



  
**GallifordTry plc**  
**Constructing a  
sustainable future**

Galliford Try plc  
Sustainability Report 2013

# Galliford Try is a leading UK housebuilding and construction group. We are listed on the London Stock Exchange and are a member of the FTSE 250.

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## Our vision

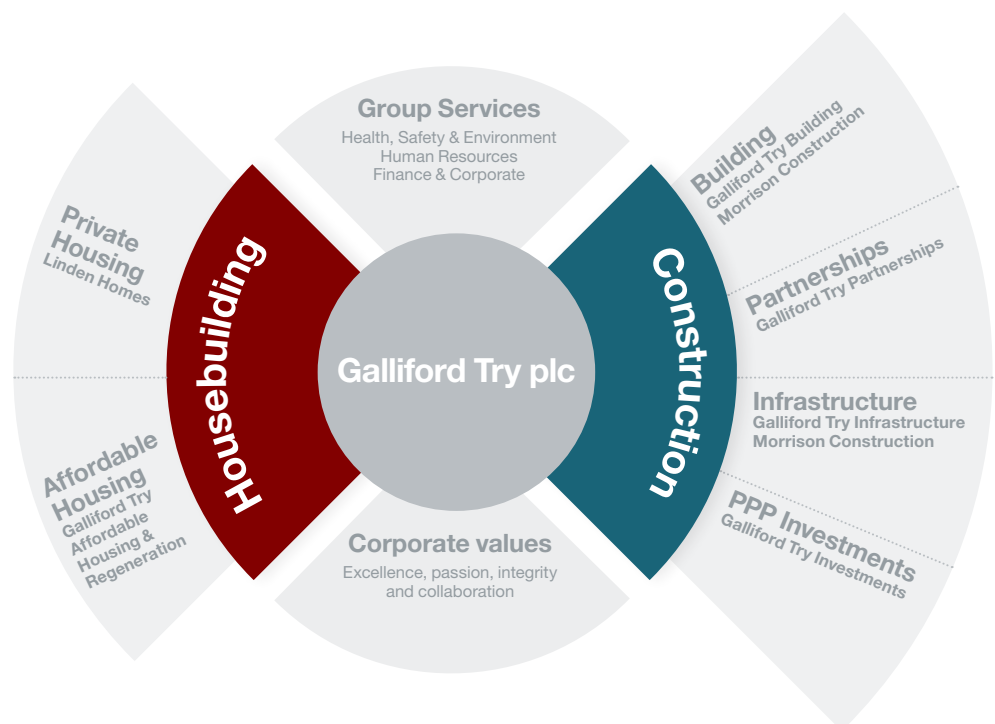
To be leaders in the construction of a sustainable future.

## Our objective

To generate a superior return for shareholders, maintain our position as a leading housebuilder and grow our construction business when markets allow.

## Group structure

Our activities are spread across two different but complementary businesses, housebuilding and construction. This hybrid model gives us distinct competitive advantages.



### Front cover image

The multi award-winning Hive in Worcester. See page 11 for more information.

## Message from the Chief Executive

A year of progress

# We continue to deliver sustainable solutions in a safer and more efficient manner.

As a growing business, we play an ever-greater role in delivering environmentally and socially responsible projects, with a positive legacy for our business and society. We design and build homes, schools, hospitals, flood defences, roads and critical infrastructure in sectors such as water, which are vital for the UK's long-term economic growth. Our legacy depends on the quality of these projects and how we engage with our stakeholders and the communities in which we operate.

To ensure we embed sustainability into our business strategy, we have identified the six fundamentals of sustainable business. These define areas of responsibility and help us to communicate with and engage our people.

The six fundamentals are:

- health & safety
- environment and climate change
- our people
- community
- customers
- supply chain

Each fundamental presents opportunities and risks for us. If we act promptly, we can save money by reducing the risk of increasing waste management costs or our use of natural resources. We can

also grow by bidding for new work streams, such as flood defences and more energy efficient developments. Operating sustainably can help us to further improve the quality of our products, increasing customer satisfaction levels and strengthening our brands. We can also progress if we acquire new skills and techniques, keep our people safe and provide them with the right training and development.

### Our achievements

This report outlines our achievements this year in each of the six areas, and provides our key performance indicators and targets. More detailed analysis is available via the dedicated section of our Group website.

A major achievement for Galliford Try was the continued reduction in our accident frequency rate. This is a real testament to our Challenging Beliefs, Affecting Behaviour initiative. Another highlight this year included launching the 'Cutting Carbon Should Be Everyone's Business' campaign, which was posted to every employee with my endorsement, and formed an important part of my Chief Executive's Roadshow. I see reducing our contribution to climate change and our use of fossil fuels as a huge responsibility, which could also save us millions of pounds over the coming years.

Another key initiative is The Linden Way, which we launched during the year. This will strengthen our approach to putting customers and quality at the forefront of our housebuilding business.

