



## Constructing a sustainable future

Galliford Try plc  
Sustainability Report 2014



**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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# Message from the chief executive

Sustainability is fundamental to our strategy for disciplined growth



**Galliford Try has set disciplined growth targets across all divisions, which we aim to achieve by 2018.**

➔ For more information download our Annual Report from [www.gallifordtry.co.uk](http://www.gallifordtry.co.uk)



Full year results interview available at [www.gallifordtry.co.uk/investors](http://www.gallifordtry.co.uk/investors)

Group revenue Up 21%

**£1,768m**

To achieve our targets to 2018, all parts of our business must be effective and efficient. That makes sustainability a vital part of our strategy for disciplined growth. Being sustainable makes us a smarter business and is the responsible thing to do.

Having the right people is key to our business and culture. That means retaining and developing the talent we have, while bringing in people at all levels. Our culture and record of success make us an attractive employer.

We also need to keep our people and subcontractors safe. Our performance in the previous year was outstanding, with an Accident Frequency Rate (AFR) of just 0.10 against the HSE definition, which we maintained this year. Using our internal more stringent accident definition, our AFR rate rose slightly, from 0.13 to 0.14. While this is below the all industry average, it reinforces the need for us to remain focused on instilling safe behaviour.

Conditions in our supply chain are testing. The long recession reduced capacity, meaning that in any subsequent recovery demand for skilled labour and materials will outstrip supply. We need to do everything we can to engage with and support our supply chain, recognising them as partners rather than suppliers. Initiatives such as our involvement with the Supply Chain Sustainability School and our Supply Chain Business Briefing are part of this.

We are committed to reducing our environmental impact, which is both responsible and important for efficiency, through lower energy use and reduced wastage of resources. Strong environmental credentials also help us to meet clients' demands and to attract the next generation of talent.

Galliford Try engages with communities both locally and nationally. It is always easier to work in communities where you are welcome and trusted. Through our supply chain partners, we boost local economies and employment, and we help our people to contribute and develop new skills through volunteering.

Ultimately, everything we do has to satisfy our customers, including investors, who require us to be a high-performing business. In housebuilding, The Linden Way ensures we consider customers throughout the process, starting before we buy the land. In construction, we look for clients who offer work with the right risk and return, and the potential for long-term relationships.

The rest of this report explains our performance in each of these areas. We welcome your interest.

**Greg Fitzgerald**  
Chief executive

# At a glance

Our divisions

## Housebuilding

**We are one of the UK's leading housebuilders. Our housebuilding division includes Linden Homes, which develops private and affordable homes for sale, and Galliford Try Partnerships, our specialist affordable housing business.**

### Linden Homes

We develop bespoke homes in prime locations, primarily in the South of England and the eastern counties. Our homes complement their surroundings and we take pride in their quality and attention to detail.

We often build on brownfield sites and use our construction division to help us deliver the most complex developments, differentiating us in the market. We have a strong focus on meeting our customers' needs and our success has been recognised through numerous industry awards in recent years.

Linden Homes currently delivers around 3,000 houses and apartments each year, the majority of which are for private sale.

### Galliford Try Partnerships

Partnerships provides specialist contracting services to housing associations and local authorities. We have a strong presence in the South and North East of England and a growing business across the rest of the country.

Partnerships also develops mixed tenure projects, producing private housing on sites that are predominantly affordable developments. We draw on Linden Homes' expertise in housing development and sales to successfully deliver these projects. Partnerships delivered 220 private units in the year.

**“Our prime sites, bespoke designs and southern focus give Linden Homes a strong platform to deliver disciplined revenue growth and rising margins over the next few years.”**

**Andrew Richards**  
Managing director, housebuilding



Saint Nicholasgate is an award-winning collection of traditionally inspired family homes and apartments in the market town of Beverley, Yorkshire.

**Linden Homes revenue** Up 20%

**£760m**

**Partnerships revenue** Up 150%

**£243m**

**Linden Homes profit from operations** Up 37%

**£115m**

**Partnerships profit from operations** Up 257%

**£5m**

**Linden Homes margin**

Up from 13.3%

**15.1%**

**Partnerships margin**

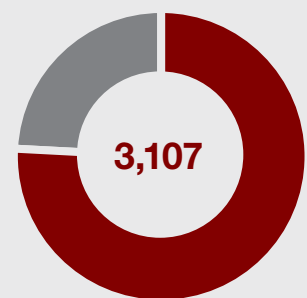
Up from 1.4%

**2.1%**

**Completions by sector**

Up 6%

■ Private 2,360  
■ Affordable 747



**Landbank** Up 23%

**13,900**

# Construction

We are a major UK contractor, operating mainly under the Galliford Try and Morrison Construction brands. We work for clients across the public, regulated and private sectors, and develop long-term relationships based on our ability to provide whole-life solutions, high standards of project delivery and innovation. Our diverse business has expertise in key sectors ranging from water and transport to education and hotels.

