



CR in our business

As a world-class engineering, construction and services group, which serves customers for whom infrastructure quality, efficiency and reliability are critical, we endeavour to build the principles of sustainable development into all aspects of our business.

This means doing business with integrity, aspiring to the highest levels of standards of safety and health for People, managing our environmental impacts and being committed to delivering on our full range of social responsibilities.

Our approach and management systems cover our global activities and we report on incidents and penalties on a global basis.

We collate safety data for all of our wholly owned activities and for those joint ventures where we have management control. Subcontractor safety performance is included for all activities apart from the US where it is not common practice.

Our environment data is reported for all wholly-owned UK and European businesses. Our other overseas businesses are progressing towards reporting environmental performance to the same standards.

We report on employee data for all our wholly-owned businesses worldwide.

There has been a number of changes to the structure of Balfour Beatty since we produced our last report and this is reflected in the content.

Two acquisitions, Charter and Edgar Allen, were completed in spring 2006 in the US and UK respectively.

Birse, a UK civil engineering company, was acquired later in the year and its systems are being integrated into the business through Balfour Beatty Civil Engineering and Mansell.

Our projects directly improve the lives of people and their communities. Understanding their expectations is critical to our future as a business.

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Building, building management & services

Balfour Beatty companies are international specialists in the design, construction, equipping, maintaining and management of buildings and selected aspects of their internal environment.

The component businesses are Balfour Beatty Construction in the UK, Balfour Beatty Construction LLC in the US, Balfour Kilpatrick, Haden Building Management, Haden Young, Heery International in the US and Mansell.

Balfour Beatty Construction became the first construction company in the UK to meet one of Investors in People stretch models "Leadership and Management" in 2004. It is seeking to improve its established supply chain performance by embedding key suppliers into the procurement process at the earliest opportunity and its health and safety statistics outperform HSE norms.

Balfour Kilpatrick aims to achieve measurable safety improvements in all of its worldwide activities and has initiated numerous safety campaigns to drive down its accident frequency rate. The company also works with customers to embed the principles of sustainable development, drive measurable progress in environmental impacts with clear targets set and has a focused management approach.

Haden Building Management is continuously improving its Health and Safety, Environmental and Quality performance and uses external accreditation to benchmark performance. The company holds the international standard for Quality Management ISO 9000/2000. It has gained ISO 14001 for Environmental Management and recently received the ROSPA President's Awards for consistent high performance.

Haden Young's stakeholder programme includes employees, partners, customers and the wider community. An employee survey is commissioned every two years to look at various aspects of employee satisfaction. Customer Service Reviews and biennial surveys monitor relationships and the Environmental Management System minimises impact from activities on the environment and the wider public.

At Mansell a clearly defined culture, known as the Mansell Way guides its business dealings to achieve the highest standards in safety, customer service, training, community relations and care for the environment. The company regularly sets itself tougher targets to better this.

In the US, Heery International's commitment to local communities is evident through its work for Habitat for Humanity Homes in Atlanta, Seattle and Cleveland as well as payroll deduction organised for United Way. Employees take part in mentoring students and group support for charity walks.

Balfour Beatty Construction US, formerly Centex Construction, was acquired in 2007 and will be integrating its policies with Balfour Beatty in the next 12 months. It has a highly proactive programme for community involvement and charitable giving.

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Civil & specialist engineering & services

Balfour Beatty companies are leading providers of civil and other specialist engineering, design and management services, principally in transport, energy and water.

Component businesses are Balfour Beatty Civil Engineering, Balfour Beatty Infrastructure Inc (US), Balfour Beatty Infrastructure Services, Balfour Beatty Management, Balfour Beatty Power Networks, Balfour Beatty Utilities, Stent, Dutco Balfour Beatty (Dubai) and Gammon Construction (Hong Kong and Singapore).

Each of these operating companies have clear policies for Health and Safety, Environment and Quality Management.

In addition, Balfour Beatty Civil Engineering is committed to setting a clear Community Engagement programme on its major projects.

Balfour Beatty Utilities has established procedures to set and review environmental objectives and targets. Safety systems are in place to protect the welfare of all employees and other persons who may be affected by work activities. Recognising the importance of safe driving for its employees, this operating company has set up links with the charity Brake to promote better driving and offer training opportunities.

Balfour Beatty Power Networks is responsible for many of our street lighting contracts, under which they work with local authorities to offer energy saving measures.

Initiatives at Stent in health and safety and training lead to winning the ground engineering category at the 2006 Specialists in Construction awards at the end of last year.