We continued to focus on diverting material from landfill and reducing waste per unit of turnover. Purchasing and wasting less reduces our costs and is particularly relevant in housebuilding, where we prioritise the cost per plot. It is a real achievement that all our operational divisions recovered and recycled more than 90% of the construction material waste they produced during the year. We also expanded the specific sustainability risks the Group and our business units need to address. This will ensure that our future planning properly reflects those risks.

Our vision delivered through six fundamentals show how we consider and drive sustainability throughout the business. Our commitment to achieving this vision is reflected in the independent, external recognition we receive. We were therefore pleased to be included in the FTSE4Good index in 2012 and 2013. FTSE4Good members have met stringent environmental, social and governance criteria, and are positioned to capitalise on the benefits of responsible business practice. I am proud that Galliford Try's efforts in this area have been recognised.

Greg Fitzgerald / Chief Executive



Greg Fitzgerald / Chief Executive



Full Year Results interview with Greg Fitzgerald available at [www.gallifordtry.com/investors](http://www.gallifordtry.com/investors)

**Group revenue**  
Down 2%

**£1,467m**

**Profit before tax**  
Up 17%

**£74.1m**

# Two strong businesses...

## Housebuilding



Folders Meadow, West Sussex

Operating through Linden Homes, we are a leading housebuilder. We develop individual homes in prime locations nationwide and have a strong presence in the south of England and the eastern counties.

Creating distinctive homes that complement their local surroundings, we take pride in attention to detail and the quality of our houses and apartments. We typically build on brownfield sites and can take on the most complex developments by using the skills of our construction division, reinforcing our industry leading offering and differentiating us in the new homes market.

With a keen focus on customer service, we have built our business on commitment to our customers. Our success has been demonstrated by our level of satisfied customers and this has been recognised by Linden Homes winning a host of high profile awards over the last 12 months.

Following a period of expansion over the three years to June 2012, the Group now delivers around 3,000 homes annually to customers in its chosen regions.

Key developments for the business in the financial year included King Harry Park and Mosaic in St Albans; Nash Mills Wharf in Hertfordshire; Cholsey Meadows at Cholsey, Oxfordshire; Burntwood Square in Brentwood, Essex; Milbury Reach in Exeter, Devon; Purifier House in Bristol; and Saint Nicholasgate in Beverley, East Yorkshire.

Forthcoming developments anticipated for 2014 include Boyn Hill in Maidenhead and Oakbrook in Langley, both in Berkshire; Millbrook Park, Finchley and Ashlar Court, Hammersmith, both in London; Northfields in Colchester, Essex; Riverside in Goldalming, Surrey; City Glade, St Loyes in Exeter; and Oasis in Lincoln, Lincolnshire.

**“Linden Homes has an excellent reputation, award-winning quality, delivering homes in prime locations and a sound strategy for disciplined growth and higher margins.”**

**Greg Fitzgerald**  
Chief Executive

Revenue  
Up £2.9m

# £640m

### 2013 performance: Housebuilding

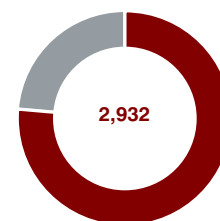
Linden Homes, our housebuilding business had a record year, with profits, average selling price, year end sales in hand and landbank all reaching new highs. The business enters the new financial year in excellent shape, with the prospect of further growth and higher margins.

Profit from operations  
Up 11%

# £83.5m

Home completions  
Down 107 units

# 2,932



Completions by sector

■ Private 2,244  
■ Affordable 688

Profit margin  
Up 11%

# 13.1%

Landbank  
Up 8%

# 11,300

# ...delivering a competitive advantage

## Construction



Tidemill School, Deptford Lounge and Resolution Studios, South East London

Our construction division is a major UK contractor. We have a diversified workload in the public, regulated and private sectors, and look to develop long-term client relationships that allow us to work in partnership to deliver best value. We have a strong reputation for providing whole-life solutions, high standards of project delivery, an ability to innovate and the diversity of our activities.

Construction operates mainly under the Galliford Try and Morrison Construction brands, and is organised into building, partnerships and infrastructure divisions.

Building serves clients in the health, education and commercial markets across the UK. Partnerships is our specialist affordable housing contractor, with a strong business in the south and north east and a growing presence elsewhere. Infrastructure carries out civil engineering projects, primarily

for clients in the water, highways, remediation, oil and gas, and energy from waste markets.

The construction division also includes our multi-disciplined group of chartered surveyors; and our national piling specialists.

In addition, our Investments business invests in public private partnerships, creating construction and facilities management opportunities for the Group, while benefiting from our strong balance sheet.

**“With our broad range of capability, strong regional positions, long-term customer relationships and focus on risk management, we are well placed to grow when markets improve.”**

**Ken Gillespie**  
Construction Division Chief Executive

Revenue  
Down 1.3%

# £913m

### 2013 performance: Construction

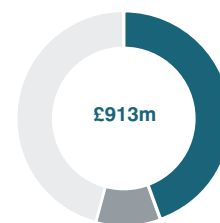
Construction performed well in difficult markets. The business won a number of significant new contracts, allowing it to maintain its order book, and enters the new year with a solid position.