Construction is organised into building and infrastructure businesses and also includes our investments business, as well as our multi-disciplined group of chartered surveyors and our national piling specialists.

## Building

Our building business serves clients in the health, education and commercial markets across the UK. Our largest markets are the South of England, the Midlands and Scotland, where we have a significant presence and strong track record.

## Infrastructure

Infrastructure operates across the UK. It carries out civil engineering projects, primarily in the water, highways, flood alleviation, remediation and renewable energy markets.

## PPP Investments

Our investments business delivers major building and infrastructure projects through public private partnerships. It leads bid consortia and arranges finance, makes direct equity investments and manages construction through to operations.

**“The diversity of our business and order book, our deep sectoral expertise and our ability to be selective about the work we take on position us for success as our markets improve.”**

**Ken Gillespie**  
Construction division chief executive



We are one of three contractors appointed by Manchester Airports Group to carry out its entire Capital Delivery Programme over three years, with the potential for two further 12 month extensions.

**Profit from operations** Down £5m

**£8m**

**Cash** Up £19m

**£151m**

**Profit margin**  
Down from 1.6%

**1.0%**

**Order book** Up 17%

**£1.4bn**

Increased to £3.0bn following acquisition of Miller Construction in July 2014.

**Revenue**  
Up 1%

■ Building £458m  
■ Infrastructure £375m



**Revenue** Up 1%

**£833m**

# Sustainability

Constructing a sustainable future



Galliford Try's long-term future and strategy for disciplined growth rely on us positively managing the fundamentals of sustainable business. We recognise six fundamental responsibilities, which aim to ensure we are economically sustainable, whilst embracing our duty to society and the environment.

## Health and safety

→ P06



Accident Frequency Rate  
(target of 0.13<sup>1</sup>)

# 0.14<sup>1</sup>

1. Against our more stringent internal definition of accidents resulting in more than three days' absence.

### We place the highest priority on health and safety

The health and safety of our people and those who come into contact with our sites is our top priority. Our behavioural safety programme 'Challenging Beliefs, Affecting Behaviour' reinforces that message and helps to shape a culture of care, maintaining that nothing we do is so important that we cannot take the time to do it safely.

**“My role as a safety coach is to encourage everyone to take responsibility for safer working practices.”**

**Costa Chikamba**  
Assistant site manager, Galliford Try Partnerships

## Environment and climate change

→ P07



Carbon footprint (tonnes) per  
£100,000 revenue (target of 2.83)

# 2.25

### We aim to protect the environment and plan for its improvement

We recognise that our projects have an impact on the environment and we remain committed to providing sustainable solutions. We therefore place increasing importance on cutting carbon emissions, managing waste and improving the environment through careful selection and efficient use of both materials and fuel, in addition to embracing sustainable construction methods where possible.

**“As a carbon champion, I can make a difference by making us more efficient and by reducing our impacts.”**

**Stephen Mundy**  
Business development manager,  
Galliford Try Building South West

## Our people

→ P08



Training days delivered  
(target of two days per employee)

**2.05<sup>1</sup>**

1. Equivalent to 9,044 training days in total.

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

People are our competitive advantage and a committed and engaged workforce delivers better results. We place great importance on nurturing talent through our training and development whilst attracting recruits to help us achieve our goals. We promote diversity and equality and protect the rights of our employees. We build long-term loyalty through engagement.

**“We recognise that the key to Galliford Try’s success lies in the talent and commitment of our employees.”**

**Jane Davies**  
Human Resources director,  
Galliford Try

## Customers

→ P11



Linden Homes customer satisfaction (target of 90%)

**86.4%**

### We give total commitment and high standards to all our customers

The continued success of our business depends on our ability to deliver products and services that our customers value. We take pride in the projects we build, ensuring the highest of standards. This is reflected in the long-term partnerships we have nurtured in our construction business and our satisfaction scores in our housebuilding business.

