



**MORGAN
SINDALL
GROUP**

Responsible business report 2018

WHO WE ARE

Morgan Sindall Group is a leading UK construction and regeneration group, operating in the public, regulated and private sectors through six divisions.



CONSTRUCTION

Our services include design, new build construction, infrastructure works, fit out and property maintenance in the commercial and public sectors.

Construction & Infrastructure

Morgan Sindall Construction & Infrastructure operates in the highways, rail, aviation, energy, water and nuclear markets, including tunnel design; and in education, healthcare, defence, commercial, industrial, leisure and retail. BakerHicks offers a multidisciplinary design and engineering consultancy.

Fit Out

Overbury specialises in fit out and refurbishment in commercial, central and local government offices, further education and retail banking. Morgan Lovell provides office interior design and build services direct to occupiers.

Property Services

Morgan Sindall Property Services provides response and planned maintenance to social housing and the wider public sector.



REGENERATION

We focus on urban renewal through multi-phased, mixed-use developments and housing-led regeneration.

Partnership Housing

Lovell delivers housing through partnerships with local authorities and housing associations. Activities include mixed-tenure developments, building and developing homes for open market sale and social/affordable rent, design and build contracting and planned maintenance and refurbishment.

Urban Regeneration

Muse works with landowners and public sector partners to transform the urban landscape through the development of multi-phase sites and mixed-use regeneration, including residential, commercial, retail and leisure.

Revenue

£1,343m

2017: £1,395m

Operating profit

£27.0m

2017: £20.4m



Revenue

£831m

2017: £735m

Operating profit

£43.8m

2017: £39.1m



Revenue

£100m

2017: £66m

Operating profit/(loss)

£2.0m

2017: (£1.3m)



Revenue

£519m

2017: £474m

Operating profit

£12.2m

2017: £14.1m



Revenue

£185m

2017: £175m

Operating profit

£19.6m

2017: £10.0m



INVESTMENTS



Morgan Sindall Investments provides the Group with construction and regeneration opportunities through long-term strategic partnerships to develop underutilised public land across multiple sites.

Operating (loss)/profit

(£2.4m)

2017: £0.5m

Our 2018 responsible business report

This report sets out our performance in 2018 against our strategic responsible business commitments.

Our suite of reports

2018 annual report

A comprehensive overview of our performance in 2018, including details of our business model and strategy, and how we create long-term value for all our stakeholders.

2018 responsible business report

A review of our responsible business approach, and our performance in 2018.

GRI Content Index

Our detailed reporting under GRI, including referencing for GRI standard requirements.



These reports and additional information on our responsible business activities can be found on our website at morgansindall.com.

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As a large construction and regeneration group, we have a significant role to play in society.”

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Our Total Commitments

Protecting people	8	Accident frequency rate ¹	0.08
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Developing people	10	Training days per employee	3.2
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Improving the environment	12	Waste diverted from landfill	95%
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Working together with our supply chain	14	Total spend covered by Group-wide agreements	69%
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Enhancing communities	16	Considerate Constructors Scheme (CCS) average score	39.8/50
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¹ The number of RIDDOR reportable accidents multiplied by 100,000 and divided by the number of hours worked. RIDDOR is the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013.

Message from our Chief Executive



John Morgan
Chief Executive

As a large construction and regeneration group, we have a significant role to play in society by building new infrastructure, creating better workplaces and regenerating cities with much-needed housing and public spaces.

In 2018 we built over 3,400 new homes and offered training and work opportunities to more than 500 people living locally to our housing developments.

When carrying out our activities, we have a duty to protect both people and the environment from harm. I am pleased to report that in 2018 our accident frequency rate was reduced by 11% from our 2017 performance, and we achieved a 54% reduction in our total carbon emissions from our 2010 baseline.

In 2018, we developed a social value bank (SVB), in conjunction with Simetrice, that will enable us to calculate the economic, social and environmental benefit in monetary terms that we and our supply chain generate on our projects. To ensure that the data is robust, the SVB metrics are drawn from HM Treasury's Green Book, which is used by the government to determine how to allocate its public spending. We have trialled the SVB on selected projects in 2018 and are rolling it out across the Group in the first quarter of 2019.

Our responsible business strategy

Our responsible business strategy is based on five Total Commitments, designed to address the needs and interests of our stakeholders:

- Protecting people
- Developing people
- Improving the environment
- Working together with our supply chain
- Enhancing communities

Our decentralised philosophy means that each of our divisions is empowered to innovate and develop initiatives that support our Total Commitments in the most effective way for its unique business, and for each city or community in which it operates. New initiatives that are successfully trialled in one division are shared in Group-wide discussion groups, such as our health and safety and HR forums, and adopted by other divisions where they can have an equal impact. A good example of this is the training of mental health first aiders, that was trialled in Construction & Infrastructure and has since been rolled out to the other divisions.

Our responsible business strategy is underpinned by our core values and supported by our corporate governance framework, which facilitates effective, entrepreneurial and prudent management that can deliver long-term success for the Group.

Our core values:



The customer comes first



Talented people are key to our success



We must challenge the status quo



Consistent achievement is key to our future



We operate a decentralised philosophy

Message from our Chief Executive *continued*

2018 review of our strategy

We reported last year that we would review our responsible business strategy in 2018. The outcomes of this review are as follows:

- our Total Commitments remain unchanged, as we believe they will continue to drive value for our stakeholders;
- we have updated the key performance indicators (KPIs) and targets against which we will measure our performance against our Total Commitments from 2019 onwards (see pages 18 and 19);
- we have agreed to support the UN Sustainable Development Goals, as shown to the right; and
- we surveyed our stakeholders to identify the responsible business issues they believe are most 'material' to our business; the material issues we will be prioritising are set out on page 22 of this report.

We believe that these steps will help us continue to play a responsible role in society and enable the business to prosper over the long term.

This report presents our performance in 2018 against our Total Commitments, indicating against each Commitment the relevant UN Sustainable Development Goals and material issues. By aligning these three elements, we can continue to drive achievement where it matters most.

We fully support the UN Sustainable Development Goals to 'end poverty, protect the planet and ensure prosperity for all'. After consultation with all our divisions, we consider the six Goals to the right to be those where we can have the biggest impact, in line with our existing Total Commitments.



Regenerating a former factory site into 250 new homes at Loftus Garden Village in Newport, Wales.

Our business model

Our business model is based on our two core activities of construction and regeneration. We use the cash generated from our construction activities to invest in regeneration schemes that deliver long-term growth for the Group while leaving lasting legacies for local communities.

RESOURCES	
A talented workforce	
Over 6,600 people with a broad range of expertise	34% of employees have been with the Group for six years or more
High-quality supply chain	
A trusted, national network of suppliers and subcontractors aligned to our values and Perfect Delivery ¹ philosophy	
Strong client and partner relationships	
Long-term relationships and strategic alliances with clients and partners	22% of our current order book is in frameworks
Enabling technology	
£3.6m of investment in new technology (2017: £2.0m) to increase productivity, efficiency, quality, and health and safety	ISO 27001 accreditation achieved in 2018
Financial strength	
A strong balance sheet, and shareholder equity of £346.6m (2017: £316.6m)	Average daily net cash of £98.8m (2017: £118.0m)



OUR CULTURE
Underpinning our business model, our core values and Total Commitments create a culture that is focused on developing and empowering talented employees, delivering high-quality projects for our clients and creating value for all our stakeholders.



