



MAKING TOMORROW A BETTER PLACE



Introduction

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Carillion Sustainable Procurement

Our Agenda

- Introduction to Carillion PLC
- Corporate Commitment to Supplier Diversity
- Approach to Supply Chain Management
- Experience of Supplier Diversity Client Requirements
- Plans for the future
- Any Questions?

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Carillion – Some Facts

- **Total Revenue in 2010 = £5.1 Billion**
- **8 Business Units. 5 in UK, 3 Overseas**
- **UK Construction = £2.2 Billion**
- **Forward Order Book - £18.2 Billion**
- **Recent Acquisition of Eaga PLC**
- **A leading Support Services Company**



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Corporate Commitment to Supplier Diversity

Our 2020 strategy: to make tomorrow a better place

Vision:

“We want Carillion to be recognised as a leading sustainable business and the leading sustainable support services company”

Strategy:

6 Positive Outcomes

In simple terms we will work with our customers and suppliers to:

1. Drive down carbon
2. Reduce waste, responsibly source materials & protect the environment
3. **Make real contributions to the communities we work in**
4. Improve the prospects of our people

In doing so we will:

5. Drive up demand for sustainability and lead our sector
6. Building a successful business

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Six Positive Outcomes

Drive down
carbon



Make real
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Drive up
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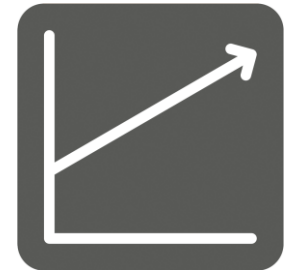
Reduce waste
responsibly,
source materials
and protect the
environment



Improve the
prospects of
our people



Building a
successful
business



Supporting Sustainable Communities



We will maximise local spend and employment including SME measured as a % of contract turnover

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In Summary

“We want Carillion to be recognised as a leading sustainable business and the leading sustainable support services company”

Targets and measures:

- **Are ambitious and stretching**
- **Will be incorporated into business plans**
- **Require detail action plans and working groups to implement**
- **Will require huge engagement with our customers, supply chain and people**

Next steps...

- **Internal / external communications strategy**
- **Develop reporting mechanism incl. Leading & Lagging indicators**
- **Launch 2020 Sustainability Strategy**

SUSTAINABLE SUPPLIER CHARTER

We are committed to ensuring that sustainability is paramount in our business and supply chain. We intend to deliver ever more sustainable solutions for our people, our customers, the wider community and the environment in which we work and live by promoting best sustainable practice and exceeding guidance set out by government and regulatory bodies. Carillion applies the principles of the UK's Chartered Institute of Purchasing and Supply's (CIPS) Policy on Purchasing Ethics, and the equivalent Canadian Institute for Supply Management (CISM) principles and operates in line with our Ethics and Business Integrity Policy.

	HEALTH AND SAFETY	SUSTAINABILITY	ETHICAL WORKING AND VALUES	CONTINUOUS IMPROVEMENT AND INNOVATION
CARILLION COMMITS TO :	<ul style="list-style-type: none"> Providing a safe environment and a safe Supply Chain 	<ul style="list-style-type: none"> Using sustainability criteria in the award of contracts Assessing the Health, Safety and Environmental systems of suppliers and monitoring their compliance Working with their suppliers' supply chain to ensure that their sustainability risks are understood and managed 	<ul style="list-style-type: none"> Ethical and transparent methods of working Confirming all appropriate suppliers are subjected to Carillion's Accreditation Process Checking that we and our suppliers comply with the International Labour Organisation's Core Conventions as well as local labour laws and regulations Providing clear and fair procurement methods and developing long term relationships Recognition of excellent Supplier performance through repeat business opportunities Payment in accordance with agreed payment terms 	<ul style="list-style-type: none"> Consulting with, listening to and acting on Suppliers' suggestions for continuous improvement Leading continuous improvement programmes within the Supply Chain Delivering solutions that exceed Customer requirements
CARILLION EXPECTS SUPPLIERS TO:	<ul style="list-style-type: none"> Provide a safe and competent workforce employed in accordance with industry best practice Incorporate safety into design and work to approved method statements and risk assessments 	<ul style="list-style-type: none"> Effectively manage and mitigate their environmental impacts Work to high ethical standards and to improve their social and environmental impacts Submit prices and suggestions for alternative more sustainable products and methods of working 	<ul style="list-style-type: none"> Treat people fairly and with respect, so there is a culture of equality and equity Comply with the International Labour Organisation's Core Conventions as well as local labour laws and regulations Deliver to the agreed specification, on time and to agreed cost Submit complete tenders on the agreed dates Apply the principles of this charter fairly and consistently to their Supply Chain to ensure that key risks are understood and managed 	<ul style="list-style-type: none"> Commit to and participate in continuous improvement programmes Move towards integration of their management and information systems with Carillion's Share and promote new innovation with Carillion
TOGETHER WE SHALL:	<ul style="list-style-type: none"> Provide a safe, healthy workplace 	<ul style="list-style-type: none"> Deliver leading edge sustainable solutions to our clients that exceed their expectations Make tomorrow a better place 	<ul style="list-style-type: none"> Work in accordance with the Carillion Values of Collaboration, Mutual Dependency, Professional Delivery, Sustainable Profitable Growth and Innovation Deliver a "right first time" customer solution through better planning, performance improvement and risk management Deliver to agreed programme, quality and cost so that that our customers' success becomes our success Support the United Nations Universal Declaration on Human Rights to ensure that all parties working with Carillion are protected and treated fairly. Take a non-adversarial approach to dispute resolution 	<ul style="list-style-type: none"> Reduce cost and eliminate waste through continuous improvement Deliver value for money to our customers Develop and deliver innovative solutions Promote a two way engagement process that encourages continuous improvement of sustainable issues and cost reduction