**“The Linden Way will help us to improve our customers’ journeys from the start, until they move in, and beyond.”**

**Emma Jane Rice**  
National customer service director,  
Linden Homes

## Community

→ P10



CCS Score (target of 35/50)

**37**

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

We are an associate member of the Considerate Constructors Scheme and have pledged to project a positive image of our industry. We achieve this by engaging with communities, listening to their needs and applying our knowledge to ensure we deliver homes, schools, health facilities and infrastructure networks that will meet the needs of those they serve.

**“I work to create and maintain excellent relationships on projects for the wider community, our clients and Galliford Try.”**

**Tracey Waygood**  
Public liaison officer, Galliford Try  
Infrastructure

## Supply chain

→ P12



Timber – FSC/PEFC compliant  
(target of 100%)

**91%**

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

Our supply chain is an integral part of our business. Strong, stable trading relationships are crucial to our vision of constructing a sustainable future. We promote our principles and practices to our supply chain and build on our existing relationships through engagement and the Supply Chain Sustainability School.

**“Galliford Try has demonstrated a commitment to building strong and sustainable supply chain partnerships.”**

**Ian Heptonstall**  
Director, Supply Chain  
Sustainability School

# Sustainability continued



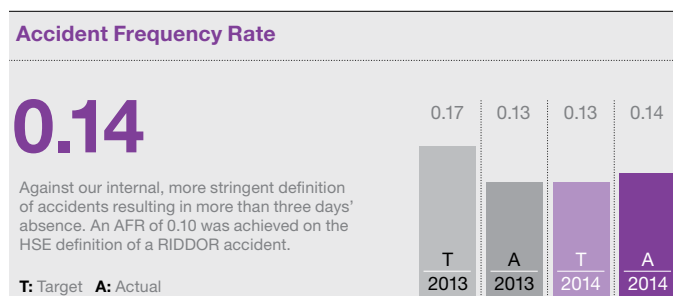
## Health and safety

### Measuring safety

Galliford Try measures its Accident Frequency Rate (AFR) in two ways: firstly, by using the more recent RIDDOR definition of accidents as incidents resulting in more than seven days' absence; and, secondly, against the former industry standard of three days' absence, which has been our internal benchmark for many years. Our internal measure identifies more accidents that could have caused serious harm, moving us to a culture where no accidents are acceptable and everyone has the right to go home safely.

Our internal target AFR, capturing accidents leading to more than three days' absence, was 0.13. This year our internal AFR rose for the first time in over five years, increasing to 0.14 from 0.13. This is still significantly below the all industry average published by the HSE. Our health and safety team continues to tackle the root causes of all accidents, to influence the behavioural elements of safe working practices.

To 30 June 2014, we received no prosecutions, prohibitions or enforcements from the HSE, thereby achieving our target.



### Encouraging safer working

Our new Group health and safety development manager has introduced enhanced training, so more frontline employees know how to encourage safer working practices. This reinforces and develops our safe working practices and our culture of care.

We extended the number of trained safety coaches in both our business and subcontractor network. We now have 742, up by 212 on last year. Safety coaches play a vital site-level role in our main health and safety programme, 'Challenging Beliefs, Affecting Behaviour', by encouraging their colleagues to recognise an activity's risks and find safe ways to do it.

Coaches tend to be foremen, assistant site managers and regular subcontractors. They need to be persuasive, enthusiastic about safety and strong enough to address contentious issues. Coaches have an important role in influencing how our site teams operate, by constantly reinforcing the message about safer ways of working, and by embedding a culture where everyone manages their own, and their colleagues' safety. One way of achieving this is their delivery of Safe Behaviour Discussions.

We achieved our target of 60,000 Safe Behaviour Discussions, which identify good and bad on-site practice through open discussion with operational personnel. This is a change from the enforcement approach to managing safety, and leads to a more positive and sustained approach to health and safety at all levels.

### Gauging employee awareness

We gauge awareness of health and safety across our workforce, including office-based employees. Following extended awareness training, 86% of employees understand our 'Challenging Beliefs, Affecting Behaviour' programme and their role in it (2013: 82%). We also held a significant number of safety shutdowns across our operations, to take 'time out' to reflect on both good and bad safety practices and ensure the highest standards are maintained across our sites. Although the percentage of employees who believe we give health and safety a high priority dropped slightly, from the target of 95% to 93%, the awareness figure remains high and we continue to prioritise improving employee awareness.