More detail on our business model can be found in our **2018 annual report**

- 1 Perfect Delivery status is granted to projects that meet all four client service criteria specified by each division.
- 2 Formerly the Carbon Disclosure Project.

VALUE CREATED	
Shareholders	
151.8p EPS (adjusted)	22% annual dividend growth over three years
Clients and partners	
83% of projects achieved Perfect Delivery ¹	58% of order book and pipeline is in frameworks and partnerships
Our people	
720 trained in NVQs and professional qualifications	12.5% voluntary employee turnover
Supply chain	
392 members of Morgan Sindall Supply Chain Family	2,343 subcontractors with preferred status
Local communities	
113 new apprentices drawn from local communities	39.8/50 Considerate Constructors Scheme average score
Environment	
54% reduction in carbon emissions against our 2010 baseline	A- CDP ² score

Our Total Commitments

Each division measures and reports its performance against our five Total Commitments using a set of Group-wide KPIs and measurable targets.

This method provides us with consistency across the Group in terms of objectives and standards. The divisional results are then aggregated into one set of Group results.

The following pages describe in detail our performance against each Total Commitment. In addition to the quantitative results, we have included narrative on the different initiatives undertaken by our divisions during the year. Our new KPIs and targets for each Total Commitment, which we will be using to measure our performance from 1 January 2019, are set out on pages 18 and 19.

Status Achieved or exceeded target Within 10% of target 10% or lower than target

Total Commitment	KPI	2018 performance	2018 target	Status
Protecting people	Accident frequency rate (AFR)¹	0.08 (2017: 0.09)	0.1 AFR	
	Voluntary employee turnover	12.5% (2017: 11.4%)	Below 12%	
Developing people	Number of training days per employee	3.2 days (2017: 3.3 days)	4.5 days	
	(Increase)/reduction in total carbon emissions	(3%) (2017: 8%)	5% reduction year on year	
Improving the environment	Waste diverted from landfill	95% (2017: 89%)	94%	
	Percentage of total spend covered by Group-wide agreements	69% (2017: 77%)	78%	
Working together with our supply chain	Number of suppliers participating in the Supply Chain Sustainability School	2,116 (2017: 2,059)	1,700	
	Number of qualifying projects using LM3²	31 (2017: 10)	80% of qualifying projects	
Enhancing communities	Considerate Constructors Scheme (CCS) average score	39.8/50 (2017: 39.8/50)	Three points above the CCS Partners' average score (39.1 in 2018)	

¹ The number of RIDDOR reportable accidents multiplied by 100,000 and divided by the number of hours worked. RIDDOR is the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013.

² Local Multiplier 3 (LM3) is a tool which measures how every pound spent by the Group with suppliers, subcontractors and employees can benefit the local community. It does this by calculating where and how the money is re-spent and what proportion remains local.



Protecting people

Protecting the health, safety and wellbeing of everyone who comes into contact with our business is our number one priority.

Health and safety

All our divisions have achieved OHSAS 18001 occupational health and safety accreditation, and have either migrated to the new ISO 45001 international standard that is replacing it, or are in the process of doing so. In 2018 our number of RIDDOR incidents fell from 43 to 39, a reduction of 10%. We have developed a new method for analysing high-potential incidents (minor injuries and accidents with the potential for serious outcomes) and anticipate that this will help reduce the number of reportable incidents still further.

During the year we reviewed the health and safety framework that we had set for our divisions, which covered three key areas: severity of high-potential incidents; mental health and wellbeing; and for each division to identify and target its three biggest health and safety risks. Our new 2019 framework will continue to focus on high-potential incidents, and mental health and wellbeing. However, the third element will be for the divisions to find innovative ways to further improve health and safety, focusing predominantly on their top three risks.

While we aim to minimise the risks of accidents, any accidents that do regrettably occur are thoroughly investigated and any major incidents are reported to the Board. In December 2018, Construction & Infrastructure was fined £100,000 in respect of an accident that happened in 2017 at the King's Troop Royal Horse Artillery, during which a worker suffered a right-hand amputation.

The court recognised the fact that the division had pleaded guilty at the first opportunity to having failed to prevent access to a dangerous part of machinery, as well as its safety record going back over 40 years. We deeply regret this serious injury and continue to challenge our divisions to seek improvements in eliminating injuries in our work.

New safety initiatives introduced in the year include random drug and alcohol testing (Partnership Housing and Property Services), and a drive to improve dust control on sites (Fit Out and Partnership Housing). Other initiatives focused on improving site safety by promoting the right behaviours.

Construction & Infrastructure has begun to roll out its 'Human Performance Programme', consisting of four modules: '100% safe culture'; 'human behaviour'; 'effective communication'; and 'human factors'. BakerHicks has introduced 'Positive Intervention', an initiative which encourages employees to recognise and correct unsafe situations.

Fit Out achieved a reduction in unsafe behaviours on its project for Royal Dutch Shell in London, of 82% for working at height and 93% for moving materials. The division had engaged behavioural consultants who trialled interventions such as a calming canteen environment to reduce stress hormones and reward cards to incentivise positive behaviours.

The study won the 'Health, Safety & Wellbeing Initiative of the Year' award at the 'Association for Project Safety's National CDM Awards' in 2018. Partnership Housing is working with a supply chain partner to develop the use of 360° cameras on extendable lifting machines, which will give drivers better visibility as well as providing CCTV footage that supports the division's PAVES safety campaign (Pedestrians & Vehicles Effectively Segregated). Urban Regeneration has introduced an online forum for employees to share best practice in health and safety.

The Group achieved numerous RoSPA awards in 2018. These included: an Order of Distinction for 21 consecutive gold awards (Construction & Infrastructure Scotland); and the 'President's Award' for 10 or more consecutive gold awards (each of Construction & Infrastructure's North and South regions, Fit Out, and each of Partnership Housing's East Anglia, Eastern, London and Scotland regions).

Wellbeing

We have introduced a range of new Group-wide benefits: a 24/7 Employee Assistance Programme for telephone help and advice, now available to all employees and their partners; a digital GP service; the training of mental health first aiders; and a financial education service that offers a deeper understanding of pension and mortgage options, and how to save for the future.

2018 performance

0.08
accident frequency rate
(AFR)¹
(2017: 0.09)

Material issue

- Health and safety

Sustainable Development Goal



¹ The number of RIDDOR reportable accidents multiplied by 100,000 and divided by the number of hours worked. RIDDOR is the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013.

Protecting people *continued*

At divisional level, Construction & Infrastructure has launched a wellbeing discussion forum, mental wellbeing helplines, occupational health services, and courses such as managers' awareness, coping with work pressures, stress reduction and mindfulness sessions. The division has partnered with charities and organisations that provide specialist support, such as the Lighthouse Club which focuses on the construction community.

Construction & Infrastructure was presented with a bronze 'Achieving Change' award at the mental health charity, Mind's 2017–2018 Workplace Wellbeing Index awards, and its safety team won the 'Wellbeing Lead Award'. In a recent employee survey, 99% of the division's employees said they believed their health and wellbeing was viewed as a top priority.