Overseas, Dutco Balfour Beatty in Dubai and Gammon Construction, where Balfour Beatty operates in joint venture have also set up health screening for its workers in Dubai and Gammon has implemented several initiatives to improve safety in Hong Kong.

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Rail engineering & services

Balfour Beatty companies are international leaders in the design, construction, equipping and maintenance, management and renewal of rail assets and systems.

Component businesses are Balfour Beatty Rail Projects, Balfour Beatty Rail Infrastructure Services, Balfour Beatty Rail London Underground Services, Balfour Beatty Rail Track Systems, Balfour Beatty Rail Plant and Balfour Beatty Rail Technologies in the UK. Overseas, Balfour Beatty Rail has established operations in Germany, Austria, Italy, Spain, Sweden, Norway, Malaysia, China and Romania.

These operating companies aim to deliver a high standard of service based on a culture with a guiding philosophy of zero defects and accidents whether they be to employees, members of the public, property, plant, equipment or the environment. Additionally, they seek to minimise disturbance to the local and global environment from their operations.

Core principles are:

- to operate safe systems and methods of work and ensure the safety of the public
- to contribute to the physical and social environments in which we operate
- to engage with our stakeholders and provide them with information
- to comply with the law, wherever we operate, and to be sensitive to local customs and traditions
- to conduct our business and make our decisions within a clear ethical framework

Balfour Beatty Rail introduced a new safety campaign in 2006, branded 24/7 Safety. The campaign aims to raise the profile of safety throughout the whole of the organisation by reminding all employees that Balfour Beatty Rail considers safety a 24 hours a day, 7 days a week activity.

The adoption of a new logo by all sides of the business, both in the UK and internationally highlights the commitment to safety across the Rail Group. The brand has been used in activities such as accident causation awareness campaigns launched with briefing material and posters. Results to date include a significant reduction in the number of work related injuries caused by slips, trips and falls.

The UK businesses participated in the 24/7 Safety Shield 2006. The objective of this annual award is to recognise individuals and/or teams for their contribution to safety, over and above what can be reasonably expected of their normal job function.

A UK Health and Safety Communications review which looked into the effectiveness of communication within the health and safety discipline was undertaken in 2006. Working groups have since been formed, populated with a cross-section of employees from across the company. The groups are looking at significant areas for improvement in order that Balfour Beatty Rail can be confident that our key health and safety messages are being delivered to our staff and contractors in a way that makes them both relevant and interesting.

Safety, Health, Environment and Quality objectives for 2007 include continued participation in the Safety Leadership Programme, a focus on Safety Critical Communication and improving Environmental Management.

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Investments & developments

Balfour Beatty Capital is one of the largest UK private sector investors in healthcare, education and transport infrastructure. It has a broad range of infrastructure investment skills, from project promotion and development through to financing, project execution and long-term asset management and operations.

The company has numerous offices throughout the UK, and is committed to further increasing its investment base in UK Public Private Partnerships (PPP), Private Finance Initiatives (PFI), as well as non-PFI investment.. Balfour Beatty Capital is also expanding into overseas markets with offices in the US, Germany and Singapore.

At Balfour Beatty Capital corporate social responsibility is core to all activities. The company recognises that in order to prosper it needs to ensure that the communities in which it works genuinely benefits over the long-term. The projects play a key role in creating and caring for communities and the people the company serves, and as such, Balfour Beatty Capital places responsible practices at the heart of all its activities.

Projects are managed in a sustainable and environmentally sensitive manner and the company aims to ensure that resources are used responsibly, recycling where possible and working with suppliers who share the same principles and are willing to pioneer environmental initiatives.

An environmental task group exists to evaluate the possibility of incorporating renewable energy techniques into new and existing projects, and to work with partners to help meet or exceed the UK Government's targets for reducing carbon dioxide emissions.

A dedicated community engagement team works with concession companies and in partnership with the local community to promote community cohesion, support social regeneration and tackle issues such as crime, vandalism and unemployment.

The commitment to safety stretches across all areas of the Balfour Beatty Capital business. Through communication, training and monitoring the highest levels of safety are maintained at all times. Ongoing initiatives include promoting behavioural based safety, healthy living, driver safety awareness and safety by design.

There are over 15 nationalities represented within the workforce and the proportion of ethnic minorities increased from 5.34% in 2005 to 6.25% in 2006. The number of women employed within Balfour Beatty Capital was 40% in 2006. The 2006 employee survey showed that the company continues to enjoy high morale with a satisfaction level of 91% . Identified areas for development and progress are openly shared throughout the organisation at management conferences, company updates and through the company newsletter.

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