### Providing leadership for health and safety

Everyone employed by us or working on our behalf is responsible for health and safety. However, leadership drives home the need for vigilance. Our executive team therefore committed to carry out 80 site safety visits during the year and achieved 67. Our business unit managing directors and leaders exceeded their target of 500 site assessment visits.





## Environment and climate change

Climate change presents risks and opportunities for our business. For example, extreme weather can disrupt building programmes and we can expect increasing requirements to make developments resilient to climate change and to mitigate its impact. This may make delivering our projects on time and to target costs more challenging. Conversely, we may also see more flood defence structures being required, which could create more opportunities for our infrastructure business due to its significant delivery expertise.

In our housebuilding business, resource efficiency and cost are drivers for continued improvement in building techniques. We aim to deliver energy and water efficient homes and during 2014, more than 50% of all the homes we built complied with Level 3 of the Code for Sustainable Homes or equivalent, thereby exceeding our target. Our 'fabric first' approach is the most cost-effective and easily replicated way to deliver energy efficient homes. Complicated operating systems can help reduce energy use but we feel that attention to specification and robust building details are better.

### Cutting energy and carbon




We have divisional carbon reduction plans, which respond to the needs of each division's sectors and clients. These are supported by our Group Carbon Task Force, comprising the chief executive, carbon champions with specialist divisional knowledge, and the Group sustainability manager. Its role is to challenge performance and set aspirational goals across all divisions.

Through this task force we have again reduced our emissions, to 2.25 tonnes of carbon dioxide per £100,000 of revenue.

These emissions are those defined in Scope 1 and 2 of the Greenhouse Gas Protocol, covering direct use of fuels, fugitive emissions (for example, from air-conditioning units), and emissions associated with consumed electricity. We have included emissions from our offices and all operational sites, including joint ventures. For joint ventures where we have operational control, we report all emissions. Where we do not have operational control, we apportion emissions using our equity share. All emissions defined here are assessed and measured in line with the DEFRA guidance.

We have started to record and report Scope 3 emissions, which are those outside our direct control, such as those arising from waste, material deliveries, subcontract movements to site, hotel stays and water consumption. Scope 3 emissions are far more significant than Scope 1 and 2, estimated to be around 135,000 tonnes of carbon dioxide, and will be an area of continued focus as we look to deliver the commitment of the Government's infrastructure plans.

### Carbon dioxide emissions in Scope 1 and 2

Year <sup>1</sup>	Fleet	Site and office energy <sup>2</sup>	Site and office electricity	Total emissions	Intensity <sup>3</sup>
2013	 7,456	 24,935	 6,257	38,648	2.25
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

1. Calendar year.
2. Excluding electricity.
3. Metric tonnes of carbon dioxide per £100,000 of revenue.

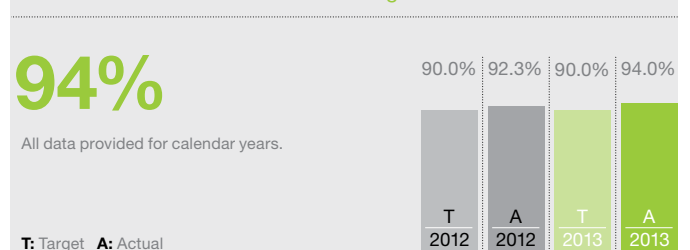
Our improved score in the Carbon Disclosure Project (rising from 68% to 73%) and our inclusion in the FTSE Low Carbon Economy Index evidence our improved performance.

### Managing waste

We continue to focus on reusing or recycling waste on-site and using transfer stations with high recycling rates. We have improved performance in recent years and in 2013, we diverted 94% of waste from landfill and reused or recycled 1.17 million tonnes on-site.

Reducing waste to landfill drives business efficiency and cuts costs.

### Waste diverted from landfill excluding soil and stone



# Sustainability continued

## Our other environmental impacts

We have committed to recording, reporting and increasing the proportion of timber we use from certified sources. We gather this information on a quarterly basis and report it to our divisional and executive boards. We also report this information to the UK Contractors Group (UKCG) along with other environmental data on waste, carbon and water, and are one of the leading UKCG members in doing so.

During the year we continued to develop our approach to issues such as water conservation, which has processes and key performance indicators embedded in our ISO 14001 compliant management system that are reported to our management boards.

Our projects must create environment plans, which recognise and set strategies for dealing with fauna and flora. Working with the UKCG, we have recommended a preferred industry process for engaging ecologists, requiring them to identify habitat enhancement opportunities. We were also instrumental in launching the CIRIA BIG Challenge 'Do one thing', encouraging contractors to find opportunities for projects to leave a positive biodiversity legacy.