Reduction in RIDDOR accidents

10%

Partnership Housing has launched an initiative called 'Start the conversation', which encourages employees to challenge their perceptions about mental health and provides them with conversational and listening skills to support colleagues who may need it; all the division's site managers are taking the Considerate Constructors Scheme's mental health e-learning course. The division has also published a health manual for making healthy choices on a wide range of topics, such as heart health, being active, dealing with stress and getting a good night's sleep. Urban Regeneration is trialling 'lunch and learn' sessions, which include advice on time management, building resilience and managing stressful situations.

Leena Begum, health, safety and wellbeing coordinator for Construction & Infrastructure.



Innovation in safety design

Leena Begum, health, safety and wellbeing coordinator on Construction & Infrastructure's Thames Tideway Tunnel joint venture, helped design two innovative items of protective clothing for women on construction sites who observe the hijab and burka.

Leena said: "As a Muslim woman working in construction, I have experienced how difficult it can be to adhere to my religious values whilst also complying with health and safety requirements on a construction site. I had a lot of support and encouragement from colleagues and it's been so great to see the designs come to life. I hope this helps promote the image of construction as an inclusive, diverse industry to work in."



Developing people

We are committed to a diverse and inclusive work environment that embraces the differences of our employees and where everyone can contribute and prosper. We help our employees gain skills that support their personal ambitions and drive the business forward.

Training and developing employees

In 2018, six cohorts of 82 leaders and potential leaders passed through our Group-wide Leadership Development Programme. We also rolled out e-learning modules to all employees in the Group, on data protection and market abuse regulation, with refresher training on anti-bribery and corruption.

Construction & Infrastructure and Partnership Housing each launched an online 'Academy' in 2018, virtual learning systems that allow employees to manage their development by logging in and completing training modules. Recently added modules include: becoming a 'Fairness, Inclusion and Respect' ambassador (see page 14); and training to be a mentor. Property Services introduced a 'Talent Development Programme' offering all employees the opportunity to gain formal qualifications, with 120 employees enrolled to date.

Site management development programmes continued across the divisions; for example, 16 assistant and trainee site managers started Partnership Housing's course based on the NHBC NVQ Level 6 in Construction Site Management (Residential Development). Several divisions run mentoring schemes and one-to-one coaching to support advanced career development.

Employee engagement

We keep our employees informed of the financial performance of the Group, and our divisions communicate regularly with their teams on market conditions, divisional performance and strategic priorities. We also consult with employees to hear their ideas on new initiatives and gain feedback via forums and surveys. Examples of changes introduced as a result include new recruitment referral schemes, the establishment of wellbeing committees, further investment in IT support and improved communication of business plans. More detail on how we engage with employees can be found in our 2018 annual report. Voluntary employee turnover in 2018 was 12.5% across the Group, up from 11.4% in 2017. The change was due primarily to increases within Fit Out and Partnership Housing. A new senior management team has been appointed to Partnership Housing, to drive operational improvements.

Diversity and inclusion

Women make up 23.4%, and people from black, Asian and minority ethnic backgrounds (BAME) make up 12.8% of our workforce; and initiatives are being undertaken around the Group to encourage more diversity.

The divisions have continued to partner with Women into Construction to provide trained women with paid work placements, leading to permanent jobs. Construction & Infrastructure has so far taken three women through the programme and will be offering further opportunities in 2019. The division's 'returnships' programme is now in its second year, attracting mid to senior managers who have had an extended career break. The programme offers people returning to work after an extended career break the opportunity to complete a three-month fixed term contract.

In 2018, five participants (four women and one man) completed the three-month returnships contract, which included structured skills training to help participants build their confidence in a work environment. All five have since been offered permanent roles within the division. The programme received over 90 applicants for the second cohort, of which 50% were female and 30% were from ethnic minorities. There will be further placements offered this year.

Construction & Infrastructure won the 'Inspiring Change in the Workplace' award at the 2018 Inspiring Change Awards organised by CECA (Civil Engineering Contractors Association). The award recognised the division's drive to promote an inclusive culture, where every employee feels valued.

Our 2018 median gender pay gap remains relatively unchanged at 32.0% (2017: 31.0%). Our 2018 mean gender pay gap was 32.2% compared to 32.9% in 2017. Although we do not expect the Group's pay gap to reduce significantly year on year, we are focused on increasing the diversity of our employees and specifically the number of women and people from BAME backgrounds at all levels across the Group. From 1 January 2019, our divisions have started to track underrepresented groups of people throughout their employment to see if this identifies any issues that we need to address. See our 2018 gender pay gap report on our website for more information.

2018 performance

12.5%
voluntary staff turnover
(2017: 11.4%)

3.2
training days
(2017: 3.3)

Material issues

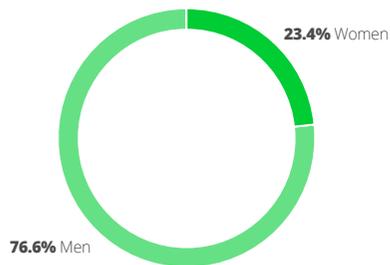
- Training and developing employees
- Employee engagement
- Diversity and inclusion

Sustainable Development Goals



Developing people *continued*

Women in our workforce



In early 2019, we signed the government's social mobility pledge. As a Group we have developed various relationships with schools and colleges to raise awareness of the huge variety of career opportunities within the industry and the Group. We also offer work experience and work placement opportunities to help get people back into work who have been unemployed for a long time.

Our BasWorx social enterprise in Basildon has provided 44 work placement opportunities for local residents since its inception in 2016. In addition, 40 people have been offered apprenticeships and 15 people, who were previously unemployed, have been provided with employment opportunities with our Property Services division.

Across the Group, our divisions have adopted a flexible approach to working arrangements and career paths, supporting our people in managing their work and personal lives. This approach enables us to attract and retain diverse talent at all career stages. Our agile-working programmes include a variety of formal arrangements such as the option for employees to buy up to five extra days' annual holiday each year. It also covers informal arrangements such as working from home or flexible working hours, allowing employees to work in a way that suits both them and the business.

Investments' Slough Urban Renewal joint venture

33
work experience placements

54
training jobs

62
career advisory events



Pupils at Wexham Secondary School learn practical skills in construction.

Providing training opportunities in Slough

Slough Urban Renewal sponsored Wexham Secondary School to deliver a BTEC Level 1 in Construction to 10 pupils. The course suits those students who prefer to learn practical skills and are at risk of becoming disengaged from academic studies.

It has so far run for one academic year, with a zero drop-out rate and an improvement in pupils' confidence and behaviour that has been noted by both teachers and parents. Owing to the success of the scheme, the joint venture is funding a second cohort of Slough students, who started the course in September 2018.



Improving the environment

Improving the environment is fundamental to all our business activities. We will act to combat climate change and its impact by reducing the CO₂ emissions of our activities. Where possible we reduce, reuse or recycle to minimise our environmental impact.