Profit from operations  
Down 20%

# £15.1m

Order book  
Maintained

# £1.7bn



**Revenue by activity**

- Building £407m
- Partnerships £90m
- Infrastructure £416m

Profit margin  
On plan

# 1.7%

Cash  
Strong performance

# £145m

# Sustainability

Constructing a sustainable future

## Health & Safety

**We place the highest priority on health & safety.**

Health & safety is the first priority and the focus for everyone involved with the Group, for themselves and their colleagues.

Our 'Challenging Beliefs, Affecting Behaviour' initiative complements our training room based safety courses and extends it to anywhere where people are working together to encourage the use of safer working practices.



**“Nothing is more important than protecting our people and subcontractors.”**

**Rob Amson**  
Health & Safety Adviser

## Environment & Climate Change

**We aim to protect the environment and plan for its improvement.**

Delivering our projects inevitably means using materials, fossil fuels and other resources.

This has environmental impacts, so we aim to cut waste and energy use to reduce these and to save money. We report our waste and carbon performance quarterly, to ensure visibility in the business and to help us continually improve.



**“My responsibility as a project manager is to deliver successful schemes while protecting and improving the environment.”**

**Paul Marshall**  
Senior Site Agent

## Our People

**We are committed to developing our people by investing in their careers.**

Maintaining our innovative approach requires an effective training and development programme, including investing in developing tools such as e-learning. We also develop talent for the future, through the Galliford Try Academy and graduate trainees.



**“Thanks to the support from Galliford Try, I have developed new skills and made progress in my chosen career.”**

**Natalie Armstrong**  
Graduate Trainee Assistant Site Manager

Accident Frequency Rate (target 0.17)

**0.10**

Reduction in our carbon footprint since 2008 (target 15%)

**26%**

Number of training days delivered (target 8,000)

**11,142**



The long term future of Galliford Try relies on the positive management of the fundamentals of sustainable business. We recognise six fundamental responsibilities that ensure we are economically sustainable, while embracing our duty to society and the environment.

## Community

**Our objective is to make a positive impact in the communities in which we operate.**

Our business benefits society by providing the homes, buildings and infrastructure we all depend on. However we can only do this if our communities support our work. We take time to consult with our stakeholders to understand and address their needs, and have our site performance independently assessed by the Considerate Constructors Scheme.



**“I am encouraged to make a positive impact in our communities by engaging with local stakeholders and understanding their needs.”**

**Stevie Forster**  
Site Manager

## Customers

**We give total commitment and high standards to all our customers.**

Our customers want well-designed projects that deliver high performance and are efficient to construct and use. Efficiency helps us to remain competitive and secure the orders that make us economically sustainable. It also means delivering energy efficient schemes that are free from defects and secure repeat business.



**“Customers get the highest standard of service throughout their sale, purchase and aftercare process with Linden Homes.”**

**Daniel Rowland**  
Sales Executive

## Supply Chain

**We actively engage with our supply chain, to promote our principles and practices.**

We ensure our supply chain partners' skills, and the materials they supply, meet our customers' expectations and our environmental and social standards.

We set high standards for our preferred suppliers and encourage our subcontractors to buy from them as well, to maintain these high standards.



**“Active engagement with our supply chain is the key to promoting our principles and practices and delivering an improved product.”**

**Simon Stone**  
Divisional Procurement Manager

**Average Considerate Constructors Score (target 35/50)**  
(scoring system changed in 2013)

**37**

**Customer Satisfaction, Linden Homes (target 90%)**

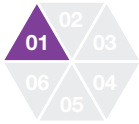
**93%**

**Timber supplied with Chain of Custody Certification**

**89%**

# Our sustainability activities

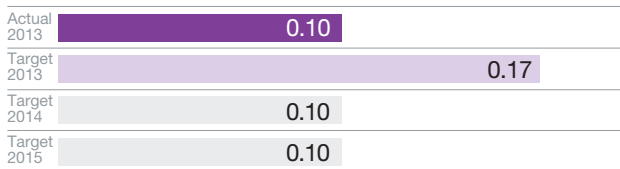
## Health & Safety



# Improving our health & safety performance.

### Accident Frequency Rate

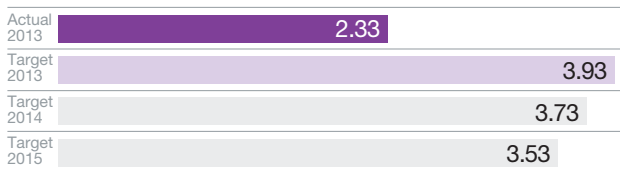
Down 37.5%



Performance under the Health & Safety Executive's latest Reporting of Injuries, Diseases and Dangerous Occurrences Regulations guidance.

### Accident Incidence Rate

Down 42.9%



Performance reflects number of accidents across the Group per 1,000 employees.