## Our people

### Creating the right culture for growth

Galliford Try aims to grow significantly during the period to 2018. Having the right people is key to this, so we continue to focus on developing our existing staff and sourcing additional talent in the marketplace.

Developing employees' skills to support our growth relies on a robust review process for performance and skills, and encouraging the next generation of employees by offering high quality training and apprenticeships. Our target is for trainees to make up at least 2% of our workforce and we have achieved a proportion of 4.2% during the year.

We support our people through The Galliford Try Academy, which enables all our employees to access management programmes, structured on-the-job training and a wide range of learning resources. Our aim is to offer an average of two days' training per employee. During the year, we achieved 9,044 days' training, which is equivalent to 2.05 days per employee.



With the economy showing signs of recovery and our success as a business, our employees are becoming increasingly desirable. As a result, we are seeing an increased churn rate, from 11.45% last year to 15.69% this year. We have reviewed the reasons why people leave and consider 15% to be the maximum acceptable churn rate for our business, reflecting our need to retain talent while bringing in new people and new ideas.

### Measuring success

Our employee engagement survey had a response rate of nearly 70%, including site-based staff, giving us a comprehensive picture of our people's views on working for the Group. We continue to score above the benchmark in most areas. 78% of staff are proud to work for the Group and 68% were satisfied or very satisfied with their job, up by 1% from last year.

During the year, we launched a new employee engagement initiative to help our employees understand the actions we will take in response to the survey. 'You said, We will' is a process through

which our HR team, business unit leaders and managing directors presented the results and asked teams how we should respond. This included a Group-wide e-book, in which our divisional leaders responded to the survey results and committed to take action.

**Promoting diversity and equality**

The Group is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, age, colour, disability or marital status. We value everyone as an individual, recognising that everyone is different and has different needs at work. We respect people’s differences and treat everyone with dignity and respect. We create a culture in which everyone feels valued as an individual and is motivated to give their best in their jobs.

People from minority backgrounds are underrepresented in construction, and this imbalance is greater at more senior levels in our business. We capture data for five of the nine protected characteristics and performance against these metrics is regularly reviewed at divisional and Executive Board level. Our aim is to achieve a workforce that is more representative of society, while employing the right candidate for each position. The challenge for us and many of our peers lies in promoting the opportunities to, and encouraging, a wider range of candidates.

Gender		Diversity		Gender		Diversity	
Entire company		Entire company		Senior grades <sup>1</sup>		Senior grades <sup>1</sup>	
Female	Male	BME <sup>2</sup>	White	Female	Male	BME <sup>2</sup>	White
23%	77%	4%	96%	8%	92%	2%	98%

1. Senior management grades are defined as levels 1-3 on our scale which encompasses directors, heads of discipline and business leaders.  
 2. Black and Minority Ethnic.

The Group gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. We carry out regular workplace assessments, and provide occupational health checks and advice to support both employees and line managers. Appropriate arrangements are made for the continued training and employment, career development and promotion of disabled persons. If members of staff become disabled, the Group endeavours to continue employment, either in the same or alternative position, with appropriate retraining being given if necessary.

We continue to support the UKCG’s Equality Working Group and its Respect initiative, which challenges preconceptions about working in the industry through a targeted communication and information campaign.

**Protecting human rights**

We are committed to protecting the human rights of our employees and of people engaged with our business. There have been no related issues during the financial year.

For our Group, the most significant areas of focus are:

- respecting the diversity of our staff, and in particular ensuring their health and safety, and working conditions;
- contributing to the well-being and sustainability of the communities in which we operate;
- selecting suppliers who evidence prioritising the rights and welfare of their staff, and monitoring their performance against internal guidelines;
- maintaining robust policies and procedures for dealing with bribery and corruption, supported by mandated training and awareness; and
- allowing our employees the right to freedom of association and providing avenues for employee representation.

As a responsible business, we predominantly deal with reputable UK-based companies and consider that sourcing goods from them minimises the risk of negative social impact. Where we source materials or project expertise from businesses based overseas, we undertake reasonable assessments to ensure that appropriate welfare standards are maintained.



**Apprenticeships**

A skills shortage and decline in new entrants feature across the construction industry. Through the Linden Homes Apprentices Programme, we have encouraged 139 new entrants into the industry over the last three years.