2018 performance

3%
increase in carbon emissions
(2017: 8% decrease)

95%
waste diverted from landfill
(2017: 89%)

Material issues

- Climate change
- Waste management

Sustainable Development Goals



Climate change

Since 2010, we have achieved a 54% reduction in total carbon emissions compared to an original target of 26% by 2020. We have significantly reduced our Scope 1 and Scope 2 emissions, and future improvements in these emission scopes are likely to be marginal. The level of our Scope 1 emissions is impacted by the type of work we undertake. Our total carbon emissions increased to 29,429 tonnes in 2018 (2017: 28,444 tonnes). This data includes the A1 Leeming to Barton and A6 motorway projects for the first time, as they are no longer joint ventures. These two projects alone account for 1,350 tonnes of CO₂e, and if stripped out, a like-for-like comparison with 2017 would show a reduction of total emissions, at 28,050 tonnes.

We are continuing to investigate ways to reduce our carbon emissions, and believe we can make the biggest impact going forward by reducing our Scope 3 emissions. We will therefore be working closely with our supply chain to reduce these emissions as part of the rollout of our science-based targets.

We have retained our A- CDP (formerly the Carbon Disclosure Project) score for our climate change submission for the third consecutive year. This score places the Group in the CDP's 'leadership' band, demonstrating continuous improvement in our climate change governance and stewardship. In 2018 we also completed the CDP's forests submission for the first time, achieving a C score, which provides us with a baseline to improve upon over the next few years.

In 2018 the Group adopted science-based targets to reduce our carbon emissions, which were validated by the global Science Based Targets initiative. Targets are considered to be science-based if they are in line with the level of decarbonisation required to keep the global temperature increase below 2 degrees Celsius, compared to pre-industrial temperatures. Our new targets, against which we will be measuring our performance from 2019, are set out on page 19.

Our climate action group, which is independently chaired and whose members represent all divisions, is responsible for developing and achieving validation of our science-based targets. In early 2019, the climate action group will be introducing to our divisions the carbon calculator tool they have developed, to help manage our carbon usage and meet our new targets. In 2018 we were one of 11 businesses selected to partner with the Mayor of London's campaign to make London a zero-carbon city by 2050. This will involve reducing our carbon usage and waste generated in our offices and on any projects we undertake in the London area.

Divisional initiatives to reduce emissions include Property Services' fuel poverty workshops for residents on how to improve energy efficiency in their homes; and Partnership Housing's educational campaign for drivers of site vehicles to reduce fuel consumption through simple behavioural changes.

Reduction in carbon emissions since 2010

54%

We are also working to minimise air pollution from our operations. Construction & Infrastructure has become one of the first businesses in the industry to adopt Shell GTL (gas-to-liquid) fuel, a cleaner burning alternative to conventional diesel. The GTL fuel can reduce nitrogen oxide emissions by up to 37% and particulate matter by up to 90%; and it is free from sulphur, metals and aromatics, making it non-toxic and biodegradable. It also produces less odour, smoke and engine noise.

The new fuel has so far been trialled on the division's projects at Heathrow and the M5 Oldbury Viaduct. Tideway, the company delivering London's new super sewer and for which Construction & Infrastructure is working as part of a joint venture, has pledged to transport over 90% of materials by barge. On the recent construction of the Carnwath Road shaft, over 73,000 tonnes of spoil were removed by 48 barge trips, equating to avoiding more than 4,000 lorry journeys.

Property Services is developing proposals to transition its fleet of vans to hybrid and electric vehicles, and the division has introduced a scheduling system for delivering repairs and maintenance that is designed to reduce carbon emissions. BakerHicks currently owns 10 hybrid vehicles, and will add more to its fleet as soon as soon as they become available from manufacturers.

Improving the environment *continued*

Waste management

The Group's total waste produced in 2018 increased by 32% to 907,539 tonnes (2017: 687,803 tonnes). However, our waste intensity ratio (total waste per £m of revenue) has increased at the lower rate of 24%, to 305.4. Where possible we seek to carefully manage the level of waste produced by our activities.

Partnership Housing has been working to reduce waste production by addressing issues such as single-use plastics and increasing the use of offsite manufactured homes. The division also works with social enterprises such as the Lighthouse Club and FRC Group, to recycle and reuse furniture collected from properties that have been unoccupied.

In support of World Environment Day in June 2018, Construction & Infrastructure launched a plastic reduction campaign which aims to reduce single-use plastics across its sites and offices. The division has produced a statement of intent to work with its supply chain to source alternative materials, and has provided its employees with a single-use plastic toolkit containing a toolbox talk, video presentation, informative posters, and a template letter to send out to its suppliers.

Construction & Infrastructure's site team at the Manchester Metropolitan Arts & Humanities project introduced the following initiatives, which resulted in a 74% reduction in plastic consumption within the project's offices and welfare area:

- providing every operative with a project branded plastic bottle at induction;
- switching from purchasing milk in plastic containers to organic milk deliveries in returnable glass bottles; and
- providing reusable hessian bags, which are hung up at the site cabin entrance for use when popping out for lunch, as an alternative to bringing plastic carrier bags back on site.

Highest ever BREEAM Outstanding score for fit out.



Deloitte's new London HQ, delivered by Fit Out

Deloitte's new 270,000 sq ft headquarters at 1 New Street Square, London has achieved the highest-ever BREEAM Outstanding score for fit out and is the largest project in the world to be awarded the WELL Building Standard gold certificate in the category of 'New and Existing Interiors'.

To help attain these standards, Fit Out trained 25 different subcontractor firms in the procurement of products that are sustainably sourced, have low toxicity, a high recycled content and sustainable labelling.



Working together with our supply chain

Treating suppliers and subcontractors as delivery partners on all our projects helps to build loyalty, maintain quality and deliver outstanding customer service. Where possible we will use local suppliers and subcontractors on our projects.

Supplier engagement

Our suppliers and subcontractors play a critical role in our operations and we take a long-term, collaborative approach to working with them. We monitor and measure the performance of our subcontractors on every project against set criteria, such as health and safety, environmental management, quality, delighted customers, site attitude, technical support, resident satisfaction, equal opportunities and social value. Preferred status is awarded to those who perform highly, and advice is given where improvements are needed. We have a Supply Chain Stakeholder Panel, with 14 company members, which meets to share best practice on all aspects of sustainability.

Our Morgan Sindall Supply Chain Family, a network we set up to share ideas and opportunities, now has 392 company members, and our annual 'Morgan Sindall Experience' suppliers' event, held at Silverstone in 2018, attracted over 400 visitors. The percentage spend covered by Group-wide agreements has dropped in 2018. This has been impacted by an alteration in the mix of work across the Group, including a couple of joint ventures where we have lost procurement influence to our joint venture partners.

The Supply Chain Sustainability School, which we co-founded, continues to provide suppliers and subcontractors with learning resources and practical support on social and environmental issues. Our Group director of sustainability and procurement is a School director, chair of its Infrastructure School, and chair of its Resources School, which includes special interest groups for plant and equipment and labour resource. With the support of the CITB Growth Fund, the School is working to develop a culture of 'Fairness, Inclusion and Respect' (FIR) in the industry. To date the Group has trained 32 employees as FIR ambassadors, who engage with our supply chain to promote best practice.

