

LOCAL

ENGAGING WITH COMMUNITIES

Wherever we operate we aspire to be integrated within the neighbourhood, supporting the local community, local businesses and local workforce.

COMMUNITY ENGAGEMENT

Through the Balfour Beatty Charitable Trust, we work in partnership with charitable partners in the UK and support, through funding and volunteering effort, specific projects which are targeted at improving the employability and employment opportunities of young disadvantaged people. We also believe that participation in sport has an important role to play in helping build self-confidence, team skills and healthy lifestyles.

Wherever we operate, we strive to leave a positive legacy. Despite a challenging year, we are proud of the way our employees have continued to engage with and support both the communities in which we operate and our core charitable programmes.

During 2014 we made satisfactory progress towards our goal of every project and office having a community engagement plan. This is now the case with all our major projects, but there is work to do in order to spread the practice more widely: when smaller projects are taken into account, just 7% of our North American projects and 26% of our UK projects have such a plan. This is also reflected in the statistics for the Rest of the World (ROW) with 8% of our projects having community engagement plans in place.

Another form of our community investment is community engagement through activities such as volunteering, mentoring and charitable fundraising. This offers our people opportunities to learn and develop, as well as give something back. Our activities support community organisations in delivering social benefits and are typically focussed on helping the most disadvantaged young people in society with particular focuses on employment and employability, as well as health, sport and wellbeing.

DELIVERING SOCIAL VALUE

In many markets, for example the public sector, our ability to demonstrate the social value of our operations in economic terms is vital.

To benefit local areas, we use local suppliers, employees and materials wherever possible, and invest in future talent through apprenticeship schemes and work placement opportunities.

Where we can, we integrate sustainability objectives into project outcomes. In Southampton, our highways and maintenance business, transformed Oxford Street, regenerating the area for local businesses and the social environment for customers. The transformation has included dedicated pedestrian and cycling

space and the design enables the inclusion of mobility impaired persons. Vehicular traffic, whilst allowed, is discouraged so improving the ambience of the street as a social place to meet and greet.

The Beauly Denny 400kV overhead line construction project illustrates what is possible when we proactively plan to support local communities and businesses at the outset of our works. At the end of 2014 we had spent over £132m with Scottish registered companies, invested £566,446 in training the local workforce, and supported charities and local community projects with time, materials and fund raising to a value of over £59,000. Throughout the project, Balfour Beatty's Community Liaison Officers have worked with our client SHE Transmission (part of SSE) to ensure landowners are kept apprised of construction activities to ensure the impact to their commercial activities was minimal.

We continued to monitor our supply chain spend by organisation and post code in the UK. This revealed that expenditure on SMEs constituted more than 50% (in excess of a billion pounds) of our total UK sales in 2014.

COMMUNITY INVESTMENT THROUGH CHARITABLE FUNDRAISING

Through the Balfour Beatty Charitable Trust in the UK, we work with three primary charities that we support through our Building Better Futures fundraising and volunteering programme; Barnardo's, Coram and The Prince's Trust.

Barnardo's is the most recent addition to the programme and joined as a partner in 2013, while we have supported Coram and The Prince's Trust since 2008. During this time, we have donated almost £2 million to programmes aimed at helping young people, as well as providing support in-kind, such as through employee volunteering. In 2014, our employees raised £19,734 for our Building Better Futures programme.

Balfour Beatty plc has donated approximately £750,000 to our Building Better Futures programme and the London Youth Games in 2014.

Given the youth unemployment issue affecting communities around the UK, and the skills gap opening up in the UK construction sector, we have focused many of our programmes on improving employment and employability.

Our partnership with Barnardo's focuses on four hubs across the UK. These provide school leavers with the necessary skills and qualifications to pursue careers in construction, mechanics, office administration, and much more.

Working together with The Prince's Trust over the last five years, we have helped transform the lives of 3,458 young people.

We sponsor several 'Get Into' programmes, which offer young people in the UK the opportunities to work on Balfour Beatty's sites as apprentices, giving them much needed help in getting onto the employment ladder. To date, we have supported over 470 young people with work placements on construction related

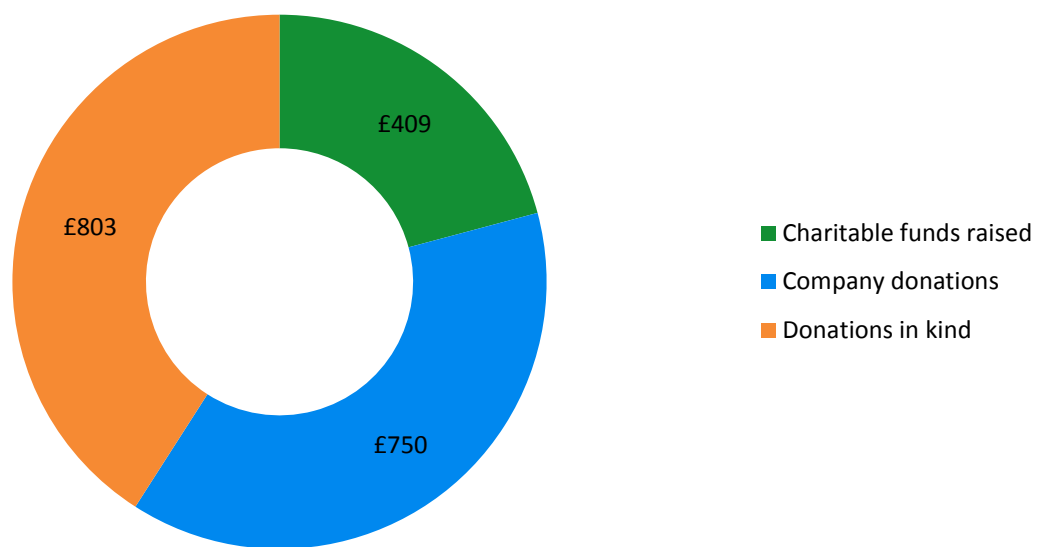
'Get Into' programmes across the UK. In 2013-14, 72% of these young people moved into employment, education or training.