Our chief executive, Greg Fitzgerald, began his career as an apprentice. To outline the benefits of providing apprenticeships, he was a key speaker at the Apprenticeship, Skills and Employment event in Exeter, held as part of the National Apprenticeship Week.

# Sustainability continued



## Community

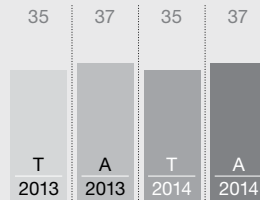
We view community as a defined group of people and organisations with a specific connection to, or interest in, a particular geographical location. We expect, as a general rule, that any community will have a shared interest in improving or maintaining quality of life and the local environment. As a major housebuilding and construction company with hundreds of active sites, we both create and participate in communities every day. Our responsibility is to help communities realise their ambitions through the homes, housing developments and the wider built environment we deliver. Our construction projects are driven and shaped by the needs of communities, reflected by the public sector contracts we win and deliver, and through our work for private clients.

### Considerate Constructors Scheme score<sup>1</sup>

**37**

1. At the end of 2012, the CCS scoring system was changed to the current 50 point scale. 2013 data is based on the six months to June 2013.

T: Target A: Actual



### Considerate Constructors Scheme (CCS)

The CCS is an independent organisation devoted to promoting best practice on construction projects, from how we manage and operate sites and treat our employees and supply chain partners, through to our engagement with local communities. We are an associate member and register all our sites of more than six weeks' duration with the scheme.

Registered sites receive independent monitoring visits that assess performance. Sites that achieve a score of 7/10 in each of five sections achieve best practice. Our Group target is therefore to achieve or exceed 35/50. This year we achieved an average score of 37 on 178 registered sites, which received a total of 349 compliance visits. 19 of our sites won CCS awards for performance beyond compliance during the year.

### Encouraging volunteering

We recognise that employees support good causes connected with their employment and that they volunteer in their communities. We also know that encouraging and enabling employees to volunteer can increase loyalty and job satisfaction, and help employees to develop new skills and benefit others. We launched our volunteering policy at the start of the year, which allows employees to take up to two days of paid special leave per year. By the end of the financial year, 25 volunteering days had been requested.

Our national approach to community engagement is through our support for CRASH, the homelessness charity established by the construction industry. As a patron, we offer financial support to enable CRASH to run its operations. However, CRASH's real value is in discovering the needs of the many smaller homelessness organisations it works with, then enabling its supporting organisations to deliver the professional services needed. This allows the smaller organisations to deliver projects that would otherwise have significant financial costs. During the year, we supported three projects by providing surveying, estimating and technical skills.

At a local level, individual project teams donate to good causes in support of employees or local interests, and gift time and resources. Giving money is beneficial but it is often more valuable to provide the resources and skilled time needed to deliver projects. We targeted delivering 4,000 hours of time to good causes during the year and delivered 6,047 hours, equivalent to around £136,050 of support in kind. Coupled with charitable and materials donations, our total community support amounted to £347,680.

### Contribution from financial donations<sup>1</sup>

**£347,680**

- Value of time £136,050
- Value of materials/resources donated £65,640
- Donations and sponsorships £145,990

1. Based on direct contributions, time and materials donated.



### Open Doors

Last year, 16 of our sites welcomed schoolchildren and students, to provide an experience of what happens on major construction sites and outline the career opportunities on offer. Many UKCG members support this initiative, which showcases careers in construction and the fantastic work completed on our sites. Open Doors aligns with our ambition to make a positive impact in communities and we will support the next event in 2015.



## Customers

### Linden Homes

Linden Homes has continued to follow The Linden Way, its approach to providing an excellent customer experience. This initiative embraces the Group's values of excellence, passion, integrity and collaboration and aims to capture and share best practice across our regional businesses. This should ensure that wherever someone is buying one of our homes, they receive the highest standard of customer service.

This enhanced customer experience is aimed at increasing customer satisfaction, reducing defects, enabling Linden Homes to progress from its current four star status to become a 'Five Star Home Builder' under the Home Builders Federation Star Rating Scheme, and increasing revenue whilst minimising cost.

During the year, we revised our approach to measuring customer satisfaction. We were using an independent company and our customers were also being approached by NHBC for its survey. This led to survey overload and customer fatigue. We have now adopted the NHBC system. We retained our target from the previous satisfaction survey of 90% and returned a rate of 86.4% from NHBC. This shows that we still have work to do to improve the customer experience and achieve our Five Star status.