Partnership Housing has launched a new online system, MSite, on its project for the Defence Infrastructure Organisation at Salisbury Plain, which manages workers' access to sites as well as providing inductions and training. The system includes a worker identification check and a fingerprint biometric entry system that increases site security and records attendance. The system has also been adopted by Fit Out and is being trialled in other parts of the Group.

Subcontractors with preferred status

2,343

Morgan Sindall Supply Chain Family members

392

2018 performance

69%
of total spend covered by Group-wide agreements

(2017: 77%)

2,116
suppliers participating in the Supply Chain Sustainability School

(2017: 2,059)

Material issue

- Supplier engagement

Sustainable Development Goals



Working together with our supply chain *continued*

Supporting small, local businesses

We aim where possible to offer opportunities to local, small- to medium-sized businesses (SMEs). On Urban Regeneration's project at Colwyn Bay in North Wales, 30% of supplies were procured locally. Investments' hub West Scotland joint venture requires a minimum of 80% (by value) of suitable opportunities to be made available to SMEs or third-sector organisations, such as charities and community groups, and a minimum of 30% to be awarded. On projects completed to June 2018, the joint venture had offered 98% of its opportunities to SMEs, of which 86% were local businesses. During the year Urban Regeneration and Partnership Housing each hosted 'meet the buyer' events for local SMEs.

Payment practices

We subscribe to the Prompt Payment Code. During 2018 we complied with the payment practice reporting regulations, and each of our divisions has sought where possible to reduce its payment days and the number of invoices paid outside normal payment terms. For example, Construction & Infrastructure reduced the proportion of invoices paid outside normal terms by 20% during the year. As a Group, we do not use any supplier finance arrangements.

Modern slavery

Our 2017 modern slavery statement is published on our website, and outlines the actions we are taking to ensure that we, and our supply chain, do not undertake activities that may breach the Modern Slavery Act. No incidences of modern slavery were found in the Group in 2018, although we investigated two suspected situations which resulted in asking suppliers to amend their working practices relating to the number of hours worked on our projects by their security teams. Our Group director of sustainability and procurement sits on the Gangmasters and Labour Abuse Authority (GLAA) construction panel. In 2018, we contributed to the cost of a GLAA induction video to raise awareness of modern slavery within the industry. This will be rolled out to the industry in the first quarter of 2019. Our 2018 modern slavery statement will be published on our website in June 2019.

Our in-house desks

The Group operates three desks, through which our businesses can access supplies that meet set sustainability standards. Our plant desk deals with over 300,000 transactions per year; our labour desk coordinates five external agencies working to attract local workers and new recruits to the industry, while offering fair payment and management of wellbeing; and our accommodation desk consists of three companies providing good-quality facilities to our mobile workforce.

Barnard Castle Aseptic Manufacturing Facility.



Collaborative design

BakerHicks was nominated in the 'Collaborative Built Environment' category of the 2018 Digital Construction Awards for its role in the design and build of GSK's new state-of-the-art Aseptic Manufacturing Facility at Barnard Castle. As lead designer for the delivery phase of this complex pharmaceutical facility, BakerHicks is managing one central, fully coordinated BIM (building information modelling) model integrating various design packages and specialist providers to inform the construction. This has ensured the integration of the multidisciplinary design and allowed for the quick and proactive detection of clashes, resulting in increased construction efficiency.



Enhancing communities

Through our projects we can deliver social, economic and environmental value to communities, improving the quality of infrastructure and regenerating the places where people live and work. Where possible we provide training and career opportunities for local residents.

Opportunities for young people

The Group is currently running two social enterprises to provide residents local to its schemes, including young people and long-term unemployed, with training and employment opportunities. BasWorx, set up by Property Services with Basildon Council, celebrated its two-year anniversary in 2018 with the launch of the BasWorx.org.uk website and its fifth new cohort of trainees. To date the enterprise has trained 41 local residents, each gaining a Level 1 construction qualification; work experience; and employment, an apprenticeship or further education. In 2018 Construction & Infrastructure co-founded All Together Cumbria, a community interest company dedicated to helping people in the region find temporary work in construction and other industries. The enterprise provides a labour desk to match workers with projects, and the fee paid by employers is reinvested in training and development.

The divisions provide training schemes and apprenticeships in addition to the social enterprises. Construction & Infrastructure has launched an on-site training facility at Sighthill in Glasgow in partnership with TIGERS (Training Initiatives Generating Effective Results Scotland). The facility is being used to train 15 young people in construction skills, safety, first aid and emotional wellbeing, and concludes with a work placement and potential offer of employment. Fit Out's Foundation Programme for junior recruits welcomed 18 new trainees in 2018, while 17 year 1 trainees from the 2017 programme are still working with the division. One Foundation

Programme participant won the British Safety Council 'Young Health and Safety Champion' award in 2018. Property Services, in partnership with its client, CityWest Homes, has launched City Futures, a training scheme that has so far supported 12 people into work and apprenticeships. Urban Regeneration ran two Prince's Trust 'Get into construction' courses on its project in Colwyn Bay, in which 20 young people participated.

We receive great support from our supply chain in providing work opportunities. Partnership Housing's suppliers have provided on-site work experience for the division's apprentices at its Salisbury Plain project for the Defence Infrastructure Organisation, and directly recruited four apprentices during the year. In July alone, nearly 30 members from Investments' Slough Urban Renewal joint venture supply chain took part in careers events, including Q&A sessions, speed networking and taster days.

Working with schools and colleges

Our divisions work continuously to encourage young people into the construction industry. Construction & Infrastructure took part in 500 school and college events in 2018, and has for the past 12 years supported the Institution of Civil Engineers' QUEST scheme, sponsoring scholarships for A-level students to take civil engineering degrees. BakerHicks has so far sponsored 15 students on the scheme, with two more joining in 2019, and has employed three QUEST scholars full time. BakerHicks has also been involved in developing

the inaugural BIM (building information modelling) competition at WorldSkills UK, which gives students and apprentices the chance to become national champions in their trade and take part in international competitions.

Fit Out tasked a group of local school students in 2018 with a six-month engineering challenge to help site workers move large sheets of material safely up and down stairs. The students received a silver safety award from the Construction Health & Safety Group for their invention of a robotic device that could transport up to 10 sheets at a time, faster and more safely than could be achieved manually.

Partnership Housing is a patron of West Midlands UTC (University Technical College) which trains 14-18-year-olds in construction and the built environment, and in 2018 engaged year 10 and 12 students in a project to design a new house type.

In 2018, the 'Build up your business' programme, funded by Investments' Slough Urban Renewal joint venture, gave over 800 students the opportunity to learn about the range of roles in construction and skills valued by employers, plus the chance to work alongside volunteers from the joint venture and the supply chain.

2018 performance

31
qualifying projects
using LM3¹

(2017: 10)

39.8/50
Considerate
Constructors Scheme
average score

(2017: 39.8/50)

Material issues

- Opportunities for young people
- Community engagement

Sustainable Development Goals



¹ Local Multiplier 3 (LM3) is a tool which measures how every pound spent by the Group with suppliers, subcontractors and employees can benefit the local community. It does this by calculating where and how the money is re-spent and what proportion remains local.