Our US Construction business contributed over US\$903,000 to charitable causes in 2014. Examples of the projects include:

- Balfour Beatty Construction’s central region’s Night of Comedy events, which raised \$150,000 for various local charities
- Annual Balfour Beatty Sporting Clay Shoot Classic hosted by the Fort Worth office, raising \$60,000 for the Texas Health Resources Foundation
- The annual Tin Cup Charity Fishing Tournament hosted by the Beale Air Force Military Housing project team, which over the course of the five-year project has raised \$250,000 for local charities
- The Virgin Pulse Wellness Program which invigorated 521 employees to achieve a 10% premium discount for 2015 benefits.

The charitable funds raised from our operating businesses internationally (excluding Parsons Brinckerhoff) in 2014 are represented by the pie chart below.

Figure 1: Charitable funds raised in 2014 in £000s



This year, Balfour Beatty announced it is extending its sponsorship of the London Youth Games to 2016, which will take the total sponsorship to 10 years. Since Balfour Beatty started sponsoring the Games, participant numbers have increased five-fold, and the number of our employees volunteering at the Games reached its record number this year.

2014 was the most successful games to date, with more than 126,000 participants from all London boroughs competing in 88 events in 33 sports. Over 3,000 young people participated in non-competitive cultural and volunteering events.

For our business it brings multiple benefits including engaging our employees in volunteering, community engagement, helping client relationships and supporting communities in and around London where we operate.

For the participants, we recognise the value that sport brings for the lives of young people and are committed to helping raise their aspirations, motivation and attainment levels in local communities.

ECOLOGY

We develop case studies for salient instances of where we have enhanced the ecology surrounding one of our projects beyond legal compliance. Examples of this in 2014 include:

- On Tanners Hill, a £6.4 million track widening project for Network Rail's Thameslink programme, we had to remove 0.5 hectares of lineside habitat. Our team worked with Lewisham Council's ecologist on a detailed on-site planting specification that comprised native hazel and hawthorn shrubs and a perennial wildflower seedmix. By doing so, Tanners Hill became the first Thameslink site to create new wildflower areas on the railway embankment. In order to achieve a 25% 'net gain' in biodiversity, the team looked to offsetting as a last resort when all on-site options had been considered. A neglected public green space close to Tanners Hill was selected after a series of public consultations. A programme of enhancement measures was undertaken in collaboration with the council – extensive weed removal, the installation of five bird boxes, planting of native hazel and hawthorn shrubs and a 15ft whitebeam tree. 'No net biodiversity loss' and 'a measurable net biodiversity benefit' are now requirements of Network Rail's Sustainable Procurement Principles
- We completed the EMP Administrative Office Building for Cedar Strands Properties in early 2014. The building which received official LEED® Platinum certification from the US Green Building Council (USGBC), is also the first Salmon-Safe certified office building in Seattle. This accreditation program is a collaborative effort to apply the best construction site management practices to achieve zero runoff and protect water quality and aquatic biodiversity at sites in the Northwest. The project was designed by Collins Woerman and developed by Vulcan Inc.
- In Hong Kong, Gammon Construction started construction on the Tuen Mun-Chek Lap Kok Link (TMCLKL) – Southern Connection Viaduct section connecting Hong Kong's international airport with the Northern Territories. As part of this project, we undertook several ecological measures to protect local species and habitats. Part of the project included transplanting and monitoring thirteen colonies of coral to a receptor site 5km away under the supervision of the project coral specialist. We used dolphin watchers to report any Chinese White Dolphins and put a temporary stop to any percussive piling during the design and construction stages. We also stopped works on the construction of underwater sockets in May and June which is the peak calving season and took several other measures to minimise noise and vibration, restricting boat speeds to 10 knots, assigning designated marine travel routes for transportation or disposal and setting up a 250m dolphin exclusion zone. The site regularly samples the water quality and undertakes acoustic monitoring (both above and below the water). Furthermore we track dolphin movements to ensure that our activities are not having an adverse impact on their behaviours. Parts of the new viaduct required the felling of trees. We adjusted the designs to minimise felling and proactively transplanted trees where we could. Felled trees were compensated for by planting new native trees and vegetation locally to improve overall biodiversity.