## Safety Coaches

We are supporting more of our staff with the skills to be a safety coach. The programme is designed to influence behaviours, not just to reinforce processes, and to get even greater collaboration across our business and supply chain.

## Our number one priority

In the last 20 years, health & safety across the construction industry has been transformed, leading to continued improvement in accident frequency rates. Galliford Try has an excellent record of reducing its accident frequency rate year-on-year but we cannot ever assume the job is done. This was starkly illustrated by a fatality on one of our sites in 2012.

Our investment in health & safety continues through our 'Challenging Beliefs, Affecting Behaviour' programme, and is supported by a team of over 50 health, safety and environment advisers. We aim to reach everyone within and connected to our business, whether they are an employee or subcontractor, office or site based. This requires committed leadership. Ken Gillespie, Construction Division Chief Executive, is the executive board member responsible.

The executive board and business unit managing directors show commitment and leadership through dedicated health, safety and environment reviews on site each year. We completed 77 audits during the year, against our target of 80.

## Safe behaviour discussions

Our managing directors also lead in delivering safe behaviour discussions (SBDs), one of the key tools in our behavioural programme. In an SBD, our staff work with operatives on site to constantly identify an operation's risks and agree the steps to make it safer. By challenging unsafe acts and reinforcing safe working methods, this partnership approach encourages ownership and embeds behaviours more effectively than just issuing instructions. We have a target of 10,000 SBDs each year and completed 55,654 in the year.

## Behavioural change

We also continue to deliver our behavioural change workshops, with 84 taking place in the year with 1,022 attendees. As well as general awareness workshops, we provide focused training for our safety coaches. During the year, we aimed to identify and train 600 safety coaches. We achieved 530, which means that almost one-fifth of our employees are now superusers of our behavioural toolkit, able to champion Challenging Beliefs, Affecting Behaviour and embed the new culture of health & safety across all our workplaces.

Our approach during 2012 has reduced our accident frequency rate (AFR) to 0.10, compared to 0.16 last year, and accident incidence rate (AIR) to 2.33 from 4.08 using the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) definition. Galliford Try recognises that every accident is significant and has monitoring processes to investigate all injuries and lost time incidents. We base our targets on these reporting processes which are more stringent than RIDDOR and illustrate them in the performance graph. Using our more stringent requirements our AFR was 0.13, and our AIR was 3.01.





### Changing how we think about health & safety

Galliford Try's AFR performance suggests that Challenging Beliefs, Affecting Behaviour is working. In our employee survey, we ask two questions in particular to gauge staff perceptions and our success. The first asks if we place a high priority on health & safety, with 95% of our employees agreeing. The second and more significant question showed that 82% of our people understand the initiative and their role in it. These surveys show how successful the launch and development programme has been. With more of our office based staff due to go through the Challenging Beliefs, Affecting Behaviour programme, we are confident of increasing staff engagement in this critical area.

We also monitor our performance on prosecutions, prohibitions and enforcements by the Health & Safety Executive (HSE) and other statutory bodies. Our target is always zero and we achieved this, receiving no prohibitions and enforcements while having 45 visits from HSE. However, during the year, there were two prosecutions relating to historical accidents in 2006 and 2010.

### Exemplary performance

Our focus on health & safety has seen exemplary performance across many projects. During the year, a number reached significant milestones by working accident free for millions of hours. Three schemes alone achieved nearly six million hours or 3,000 working years of safe and successful delivery. At Laggan Tormore Gas Plant, Shetland, Galliford Try contributed over 700,000 accident free hours. MGJV, our partnership with Morrison Utility Services, has achieved over two million hours without any lost time accidents. GCA, a joint venture in which Galliford Try is a partner, has just reached three million hours without a lost time accident, while working on United Utilities' AMP5 framework. We expect these high standards to improve further, as Challenging Beliefs, Affecting Behaviour embeds itself across the business.

### Tackling road safety

We want to deal positively with health & safety on site and in the office. We also recognise that many of our employees travel some distance to and from work, as well as between our offices, sites and to meetings with clients, which are all spread across the UK.

Galliford Try already gives comprehensive guidance to drivers on safe motoring and recently trialled driver training, which we propose to introduce across the Group. This training encourages safer and more fuel efficient driving, thereby having a double benefit for our business. We are also increasing the visibility and ownership of driving safety, by including Motoring Accident Incidence and Frequency rates in reports to business units and the executive board.

## Health & Safety – Key Statistics

Staff now trained as Safety Coaches

530

Percentage of employees agreeing that we place a high priority on Health & Safety

95%

Number of executive led safety audits completed

77

Percentage of employees that understand their role in our Safety Leadership programme

82%

Safe Behaviour Discussions to reinforce safer working methods

55,654

### Always working safely

We are currently delivering Laggan Tormore Gas Plant, a major infrastructure project on Shetland, for ultimate client Total. Galliford Try's exemplary health & safety performance contributed over 700,000 hours to a total of one million hours worked by principal contractor Petrofac, with no three-day lost time accidents.