Enhancing communities *continued*

Community engagement

We consult local communities impacted by our proposed developments to find out any concerns they may have. Following feedback on its proposed development at Coven in the West Midlands, Partnership Housing retained and upgraded a local footpath and drew back some of its plots that overlooked back gardens.

Urban Regeneration held public consultations in advance of every phase of its scheme at Millbay in Plymouth. One event, to present proposals for a mixed development overlooking the waterfront, was publicised in advance with letters to 500 local residents, a press release and public notice in the local media, and emails to various local authorities and associations. The response to the event was positive and planning consent later achieved.

Our divisions offer employees a day's paid leave each year to volunteer with registered charities and foundations. Site teams also get involved with hundreds of charities and events each year local to their projects. In 2018 these activities ranged from installing a bike repair station for passing cyclists, to organising local career fairs, hosting a charity music night, giving mock job interviews, helping out at after-school clubs, student mentoring, being STEM (science, technology, engineering and mathematics) ambassadors, running DIY workshops, teaching digital skills and volunteering at food banks.

Investments' HB Villages joint venture has partnered with Table Tennis England to instal table tennis tables where possible on its schemes, as research has shown that the game has a positive impact for people who need extra community support.

Between them, the divisions won a total of 56 Considerate Constructors Scheme national site awards in 2018, including 17 gold, 22 silver and 17 bronze awards, the largest number for a single organisation.

Construction & Infrastructure also won the Most Considerate Site award (£5m to £10m) for its Eastern Balancing Reservoir project at Heathrow Airport. Fit Out won the Most Considerate Site award (£500k to <£1m) for refurbishing Partnership Housing's Norwich office. The division also achieved its highest-ever Considerate Constructors Scheme score of 47 for a London-based project which was awarded Ultra Site status, whereby considerate construction is achieved by the entire supply chain on the project.

Awards

Considerate Constructors Scheme 'National Site' awards

 17 gold

 22 silver

 17 bronze

Joe Harvey (right), one of six ex-Royal Marines given a work placement at the St James's Primary School site in Okehampton.



Supporting ex-military personnel into work

Construction & Infrastructure has partnered with The Royal Marines Charity, which helps military service leavers find meaningful second careers, and has secured work placements for six marines at its St James's Primary School site in Okehampton. The division is also a founding partner of BuildForce, an organisation supporting ex-military personnel to gain experience in construction, and provided 10 people with placements in 2018, one of whom was offered a permanent position. Partnership Housing has also created opportunities for military service leavers, including 12 ex-Gurkhas, on its project at Salisbury Plain.

Our new KPIs and targets

Following our review this year of our responsible business strategy, we have introduced some new KPIs and reviewed and changed our targets to ensure they are rigorous enough to drive continual improvement. From 1 January 2019, we will measure our performance against the following KPIs and targets and report progress in our 2019 responsible business report and on our website.

	KPI	Material issue	Short-term target 2020	Medium-term target 2025	Horizon ambition
 <p>Protecting people</p>	Lost time incident (LTI) rate	Health and safety	Reduce LTIs by 15% against 2018 baseline (115 LTIs)	Reduce LTIs by 20% against 2018 baseline (92 LTIs)	Zero incidents
	Average absence days due to sickness per employee	Health and safety	4 average sick days per employee	3 average sick days per employee	2 average sick days per employee
 <p>Developing people</p>	Average training days per employee per year	Training and developing employees	4 training days per employee per year	5 training days per employee per year	6 training days per employee per year
	Percentage of employees leaving voluntarily	Employee engagement	Reduce by 0.5% against 2018 baseline	Reduce by 1% against 2018 baseline	Reduce by 1.5% against 2018 baseline
	Gender pay gap (median)	Diversity and inclusion	Reduce by 1% against 2018 baseline	Reduce by 3% against 2018 baseline	Reduce by 5% against 2018 baseline

Our new KPIs and targets *continued*

	KPI	Material issue	Short-term target 2020	Medium-term target 2025	Horizon ambition
 <p>Improving the environment</p>	Carbon emissions: report Scope 1, 2 and 3 carbon emission reductions to science-based targets (SBT)	Climate change	Reduce Scope 1 and 2 emissions by 5% against 2016 baseline ¹ Reduce Scope 3 emissions by 2% 70% of the Group's subcontractors (by spend) will be requested to disclose their own emissions	Reduce Scope 1 and 2 emissions by 11% against 2016 baseline 2023 target – reduce Scope 3 emissions by 9% 70% of the Group's subcontractors will have established their own SBTs	Long-term target (2050)² Reduce Scope 1 and 2 emissions by 56% against 2016 baseline
	CO₂e emissions generated by the Group's vehicle fleet	Climate change	Reduce CO ₂ e emissions by 5% against 2016 baseline ¹	Reduce CO ₂ e emissions by 11% against 2016 baseline	Reduce CO ₂ e emissions by 56% against 2016 baseline
	Percentage of total waste generated and diverted from landfill	Waste management	94% of waste diverted from landfill	98% of waste diverted from landfill	100% of waste diverted from landfill
 <p>Working together with our supply chain</p>	Percentage of invoices (by volume) paid within 60 days	Supplier engagement	85%	90%	100%
	Percentage of suppliers signed up to Group-wide agreements	Supplier engagement	78%	80%	82%
	Percentage of suppliers and subcontractors participating in the Supply Chain Sustainability School	Supplier engagement	25%	40%	50%
 <p>Enhancing communities</p>	Number of school/university partnerships entered into	Opportunities for young people	5	10	15
	Number of projects that have run LM³ over the last 12 months	Community engagement	40	60	100

¹ The baseline for reporting was revised to 2016 as part of our new science-based targets approach.

² A long-term target is set (rather than a horizon ambition) to meet our new science-based targets approach.

³ Local Multiplier 3 (LM3) is a tool which measures how every pound spent by the Group with suppliers, subcontractors and employees can benefit the local community. It does this by calculating where and how the money is re-spent and what proportion remains local.

Further information

This section provides additional information about our responsible business performance.

Governance

Our health, safety and environment committee assists the Board in overseeing the Group's responsible business strategy and scrutinising performance. Our Group director of sustainability and procurement drives the Total Commitments across the divisions. We have well-established forums for debate on responsible business, to maintain a good flow of information and share best practice throughout the Group. They include a health and safety forum, HR forum and climate action group, whose members are drawn from across the divisions.

Our corporate governance framework includes policies of zero tolerance on breaches of legislation relating to modern slavery, tax evasion, bribery and corruption, and human rights. We provide an independent 'raising concerns' facility for employees and people working on our projects. Any concerns raised are thoroughly investigated and appropriate action taken. Please see our 2018 annual report for further details of our corporate governance framework.

External recognition

As well as setting our own targets for responsible business performance, we recognise the importance of external assessment and benchmarking so that we can continue to drive best practice and improvement. The table to the right shows a selection of external organisations of which the Group is a member.

