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LOOKING FORWARD

REFLECTING ON OUR JOURNEY SO FAR

SustainAbilities™
Progress Update 2016

Interserve
Ingenuity at work
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LOOKING FORWARD

SUMMARY

OUR PERFORMANCE

GET INVOLVED
Welcome to our annual SustainAbilities Progress Update. This covers a difficult period for the commercial and financial performance of the group. But it has also been a period in which we have continued to show our commitment to our vision and have repeatedly demonstrated that Interserve is an organisation that creates wider value for society. This report is full of ambition and success; there are many great stories and some outstanding achievements against our stretching targets.

We continue to embed sustainability in our mainstream operations and ensure our decision making takes a broad range of factors into consideration - wherever we operate in the world. We can see the strong business case for sustainability, including:

- Winning work with customers who appreciate our commitment to the environment, to local communities, or to learning and skills
- Reducing our costs by reducing our resource consumption, waste and our carbon emissions
- Improving our employer brand through investments in skills, in learning, and by giving our people the opportunity to make a difference in their local communities through our thriving Employee Foundation and volunteering programmes
- Raising our public profile as a force for good and for social change through our involvement in tackling some of the key challenges facing society, such as improving skills and employability, rehabilitation of offenders and promoting diversity and inclusion

Our progress, and the many case studies and statistics in this report, make us very proud to work for Interserve as we strive every day to Bring Better to Life.

Looking to the future
Our SustainAbilities Plan, conceived more than 5 years ago, has stood the test of time and has served us well. We have achieved many of the targets (including some of the Big Hairy Audacious Goals) and have driven its principles deep within our group. But we also recognise that the group has evolved and grown in this time, and that we needed to refresh the plan to set out the challenges beyond 2020.

Therefore, we have undertaken a thorough review with many hundreds of our colleagues, to compile the next version, which we are launching with this Progress Update. This is an evolution, not a revolution - further developing the tools and skills we have built over the last 5 years and applying the lessons we have learned.

But our new plan is somewhat different:

- It is more reflective of our current business activities, recognising the growing importance of the frontline services we deliver
- It is simpler, with fewer, more focused, targets
- It is more orientated towards the needs of our customers, our colleagues and the communities we serve
- It is therefore even more personal to Interserve than the original plan

It also marks the further integration of our core business activities with the outcomes and goals we seek to achieve through our plan.

Sustainable business is good business
Our activities all help redefine the future for people and places - whether that's through providing infrastructure, supporting people into employment or making environments safe and secure. Everything we do aims to be consistent with this overarching purpose. The targets we set through our SustainAbilities plan are increasingly aligned to the services we offer to our customers and the value they bring for society, as well as efforts that help improve our operations.

There is an important role for business in helping address societal challenges and we are committed to playing a practical role in providing solutions to these.

This year I will be handing over the reins of the SustainAbilities Plan when I leave the Interserve business. It’s been incredibly rewarding to see the results of all our efforts over the years and we are very proud of what has been achieved. I hope you are as excited as I am about our new plan and its role in helping ensure Interserve continues to be a leading example of sustainable business.

Tim Haywood
Group Finance Director and Head of Sustainability
OUR STORY SO FAR...

IN 2013
WE SET OURSELVES SOME CHALLENGING
TARGETS AROUND SUSTAINABILITY.

IN 2017
WE’VE REVIEWED AND Refined THIS, TO BE
MORE FOCUSED ON WHAT MATTERS TO US.

OUR CUSTOMERS,
OUR COLLEAGUES,
OUR COMMUNITIES.

IN 2013 WE INTRODUCED OUR SUSTAINABILITIES PLAN.
IT HAD 5 OUTCOMES, 15 GOALS, AND 48 TARGETS.
IT PUT SUSTAINABILITY AT THE FOREFRONT OF OUR DECISION MAKING.

WE’RE HALF-WAY THROUGH THAT PLAN.
AND WE’RE MAKING GOOD PROGRESS.
BUT OUR BUSINESS HAS CHANGED
WITH MORE PEOPLE AND SERVICES THAN
EVER BEFORE. THE WORLD HAS MOVED ON.

SO THIS YEAR, WE’VE TAKEN A MOMENT TO STOP AND THINK.
IS IT STILL FIT FOR PURPOSE?
DOES IT ALIGN TO A CHANGING WORLD?
DOES IT STILL SUPPORT OUR BUSINESS GOALS?

AND WE REALISED IT’S TIME TO CHANGE.
SO WE’VE TAKEN A LONG HARD LOOK AT THE PLAN, AND MADE SOME CHANGES.

WE WANTED A GREATER FOCUS ON OUR SOCIAL IMPACT. WITH PEOPLE AT THE HEART OF OUR PLAN.

WE’VE SIMPLIFIED IT.
WE’VE SET OURSELVES SOME NEW AND CHALLENGING TARGETS.
AND WE’RE CHANGING HOW WE ENGAGE OUR PEOPLE TO HELP DELIVER IT.