Accident free hours worked at Laggan Tormore Gas Plant

700,000



## Our sustainability activities

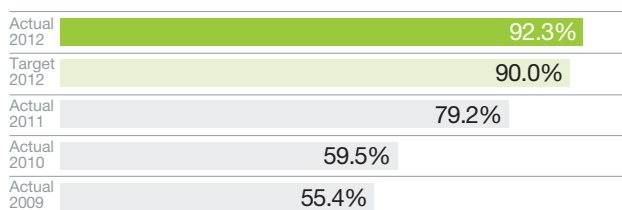
### Environment and Climate Change



# Saving money and reducing our environmental impact.

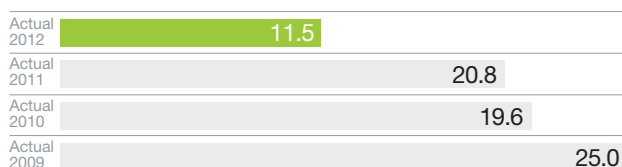
#### Waste Diverted from Landfill

Excluding Soil and Stones



#### Waste Per £100,000 turnover

(tonnes)



All data calendar year end.

#### Our focus on reducing waste and carbon emissions

We focus on reducing our waste and carbon dioxide emissions to minimise our environmental impact and reduce costs.

Our Regional Environmental Advisers support our HSE Advisers, ensuring we comply with environmental legislation through a planned schedule of inspections and audits. They also train employees and subcontractors, to improve performance. This framework supports our independently verified and ISO 14001 compliant environmental management system. Our HSE Team also helps our senior management with environmental reviews of our activities.

During the year, 56 people attended our four-day training course, 'Managing Environmental Responsibilities'. We delivered another 255 training days internally. Galliford Try received no environmental prosecutions or fixed penalties in 2012/13.

#### Reducing waste

Recycling waste cuts our landfill tax bill. During the calendar year 2012, we created 900,000 tonnes of construction material waste and recycled over 92% excluding soil and stones, beating our target. Of this, we reused 600,000 tonnes of materials, saving significant costs. However, the challenge is to reduce waste relative to turnover. In 2012, we produced less than 12 tonnes per £100,000 of turnover, a reduction of 41% on 2011.

During 2013/14, we aim to continue to divert more than 90% of construction material waste from landfill, and to keep waste per £100,000 of turnover below 20 tonnes. We cannot improve our waste performance on our own, so we train our subcontractors, and we have also carefully selected the right waste-management partners and choose suppliers with take-back schemes.

#### Cutting our carbon footprint

During 2013 we launched our 'Cutting Carbon Should Be Everyone's Business' campaign, encouraging employees to be energy efficient, reducing our emissions and saving us millions of pounds over the next few years.

We revised our carbon management plan to deal with our two main sources of emissions over the next five years. Our cutting carbon campaign has an element focused on site activities and we have agreed with our plant and generator suppliers to procure their most energy-efficient equipment.

We have also capped permitted emissions from company cars, incentivising employees to choose lower emitting vehicles. While our car fleet has grown by nearly 23% since 2009, emissions have remained stable. We now include costs and emissions data in the chief executive's quarterly review with every managing director, to ensure visibility.

## Carbon Disclosure Project submissions

(metric tonnes carbon dioxide)

Year <sup>1</sup>	Fleet	Site and Office Energy <sup>2</sup>	Site and Office Electricity	Total Emission	Intensity <sup>3</sup>
2012	10,074	22,566	8,143	40,783	2.83
2011	9,039	30,150	7,773	46,962	3.41
2010	10,036	22,904	11,656	44,596	3.63
2009	10,907	27,877	10,205	48,989	3.74
2008	10,361	46,797	8,160	65,318	3.82

1 Calendar year end

2 Excluding electricity

3 Metric tonnes carbon dioxide per £100,000 turnover

#### Delivering our strategic target

Our efforts have significantly reduced our carbon footprint since 2008, from 3.8 tonnes to 2.83 tonnes per £100,000 of turnover. Our target was a 15% reduction relative to turnover and by the end of the calendar year 2012 we delivered a 26% reduction.

Our aim is now for our businesses to maintain their gains and reduce further where possible. We will publish a new strategy to cover the period to 2018 later in the year.

## Our sustainability activities

### Our People



# Engaging our employees through development.

#### Galliford Try Academy Enrolments – Trainees/Graduates

(Target is >2% of the workforce or 80 employees)

# 147

#### Training Days

Number of training days delivered

Actual 2013	11,142
Target 2013	8,000
Actual 2012	8,837

#### Enhancing our capabilities

Galliford Try needs a well-trained and engaged workforce. We want employees who are happy to work for us and who feel they can progress. We therefore focus on providing opportunities throughout their careers, and aim to deliver the equivalent of at least two training days each per annum. Training is driven by individual needs, identified through annual personal development reviews.