### The Linden Way

The customer must be at the forefront of every decision we make, from land acquisition to planning, from design to construction, and sales to aftercare. The Linden Way embraces this idea and aims to revolutionise the customer experience, by improving our culture and working practices.

Housebuilding customer satisfaction score (2013: 93%)

**86.4%** Target of 90%.

Construction client satisfaction score (2013: 83%)

**83%** Target of 80%.

During the year, Linden Homes changed the methodology used to calculate a net promoter score, and reset the target to 23.5%, in line with the industry average. We achieved 15.5% using the new methodology, which brings our customer satisfaction and net promoter scores together under the NHBC monitoring regime. This allows us to directly compare our performance to that of our peers. We will continue to review how we can improve our performance.

Our defects per plot measure fell significantly, from 0.46 to 0.29 this year. A continued focus on the final stages of building and handing over homes will see us move closer to our target of 0.25.

### Construction

To win new clients, it is crucial that we understand their needs and that they understand what we can deliver for them. We do this by continuing to develop our long-term sustainability plans. Our infrastructure business was the first to complete its review and set out its strategic aims to 2025. Our other businesses are also reviewing their plans and have adopted an initial set of requirements as part of our ISO 9001 compliant Business Management System.

A number of key indicators help us to understand how our construction division is performing. We gauge customer satisfaction against our target of 80% and achieved 83% during the year. This is a very consistent performance over the last few years and we will continue to target a minimum of 80% across the division.

We also measured our net promoter score for the first time, which was 34%. This is based on dividing customers into three categories: promoters, passives, and detractors.

Finally, we assess repeat business, which we treat as having completed another project for a client we have worked for in the last 24 months. During the year, this percentage was 53%. This includes Partnerships, which was part of the construction division at the start of the year. Next year, given the transfer of Partnerships to our housebuilding division, this data will be recast.

# Sustainability continued



## Supply chain

Delivering projects to achieve our customers' requirements and our aspirations relies on us having the best possible partners. Achieving targets for improving the performance of our business on many social, environmental and economic performance indicators is only possible if we work with organisations that share our commitment.

We work with hundreds of suppliers and contractors, with around 12,000 people on our sites every day, and an even greater number are involved in manufacturing and supplying the materials we need. We already have robust procedures to select supply chain partners, to minimise the risks to our projects. We manage subcontractors locally through regional procurement teams but take a different approach with major suppliers of materials and have established relationships with around 50 preferred suppliers. This enables us to set standards for materials and equipment supplied to us. We also encourage subcontractors to purchase materials from our preferred suppliers.



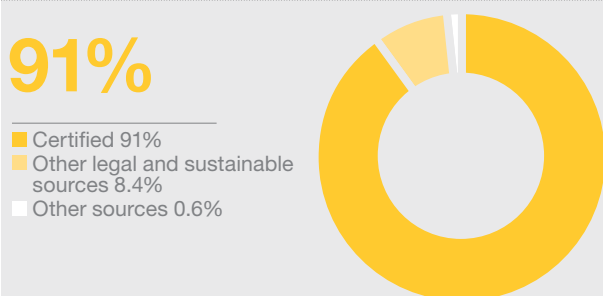
### Supply Chain Business Briefing

Our Supply Chain Business Briefing was hosted by our chief executive, Greg Fitzgerald, and outlined our plans for Galliford Try over the next four years. This allowed us to consult our partners on initiatives which will improve how we engage with our Group supply chain partners, including prompt payment and sustainable procurement.

### Sustainable Timber

Galliford Try is committed to sourcing all of its timber from legal and sustainable sources, with an appropriate standard in place to evidence this. 91% of timber products received from our preferred suppliers complied with either Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forests Certification (PEFC). Overall 99.4% was verified as coming from legal and sustainable sources.

#### Timber supplied with certification



### The Supply Chain Sustainability School

Our projects encounter a range of social and environmental issues. Whilst our larger supply chain partners already have commitments in these areas and support their employees in delivering them, many smaller partners cannot access the resources they need to become more sustainable businesses and, in making that transition, help us to be more sustainable too.

Given the number of businesses we work with, delivering awareness training and helping to develop our partners' skills is not straightforward. Our approach is a new Supply Chain Sustainability School, which we financially support along with 14 other construction partners. Our commitment allows the School to offer free support to companies that join and gives them access to:

- a detailed benchmarking service across ten themes of sustainable business;
- strength and weakness analysis; and
- the resources and learning opportunities to improve performance.