SUSTAINABILITIES IS AN IMPORTANT PART OF HOW WE DO BUSINESS. THIS YEAR WE’RE SHARING THE PROGRESS WE’VE MADE AND WHERE WE’RE HEADING NEXT.
WE HOPE YOU’LL WANT BE A PART OF IT.
INTRODUCING SUSTAINABILITIES 2.0

Our updated SustainAbilities Plan touches our people, customers and the communities where we operate, helping us to achieve our vision to redefine the future for people and places. It sets our actions that shape our operations and are embedded deep into our business.

OUR OUTCOMES

PLACES THAT BENEFIT PEOPLE

- Improve quality of life for all
- Promote workplace health and wellbeing
- Uphold the highest ethical standards
- Deliver outstanding service
- Enable social inclusion
- Develop and inspire people
- Protect and improve the natural environment
- Improve resource efficiency
- Buy sustainable products and services
- Value more than just money

OUR GOALS

- Places that benefit people
- Services in the public interest
- More skills, more opportunities
- Positive environmental impact
- Sustainable growth

OUR ACTIONS BY 2020

- 500 long-term community relationships, 20% employee volunteering
- Achieve a score of 80% on our wellbeing index
- Champion diversity and inclusion through the National Equality Standard (UK), and UN Global Compact
- Work together on 250 projects that deliver sustainable outcomes
- Improve the lives of 25,000 disadvantaged people
- Support 15,000 apprentices, create 1,000 apprenticeships
- 90% of operations with robust environmental plans
- Reduce use of resources and waste by 40%
- 95% responsibly sourced, 80% key products traceable to source
- Build industry leading tools to measure social value

OUR ACTIONS BY 2025

- Deliver £1bn of social value through our work
- Achieve a future proof workforce fit for 2030
- Reduce our carbon emissions by 60%
- 95% responsibly sourced, 80% key products traceable to source
- All key suppliers actively participate in our ‘forward thinking’ programme

WHAT DOES THIS MEAN?

Whatever the place, we put people at its heart. We create environments where people want to be, and can feel their best. We support communities, job creation and local supply chains. We improve quality of life for people and the communities where we live and work.

OUR INTERSERVE EMPLOYEE FOUNDATION NOW HAS OVER 200 AMBASSADORS WORLDWIDE

7,400 VOLUNTEERING DAYS

12% REDUCTION IN ACCIDENT INCIDENT RATE

£2.5 MILLION INVESTED IN LOCAL COMMUNITIES

20% OF OUR MEALS DEFINED AS HEALTHIER OPTIONS
GO ABOVE AND BEYOND IN COMMUNITIES WHERE WE WORK

We are passionate about creating social value and making a positive contribution to the communities where we operate. This means sharing our expertise, providing jobs, supporting the local economy and our supply chain partners – helping communities grow and thrive.

### GOAL 1

**WHAT HAVE WE DONE?**

#### Building social value

Our business has a significant opportunity to promote and generate social value. This includes employing local people and sub-contractors, using local businesses, small and medium-sized enterprises (SMEs) and social enterprises (SEs) in our supply chain and working in partnership with community groups. These activities help to stimulate local economies, and build relationships based on trust and goodwill in the communities where we live and work.

In 2016 we developed a practical Guide to Social Value to help increase awareness and understanding of how our people can create social value through all stages of contract delivery.

Watch our animation on social value: goo.gl/UOJ3Eq

#### Working with communities

Our community investments help us establish long-term relationships to drive positive change - providing new facilities, training to develop new skills and supporting disadvantaged groups around the world.

This year, we’ve made a step change in employee volunteering with double the number of people using their 2 days of paid volunteering time compared to 2015.

We’ve also developed new projects in partnership with community groups, to tackle challenges such as homelessness and substance misuse. Our combined community investments through direct donations, employee time and funds raised reached £2.5million, putting us on track to fulfill our 2020 target to invest 3% of our pre-tax profit in communities.

#### Adding value through the supply chain

We’ve continued to support businesses of all sizes - SMEs make up 65% of our supply chain spend worth £835m, whilst our spend with social enterprises increased to £7.6m. We’ve also continued to support local supply chains with 54% of construction contracts awarded to companies based within 50 miles of each site.

Additionally, we joined with 8 other leading businesses in Downing Street to launch the ‘Buy Social’ Corporate Challenge to drive £1 billion with social enterprises by 2020. Led by Social Enterprise UK in partnership with the Department for Culture, Media and Sport, the tool helps us to identify how and where we can best contribute to tackling some of today’s biggest social issues in a way that creates better value for all!

Watch a short clip bringing the map to life: goo.gl/v2vaJO

### OUR SHOWCASE

#### SUPPORTING LOCAL JOBS IN WALES

Building two new schools in Monmouthshire, an area of high unemployment, gave us the opportunity to support local businesses and provide new jobs. 63% of the workforce come from Wales and 39% of project spend contributed to the local economy with 52% of Welsh materials used. We also used 100% British steel from local plants.