During the year we completed mandatory training on the Bribery Act as well as equality and diversity training. This was delivered through e-learning, which saves significant costs and time.

Successful businesses draw on diverse talent but we recognise that our sector has a lower rate of gender and ethnic diversity than society as a whole. To begin to address this, to raise awareness and challenge pre-conceptions about peoples' suitability for employment we have rolled out equality and diversity training. Our training is not limited to compliance based issues, but also looks to develop the wider skill set needed by a multidisciplinary company, such as health, safety and environment, technical, commercial, information technology and planning.

#### Developing new talent

A healthy business needs an appropriate level of employee turnover and this year our churn rate was 11.45%, against a target of less than 10%, which we review each year. We look to replace and promote from within and our graduate and trainee programme is a key element. We invest significant time and money in training our future leaders, who can progress through our six-step management development framework.

#### Understanding our people's views

Our annual survey helps us to understand if we are meeting employees' expectations. We aim to maintain, and in some areas improve, our performance each year. We made significant changes to our 2012 survey to gain better insight, so the results are not comparable with 2011. However we believe these changes will provide a more robust benchmark for us in the future.

We have also started to monitor employee sickness and absence rates, which should be lower in a satisfied workforce. This allows us to identify trends and offer help through our employee support programme.

#### Keeping our people informed

Communicating with employees helps them to understand and question our business model, performance and strategy. Our channels include news alerts, our magazine, staff briefings and, most significantly, our chief executive's roadshow. We encourage as many employees as possible to attend, with 33% being our minimum target. This year we achieved 38%, enabling nearly 1,500 employees to listen to and question our chief executive.

## Encouraging the Next Generation

Paul Mills started his career with Galliford Try 13 years ago, as a management trainee. We encouraged him to study and he completed a post graduate Diploma in Construction Management in 2002. His continued progress has been recognised and he was named Project Manager of the Year at the Builder & Engineer Awards 2012. Paul (pictured on the left receiving his award) said 'This was all possible because of the opportunities that Galliford Try has provided and is testament to the way that Galliford Try fosters talent by investing in people.'



# Our sustainability activities

## Community



# Making a positive impact.

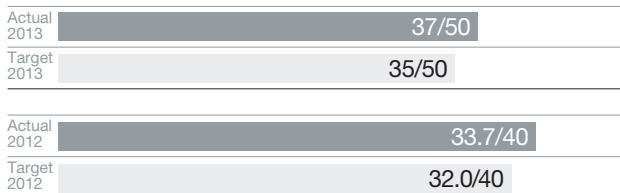
### Donations to good causes

This is direct contributions and also in kind from time and materials donated.

# £108,000

### Considerate Constructors Scheme

Improved performance



At the end of 2012 the Scheme scoring was revised from base 40 to base 50.

### Considerate construction

Across the UK, Galliford Try interacts with thousands of people who live near our projects. We take our responsibility seriously to make a contribution to the communities in which we are working. We are an Associate Member of the Considerate Constructors Scheme (CCS) and follow its Code of Considerate Practice. The CCS independently assesses our sites. Each division reports its scores at its monthly board meetings, with Group scores notified in the monthly Executive board Corporate Responsibility report. We have a Group target for our average score of 35/50 and exceeded this score with 37/50 in the first six months of 2013.

### Listening to our communities

Galliford Try creates sustainable communities through the 3,000 plus homes and numerous schools, hospitals and infrastructure projects we deliver every year. To do this, we must listen to and respect the views of local communities and other stakeholders. This allows us to develop projects sympathetic to local needs and minimise the risk of planning delays or refusal.

### Giving something back

Our operational sites contribute to their communities. They boost the local economy, create employment in our supply chain, raise awareness of careers in construction via school engagement and national events, and directly support good causes.

### Supporting young people through apprenticeships

The construction industry relies on skilled trades but the economic downturn has made apprenticeships less common, contributing to a worsening skills shortage amongst young people. To address this, we aim to provide 500 subcontractor apprenticeships by 2016 and together with our subcontractors have recruited over 100 to date.

It is also vital to encourage the next generation of recruits to join the industry. We participate in Open Doors, the UK Contractors Group initiative. It aims to attract talent into the industry by raising its profile, challenging stereotypes, encouraging greater engagement with the public and local communities, and making construction sites accessible to the public.

We are also sponsoring the new South Devon University Technical College which will offer a new way of learning for up to 600 young people aged 14 to 18. Its focus will be on engineering, water and the environment reflecting both the natural environment in Devon and the needs of local employers in these industries, including Galliford Try, as there is a lack of technicians available. Locally, apprenticeship numbers in science, engineering and manufacturing are half the regional average and nationally the technician deficit is estimated to reach 450,000 by 2020.

## Supporting good causes

Galliford Try is a patron of CRASH, the homelessness charity created by the construction industry which prevents hundreds of people having to sleep without shelter across the UK. We encourage our employees to volunteer and this year supported CRASH at Ecobuild, which provided a platform to promote the charity's work in partnership with patrons and supporters.