The School helps us and our partners to improve performance and provides more general support across the industry. It is a real example of the strength that comes from major construction companies working together.

Over 700 companies we work with are already signed up and have taken the opportunity to assess and understand their scores. It is encouraging that our partners score above the industry average. We are targeting our preferred group suppliers for even better performance during this calendar year.

# Our sustainability activities

## Key performance indicators 2014

	Target	Achieved	Comment
<b>1. Health and safety</b>			
Accident Frequency Rate	0.13	0.14	An AFR of 0.10 was achieved on the HSE RIDDOR definition of accidents which matches that achieved last year. An AFR of 0.14 on our internal, more stringent definition was achieved this year. This is against a target of 0.13, the rate achieved last year. This is the first increase in our accident statistics in five years.
Accident Incidence Rate	3.73	3.50	We exceeded our target.
Reportable accidents	N/A	51	Against our internal stringent standard of >3 days' absence.
Executive led safety assessments	80	67	This includes our extended executive team, with responsibility for leading the business.
Safe behaviour discussions	60,000	75,463	We aim to maintain a year-on-year increase.
Safety coaches trained	600	742	The coaching programme will continue to deliver training, to keep improving our level of performance on health and safety.
Employee survey health and safety question: 'My business gives health and safety a high priority'.	95%	93%	This was a slight decrease from last year but remains the highest response across the survey.
Employee survey health and safety question: 'I understand the Group's initiative "Challenging Beliefs, Affecting Behaviour" and my part in it'.	85%	86%	An improvement which is due, in part, to extended training on our 'Challenging Beliefs, Affecting Behaviour' programme.
<b>2. Environment and climate change</b>			
Waste diverted from landfill (excluding soil and stones)	90%	94%	Results are for the 2013 calendar year. We will maintain these targets for the coming year.
Total waste (tonnes) (excluding soil and stones) per £100,000 revenue	<20	12.2	We exceeded our target.
Carbon footprint (tonnes) per £100,000 revenue	2.83	2.25	A further reduction achieved and data has been verified for the 2013 calendar year.
Number attending environmental training (IOSH)	N/A	109	This has increased from 56 last year, partly due to increased funding being made available.
<b>3. Our people</b>			
Employees attending chief executive's roadshow	40%	43%	1,873 employees attended the roadshow. We aim to improve attendance but we recognise that our operational sites need to maintain a certain staffing level to ensure they function safely.
Training days per employees	2	2.05	The investment to deliver this training, including employees' time, is £2.13m. We exceeded our target and delivered a total of 9,044 training days.
Trainees/graduates as % of workforce	>2	4.2%	184 of our employees were trainees or graduates in the year. This compares with 3.7% last year.
Churn rate	A maximum of 15%	15.7%	Managing churn is a challenge in a recovering construction market.
<b>4. Community</b>			
Number of subcontractor apprentices recruited	500 by 2016	139	From the Linden Homes scheme. A new partner has been appointed to accelerate the recruitment and placing of apprentices to achieve our target.
Charitable donations	N/A	£347,680	This is from direct donations, and donations in kind of time and materials.
Considerate Constructors Scheme score	35/50	37	We exceeded our target.
<b>5. Customers</b>			
Linden Homes – defects per plot	0.25	0.29	Our defects per plot measure fell significantly from 0.46 to 0.29. A continued focus on the final stages of building and handing over homes via The Linden Way will see us move closer to our target of 0.25.
Linden Homes – customer satisfaction	90%	86.4%	Target 90% of our customers would recommend us to a friend as assessed by an independent survey.
Linden Homes – net promoter score	23.5%	15.5%	During the year, we changed the methodology used to calculate a net promoter score, and reset the target to 23.5%, in line with the industry average. See page 11 for more information.
Construction – client satisfaction	80%	83%	We have maintained a stable figure of 83% and begun to measure net promoter score.
Construction – forward order book	N/A	£1.4 billion	Increased to £3.0 billion following the acquisition of Miller Construction in July 2014.
Construction – repeat work	N/A	53%	With Partnerships now part of our housebuilding division this will be reviewed.
<b>6. Supply chain</b>			
Timber supplied with FSC/PEFC	100%	91%	Results are for the 2013 calendar year.
Engagement process to identify best performing preferred Group suppliers	Begin process in 2013	Yes	Galliford Try is a partner in the Supply Chain Sustainability School and is using its resources to encourage its supply chain partners to improve their awareness and understanding of sustainable procurement.

# GallifordTry plc



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