
- Galliford Try Investments
- Galliford Try Partnerships
- Galliford Try Homes
- Linden Homes,
- Stamford Homes
- Midas Homes
- Gerald Wood Homes

## Where can you find out more?

### **Additional Information**

Additional information on the issues addressed within the report, and a downloadable version, can be found at [www.gallifordtry.co.uk](http://www.gallifordtry.co.uk)

### **Feedback**

We are always looking to engage with our stakeholders.

If you have any queries regarding the CR Report or our activities, we would be delighted to hear from you. Contact details are below.

### **Corporate Responsibility**

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