## Our sustainability activities

### Customers



## Committed to quality.

#### Repeat Business for Construction clients

# 52%

#### Customer Satisfaction – Linden Homes

Percentage who said they would recommend us to a friend

Actual 2013	93%
Target 2013	90%
Actual 2012	94%
Actual 2011	95%
Actual 2010	97%

Survey conducted by an independent company.

#### Delivering results for our diverse customers

Galliford Try has two customer types, people who buy our homes and those who use the buildings, infrastructure and other projects we deliver. We apply the same values to all our work and aim to deliver high-quality products.

#### Housebuilding

The 2012 Building Awards recognised Linden Homes as the ‘Best Housebuilder of the Year’ but the real test is whether our customers would recommend us to a friend. Last year, 93% said they would. We have targeted 90% satisfaction and launched The Linden Way, a major initiative to improve customers’ experience and the quality of our homes, increasing satisfaction and allowing us to target five-stars in the National House-Building Council (NHBC) survey.

We are also working to reduce defects per plot. Our aim is a rate of 0.25 defects per plot by the end of 2013, in line with the NHBC average. We are committed to responding to issues within ten working days. We have also newly targeted a net promoter score of 65% and achieved 47% in the financial year.

We built approximately 3,000 homes during the year, of which 52% complied with Level 3 of the Code for Sustainable Homes, or equivalent. We adopt a fabric-first approach to designing and building energy efficient homes and research the most cost-effective ways to do so, including post-occupancy monitoring.

#### Construction

Our construction businesses have differing client bases, project delivery models and sustainability plans. Each business contributes to our Group Corporate Responsibility Plan and also has more specific measures in place to address the needs and concerns of our diverse customer base. We have two main measures of success within construction: customer satisfaction and the conversion rate from work tendered to work won.

The benefits of our collaborative approach to working with clients and other partners were recognised when the Hive in Worcester, the UK’s first fully integrated public and university library, was crowned ‘Sustainable Project of the Year’ at the Building Awards.

To guarantee quality, our construction division has an ISO 9001 certified Business Management System. This is vital, given the diversity and complexity of our projects. We are developing our approach to Building Information Modeling (BIM), an increasingly common requirement on public sector funded schemes. We see BIM as a major advantage in delivering more complex and efficient projects more quickly, while reducing waste.

## Excellence through collaboration

The Hive is an iconic building which, for the first time in Europe, combines a public and university library under one roof, while also offering council and conference facilities.

In accordance with our client’s specification, it is built from low environmental impact materials with excellent performance specifications, leading to its BREEAM Outstanding rating, and is temperature controlled using an innovative system relying on water from the River Severn.

It achieved a BREEAM score of 86.4%, the highest ever for a public library.

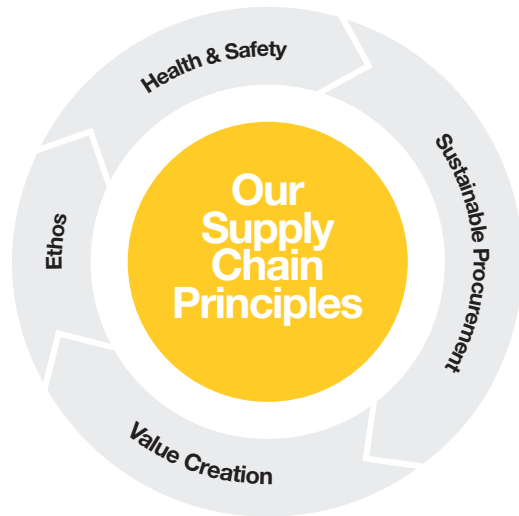


## Our sustainability activities

### Supply Chain



**We select suppliers and subcontractors that align with our business principles.**



#### Managing supply-chain risk

Galliford Try manages numerous supply chain risks. These include ensuring we receive the right materials, that our subcontractors are financially stable and deliver safely, and that our projects meet the required standards and functions. Our approach is about managing these risks, selecting suppliers who are aligned with our business principles and identifying efficiencies.

As this risk profile constantly shifts, we need to review our approach. During the year, we made the following changes:

- Introducing a preference for purchasing responsibly and ethically sourced products and materials.
- Ensuring all timber meets Forest Stewardship Council or Programme for the Endorsement of Forest Certification standards.
- In 2012 89.4% of timber was procured with full chain of custody in compliance with our policy.
- 99.5% was legally and sustainably sourced in line with the UK Contractors Group (UKCG) policy and as defined by the UK Government Central Point of Expertise on Timber.
- Working with our Preferred Group suppliers (PGSs) to develop an enhanced sustainable product and services offering.
- Commenced benchmarking of all PGSs against our sustainability matrix, to identify PGSs with values consistent with ours and where we need to work together to improve performance.

#### Encouraging suppliers and subcontractors to work together

We encourage subcontractors to use PGSs for materials, ensuring they maintain the agreed standards. When a subcontractor uses another supplier, we expect them to demonstrate that the required standards are being achieved.