John McDonough
Chief Executive



Richard Adams
Group Finance Director



Richard Howson
Chief Operating Officer

Crossrail Experience



Definitions:

the definition of Diverse Suppliers comprises the following four sub-sets:

- Small and Medium Enterprises;
- Black, Asian and Minority Ethnic businesses;
- Suppliers from other under-represented or protected groups
- Suppliers demonstrating a diverse workforce composition

- **Responsible Procurement, Supplier Diversity requirements include: Supplier Diversity plan that is regularly reviewed and updated throughout the contract, Meet the buyer events and the use of Competefor for all appropriate opportunities**
- **100% Awarded through Competefor on C271 Paddington**
- **16 work packages advertised on CompeteFor to date C272 Paddington**
- **Demolition - Kilnbridge (£559k), RC Works – Sword Construction (£201k), Security – Stag (£40k)**
- **Mayoral RP Award for Supplier Diversity**
- **Recognised again by ODA for use of CompeteFor**

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Carillion Supplier Categories

Supplier Categories

Building

1. Mechanical and Electrical
2. Concrete frame
3. Steel frame
4. Roofing and cladding

Infrastructure

5. Aggregates
6. Ready mix concrete
7. Surfacing
8. Temporary accommodation
9. Temporary labour

Business Services

10. Catering
11. Cleaning
12. Security

Group

13. Travel
14. Stationary
15. Fuel
16. Electricity
17. Waste
18. Builders merchants

In Summary

- **Engage Directly with local SME's**
- **Contract Conditions (Flow Down Clauses) for suppliers and sub contractors to engage local suppliers**
- **Provide Support to meet contract conditions**

Olympic Park Experience Media Hub



- £355m Olympic broadcast and media centre
- 20,000 broadcasters, photographers and journalists.
- 91,000sq metres of potential office space
- to become a business hub after the games

- Key Contracts Awarded Using CompeteFor (Painting & Decorating, Catering, Roofing)
- Over 50 work packages advertised on CompeteFor with combined value of £80m+
- Requirement to use CompeteFor 'Flowed Down' to Tier 2 Sub Contractors
- Skanska (M&E) posted over 40 related opportunities on CompeteFor
- Increased representation of Women and number of Apprentices employed through the supply chain
- Identified new suppliers
- ODA Award from Sir John Armitt for use of CompeteFor

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Crossrail Case Study

Triangle Project



Using the CompeteFor portal to advertise opportunities for suppliers on our Triangle Project in London, we selected Kilnbridge Construction for the largest element of the work. Kilnbridge is a medium-sized enterprise based in East London and won this work in competition against much larger suppliers.

In line with our sustainable procurement policies, Kilnbridge was able to provide evidence of employing a diverse workforce and being committed to hiring from local communities.

The team leader at CompeteFor praised our staff on the Triangle Project for the proactive manner in which we advertised supplier contract opportunities through the portal.



Highly Commended

Our UK Construction business (Paddington C272) was 'Highly Commended' for Supplier Diversity (For our use of CompeteFor) at The Mayor of London's Responsible Procurement Awards in 2010

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BSF Experience

Building Schools for the Future programme	Local (< 10 miles) spend agreed %	Current achievement %	% increase on our commitment
Durham	52	82	57
Tameside	41	49	21
South Tyneside and Gateshead	25	31	23
Nottingham	35	43	23
Joseph Rowntree	10	15	50

The table above summarises the £150 million being spent within 10 miles of a number of UK Building Schools for the Future projects:

- Each BSF programme is required to invest with local and regional suppliers.
- Often we are reporting spend figures at the request of the respective Local Authority rather than it being a contractual obligation.

- Measurement is for the life of the Local Education Partnership.
- The geographic boundaries are different on each scheme, but principally the split is between local postcode suppliers and regional suppliers based within a 50 mile radius of the Local Authority HQ.

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Overcoming Barriers to engaging with 'Diverse Suppliers'

- Perception & Culture
- Monitoring & Evidence
- Training for Buyers
- Support for Suppliers
- Use of 'Flow down' Clauses & Engaging existing 1st tier suppliers and Sub Contractors
- Local Spend Targets



Plans For the Future

- **Sustainable Supplier Charter**
- **My Register**
- **Category Management**
- **CompeteFor**
- **Meet the Buyer**
- **Develop monitoring systems**
- **Embed consistent approach across the business**
- **Continue Journey**
- **Local Spend Targets**



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Any Thoughts or Questions



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