GRI		To ensure that our reporting remains transparent and robust, we report in accordance with the GRI Standards, Core option.
Achilles (CEMARS)		Our greenhouse gas emissions data is audited annually to ISO 14064-1:2006 to meet the requirements of CEMARS (the Carbon Energy Management and Reduction Scheme).
CDP		In 2018, we again took part in the annual CDP (formerly the Carbon Disclosure Project) climate change survey, scoring A-.
UKGBC		The Group is a Gold Leaf member of the UK Green Building Council, the organisation leading the campaign for a sustainable built environment.
Supply Chain Sustainability School		We are founder members and active participants of the School at Board level.
FIR		We are a signatory to the Fairness, Inclusion and Respect in Construction commitment.
Considerate Constructors Scheme		We are an active participant in the Considerate Constructors Scheme.
The 5% Club		The 5% Club is a movement of employers focused on creating momentum behind the recruitment of apprentices, sponsored students and graduates into the workforce.
Build UK		Build UK brings together clients, main contractors and trade associations representing over 11,500 specialist contractors and other organisations committed to industry collaboration.
FTSE4Good		The Group is included in the FTSE4Good index, which rates the performance of companies on corporate responsibility standards.

Further information *continued*

Our stakeholders

The following stakeholder groups are key to our business, and our 2018 annual report provides detail on how we engage with them.

Our decentralised approach enables our divisions to engage with their clients, people, supply chain and communities in ways that are most effective for their businesses and markets.

Our clients and partners

Understanding our clients' needs and keeping them informed about all relevant aspects of our operations is vital to our continued success.

Our people

To remain successful as a business, we need to ensure that our employees are kept safe, treated fairly and with respect, and that we understand their aspirations.

Our suppliers and subcontractors

We rely on the support and cooperation of all our suppliers and subcontractors, who range from large companies to micro-businesses, to deliver high-quality projects for our clients.

Our shareholders

Investors provide our business with the capital required to invest in our long-term future.

Local communities

Our activities have a high impact on the communities where we work. It is important to keep local people informed on what we are doing, as well as listening to their hopes and concerns.

Local and national government

Policymaking, legislation and regulation shape the markets in which we operate. Two-way communication helps us to understand the rules that govern our business and gives us the opportunity to share our knowledge and experience with regulators and legislators.

Further information *continued*

Materiality

In 2018 we consulted our stakeholders to find out which responsible business issues they consider material to the Group. The table shows the issues we are prioritising as a result, and how they align to our Total Commitments.

In determining our priorities, we focused on those issues in our 2018 materiality survey that both our internal and external stakeholders regarded as material (see page 23). To these we added four more issues that we consider material:

- diversity and inclusion, which we believe contributes to performance and innovation;
- climate change, including managing our carbon emissions and our impact on the environment, which we believe is vital for our ability to win future work;
- supplier engagement, as we regard our relationship with our suppliers to be fundamental to the successful delivery of our projects; and
- community engagement, as the work we undertake impacts the communities in which we operate.

Total Commitment	Material issues		
 Protecting people	Health and safety		
 Developing people	Training and developing employees	Employee engagement	Diversity and inclusion
 Improving the environment	Climate change	Waste management	
 Working together with our supply chain	Supplier engagement		
 Enhancing communities	Opportunities for young people	Community engagement	

The following material issues relate to the Group's corporate governance framework, which underpins our Total Commitments.

	Material issues		
 Governance	Efficient management of operations	Corporate governance	Client engagement



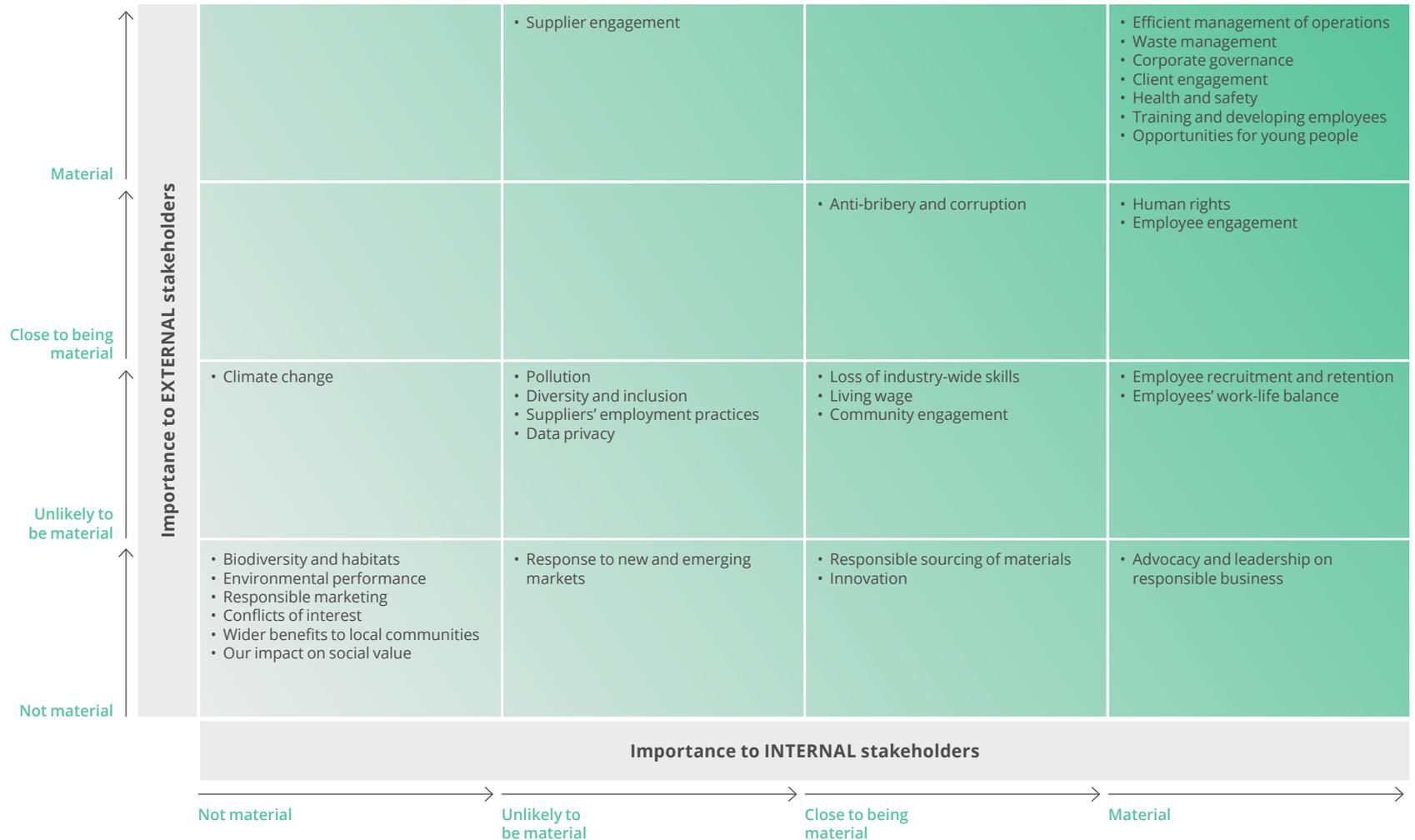
Please see our **2018 annual report** for further details on our corporate governance framework.

Further information *continued*

Materiality *continued*

Results of our 2018 materiality survey

This chart shows how our stakeholders ranked all the responsible business issues covered in the consultation. Further detail on the survey results can be found in the responsible business section of our website.