#### Maintaining two-way relationships

Once we have agreed standards with our suppliers, the best results come from stable relationships and regular communication that allow us to work better together. We have a Group team of supply chain managers responsible for our strategic relationships with all PGSs. Each business unit also has a procurement team, to administer the central trading agreements and local purchasing.

These teams host several procurement forums each year, involving our technical, commercial and construction staff and our supply chain partners. To encourage engagement, our supply chain partners often host these forums. This allows senior management from both sides to discuss adding value to the relationship and improves business process and communication.

#### Supporting small and medium-sized businesses

We spend more than 59% of our turnover with subcontractors, most of which are small and medium-sized enterprises. They benefit significantly from our business, just as we benefit from our close working relationships with them. A UK Contractors Group study showed that every £1 spent in construction generated £2.84 in economic activity.

#### Supporting local supply chains

Our investment stretches beyond bricks and mortar, our projects provide homes for families, jobs for local businesses and opportunities for new apprentices. To demonstrate what this means for communities, a residential scheme in Ogwell Brook, South Devon provided a significant boost to the local economy as two-thirds of the subcontractors were based within 30 miles of the site, three-quarters of the suppliers were based within the region and the project created 73 jobs on site during construction, and 11 apprenticeships. We estimate that the development represents a total investment in the local economy equivalent to £19.4 million.



# Our sustainability activities

## Key Performance Indicators 2013



For more information visit  
[www.gallifordtry.co.uk](http://www.gallifordtry.co.uk)

	Target	Achieved	Comment and Future Targets
<b>1. Health &amp; Safety</b>			
Accident Frequency Rate	0.17	0.13	Our KPI measurement is more stringent than RIDDOR guidance and hence captures more accidents. Under RIDDOR guidance our target reduces to 0.10 next year
Accident Incidence Rate	3.93	2.33	The target reduces to 3.73 next year
Executive Led Safety Assessments	80	77	Maintain performance 2013/14
Safe Behaviour Discussions	10,000	55,654	2013 performance reflects successful delivery of site based safety initiatives
Safety coaches trained	600	530	We will continue to provide training to maintain the number of coaches
Employee Survey Health & Safety question: My business gives Health & Safety a high priority.	95%	95%	Maintain performance 2013/14
Employee Survey Health & Safety question: I understand the Group's initiative 'Challenging Beliefs, Affecting Behaviour' and my part in it.	80%	82%	Our target for the employee survey in 2013/14 is 85%. We continue to prioritise Health & Safety
<b>2. Environment and Climate Change</b>			
Waste diverted from landfill	90%	92.3%	Maintain performance above target >90% in 2013/14
Waste (tonnes) per £100,000 turnover	<20 tonnes/£100,000	11.5 tonnes / £100,000	Maintain performance below target 20 tonnes in 2013/14
Carbon footprint (tonnes) per £100,000 turnover	15% reduction relative to turnover	26% reduction relative to turnover	We have reduced emissions to 2.83 tonnes £100,000 since 2008, a 26% reduction. Maintain performance in 2013. Prepare new divisional targets for 2013/14
Number attending environmental training	No target	56	We will continue to support our employees and partners by providing specialised environmental training
<b>3. Our People</b>			
Employees attending Chief Executive's Roadshow	33% of workforce	38% of workforce	Maintain performance in 2013/14
Training days	8,000 per annum (equivalent)	11,142	We aim to deliver the equivalent of two days per employee per annum. The days delivered represents an investment of £2.4 million
Trainees/graduates	In 2012 the target was 80	147	The target is recast annually but is calculated as >2% workforce. 3.7% achieved
Churn rate	10%	11.45%	We review this target annually
<b>4. Community</b>			
Number of subcontractor apprentices recruited	500 by 2016	>100 in 2013	We remain on course to deliver our target
Charitable and good cause donations	No target	£108,000	Includes time, in kind and donation of resources
Considerate Constructors Scheme score	35/50	37/50	Replaces 32/40 which was the target under the former scoring regime. Maintain performance in 2013/14
<b>5. Customers</b>			
Linden Homes – Defects	0.25	0.46	Achieve NHBC Reportable Items average per plot of 0.25
Linden Homes – Net promoter score	65%	47%	We are targeting Five Star status for future NHBC surveys
Linden Homes – Customer satisfaction	90%	93%	Target 90% of our customers would recommend us to a friend as assessed by an independent survey
Construction – Client satisfaction	80%	83%	
Construction – Forward order book	No target	£1.7 billion	Construction order book was £1.65 billion in 2012
Construction – Repeat work	No target	52%	
<b>6. Supply Chain</b>			
Timber supplied with FSC/PEFC	100%	89%	100% of all timber procured was legal and sustainable as defined by CPET
Engagement process to identify best performing Preferred Group suppliers	Begin process in 2013	Under way	To identify and encourage performance in lines with our values against a range of environmental and social criteria

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