Further information *continued*

Data summary

Set out below is a summary of our responsible business data, bringing together key metrics that can be found in our 2018 responsible business report, our 2018 annual report and on our website.

2018 highlights

Reduction in RIDDOR¹ incidents from 2017

10%

¹ The Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013.

Reduction in total carbon emissions from 2010 baseline

54%

Total waste diverted from landfill

95%

How we create value for society – overview

Metrics	2018	2017	2016
§ Total number of RIDDOR incidents	39	43	62
§ Profit before tax – adjusted*	£81.6m	£66.1m	£45.3m
§ Total dividend per share	53.0p	45.0p	35.0p
§ Average number of employees	6,600	6,409	5,982
Reduction of CO ₂ e relative to our 2010 baseline	54%	55%	52%
Number of apprentices, graduates and employees undertaking HNC or professional training	919	785	912

§ 2018 data has been taken from the 2018 audited financial statements of Morgan Sindall Group plc.

* 'Adjusted' is defined as before intangible amortisation (£1.0m) (2017: before intangible amortisation (£1.2m)).

Financial

Metrics	2018	2017	2016
§ Revenue	£2,972m	£2,793m	£2,562m
§ Operating profit – adjusted *	£85.5m	£68.6m	£48.8m
§ Profit before tax – adjusted *	£81.6m	£66.1m	£45.3m
§ Earnings per share – adjusted *	151.8p	121.1p	84.7p
§ Year end net cash	£207.0m	£193.4m	£208.7m
§ Daily average net cash	£98.8m	£118.0m	£25.0m
§ Total dividend per share	53.0p	45.0p	35.0p
§ Total employee costs	£484.3m	£455.5m	£404.6m

Protecting people

Metrics	2018	2017	2016
Total number of RIDDOR incidents	39	43	62
Accident frequency rate (AFR ¹)	0.08	0.09	0.14
Accident incident rate (AIR ²)	180	199	330
Percentage of employees working under a certified health and safety management system	99	99	99
Fatalities	0	0	0
Absenteeism (days per year)	4.68	5.03	4.82
Monetary value of fines for non-compliance with health and safety laws and regulations ³	£100,000	0	0
HSE inspector site visit and investigation fees	£11,690	£1,058	£8,774

¹ The number of RIDDOR reportable accidents multiplied by 100,000 and divided by the number of hours worked.

² The number of accidents per 100,000 employees.

³ Construction & Infrastructure received a fine of £100,000 in 2018 in respect of an accident in 2017 at the King's Troop Royal Horse Artillery (see page 8).

Further information *continued*

Data summary *continued*

Developing people

Metrics	2018	2017	2016
Number of employees at 31 December 2018 ¹	6,206	6,233	5,896
Average number of training hours per employee	24.0	24.8	29.3
Men employed (%)	77	78	79
Women employed (%)	23	22	21
Women on the Board (%)	17	14	14
Women in senior management (GMT) (%)	17²	17	17
Employees from BAME backgrounds (%)	12.8	8.4	4.5
People employed aged 24 or under (%)	9	9	8
Average age of employees	42	42	42
Voluntary employee turnover (%)	12.5	11.4	13
Employee participation in satisfaction surveys (% responded) ³	71	13	65
Employees covered by collective bargaining agreements (%)	8	8	8
Total number of new employees	1,612	1,662	1,011
New hires (%)	26	27	23
Number of new graduates recruited	79	56	101
Number of apprentices directly employed	186	161	104
Number of people supported through NVQs and professional qualifications	720	547	639

¹ The number of employees is comprised entirely of our direct employees for the 12-month period. We do not include any temporary workers and subcontractors who deliver our projects.

² Since the year end, the gender ratio of the GMT has changed to one woman (8%) and 11 men (92%).

³ Four divisions undertook satisfaction surveys in 2018 as all divisions carry them out biennially.

Improving the environment

Metrics	2018	2017	2016
Reduction of CO ₂ e relative to our 2010 baseline	54%	55%	52%
Scope 1 GHG emissions globally (tonnes) ¹	19,934	19,559	17,201
Scope 2 GHG emissions globally (tonnes) ²	3,632	5,337	6,935
Scope 3 GHG emissions globally (tonnes) ³	5,863	3,548	6,634
Total carbon emissions (tCO ₂ e)	29,429	28,444	30,770
Carbon intensity (tCO ₂ e/£m revenue)	9.9	10.2	12.0
Total energy consumption (GJ)	266,900	257,968	279,063
Total waste produced (tonnes)	907,539	687,803	860,209
Total waste diverted from landfill (tonnes)	862,516	614,859	774,973
Total waste diverted from landfill (%)	95	89	90
Waste intensity (total waste produced/£m revenue)	305.4	246.3	335.8
Construction waste produced (tonnes)	88,255	99,704	129,691
Construction waste diverted from landfill (%)	95	96	94
Number of projects achieving BREEAM, CEEQUAL, LEED, SKA or other industry-relevant sustainability ratings	67	40	32
Major environmental incidents	0	0	0
Monetary value of significant fines for non-compliance with environmental laws and regulations	0	0	0

¹ Direct emissions resulting from fuel combustion (bulk fuels, natural gas) and vehicle fleet emissions.

² Indirect emissions resulting from electricity purchased by the Group (including landlord supplied).

³ Indirect emissions from related activities such as water consumption and disposal, waste disposal, electricity transmission losses and employee travel.

Further information *continued*

Data summary *continued*

Working together with our supply chain

Metrics	2018	2017	2016
Percentage spend under Group-wide agreements ¹	69	77	71
Number of unique suppliers registered with the Supply Chain Sustainability School	2,116	2,059	2,048
Number of high-risk materials screened and sustainably sourced ²	0	0	0
Timber sourced using sustainable sourcing certification standards such as FSC and PEFC (% total timber-derived products sourced by weight at point of delivery)	99.9	99.8	99.8
Signatory of Prompt Payment Code (UK)	Yes	Yes	Yes

¹ Group-wide agreements include screening for environmental, labour and social criteria.

² No high-risk materials were used between 2016 and 2018. A risk register for each project accounts for supply chain risk. All materials used are third-party certified to quality and relevant procurement requirements.

Enhancing communities

Metrics	2018	2017	2016
Considerate Constructors Scheme ¹ (CCS) registrations	179	226	209
Average CCS score (out of 50)	39.8	39.8	38.9
Partners' average CCS score (out of 50)	39.1	39.2	38.6
Number of projects using LM3 ²	31	10	39

¹ The Considerate Constructors Scheme measures the Group's performance in local communities, using a code of considerate practice. Registered companies have to inform communities of the impacts, contribute to the local economy and create a positive operating environment.

² We use the Local Multiplier 3 (LM3) tool to measure our contribution to local economies.

Governance

Our Board is responsible for ensuring the sound running of the Company for our stakeholders in accordance with best practice corporate governance. Please see the corporate governance section of our 2018 annual report for further details. Between 1 January and 31 December 2018, the Group made no political donations and received no legal actions for anti-competitive behaviour.

Engaging with clients

Metrics	2018	2017	2016
Average Perfect Delivery ¹ score (%)	83	82	81

¹ Perfect Delivery status is granted to projects that meet all four client service criteria specified by each division.



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