### WHAT’S NEXT?

Empowering our people with tools and knowledge to understand local context and make relevant decisions

Implementing new targets that encourage long-lasting community relationships and encourage greater employee volunteering

Building on our “Buy Social” Challenge ambitions
EMBRACE AND PROMOTE WELLBEING

A healthy, happy and safe workforce is very important to us. When our people feel valued they are more productive, able to embrace change and optimistic. Our aim is to champion the wellbeing of our people and the communities we touch.

MAJOR ACHIEVEMENTS

- LAUNCHED TWO NEW CATERING OFFERINGS: ALLERGENIC MEAL CHOICES AND TRULY GOOD, MEALS WITH FEWER THAN 500 CALORIES
- PILOTED A STANDARD FOR HEALTH AND WELLBEING AND ROLLED THIS OUT ACROSS OUR INTERNATIONAL OPERATIONS
- RECOGNISED BY THE ROYAL SOCIETY FOR THE PREVENTION OF ACCIDENTS WITH 23 AWARDS, TWO EMPLOYEES RECEIVED GUARDIAN ANGEL AWARDS
- SELECTED TO PILOT CONSIDERATE CONSTRUCTOR’S ULTRA-SITE SCHEME

WHAT HAVE WE DONE?

Promoting employee wellbeing

Wellbeing is influenced by a range of factors both at work and home. Our Health and Wellbeing programme covers physical, psychological, social and cultural wellbeing, helping us respond to the changing needs of the workforce and create productive working environments, to support employee engagement and job satisfaction. Enabling healthy lifestyles is particularly important in our international operations where we provide accommodation, catering and leisure facilities for our workforce.

We’ve introduced stress management training and retirement transition workshops, provided wellbeing kiosks in our main offices, increased our Employee Assistance Programme (EAP) provision, as well as continuing our health assessment and surveillance programme. In our International businesses we have also developed a wellbeing standard, implemented suggestions from our welfare committees, and expanded our focus on health and wellbeing to our supply chain.

During 2016, we conducted a review of our programme to identify what’s worked and where there’s room for improvement. Next year, we’ll be developing a new Wellbeing Index to understand wellbeing better and to target improvement.

Managing safety

We adopt a proactive approach to the management of safety, focusing on behaviour change and management culture as well as formal management systems and policies. During 2016 90% of site managers and supervisors received training on health & safety and our leadership teams completed 900 safety tours. This focus on safety helped us achieve a 10% reduction in last time incidents and 12% reduction in our overall reportable accident incident rate.

However, despite the progress we’ve made, during 2016 two of our people in Oman and a contractor working for us in Qatar suffered fatal injuries in two separate incidents. We have conducted thorough investigations of these incidents to identify lessons learned and inform a detailed review of our health and safety culture. We are more dedicated than ever in 2017 to ensuring that safety is treated with the utmost importance by everyone.

4900 MANAGEMENT SAFETY TOURS

97% OF OUR EMPLOYEES WORK UNDER SAFETY MANAGEMENT SYSTEMS TO OHSA 18001

12% REDUCTION IN THE ACCIDENT INCIDENT RATE COMPARED TO 2015

20% OF OUR MEALS DEFINED AS HEALTHIER OPTIONS

53% OF CONSTRUCTION PROJECTS SCORED 40+ ON THE CONSIDERATE CONSTRUCTOR SCHEME

75% INCREASE ON 2015

5% INCREASE ON 2015

OUR GROUP-WIDE EMPLOYEE ENGAGEMENT SCORE INCREASED +7% TO 75%

55%

GOING ABOVE AND BEYOND AS CONSIDERATE CONSTRUCTORS

In 2016 Interserve received a total of 21 awards from Considerate Constructors, and won ‘Most Considerate Site’ in our category for Noah’s Ark Children’s Hospital in Wales. Our site was recognised for high levels of communication and engagement with our neighbours at the hospital, sensitivity to vulnerable patients and our activities to keep staff and visitors up to date on progress, as well as measures in place to promote physical and mental health awareness.

MAJOR ACHIEVEMENTS

- RECOGNISED BY THE ROYAL SOCIETY FOR THE PREVENTION OF ACCIDENTS WITH 23 AWARDS, TWO EMPLOYEES RECEIVED GUARDIAN ANGEL AWARDS
- SELECTED TO PILOT CONSIDERATE CONSTRUCTOR’S ULTRA-SITE SCHEME

WHAT’S NEXT?

Creating a Wellbeing Index to improve our understanding of employee wellbeing, assess progress and target future actions.

Better communicate availability of wellbeing support for our people and support mental health through our Healthy Minds Network.

Expand our health surveillance standard across all of our people in our Middle East operations.

Focus on behaviour interventions that raise our people’s awareness of safety and safe behaviours.

WE’VE INTRODUCED PRE-QUALIFICATION ASSESSMENTS FOR OUR SUPPLY CHAIN EMPLOYEE VILLAGES TO ENSURE THAT ALL PEOPLE WORKING ON OUR SITES RECEIVE A GOOD STANDARD OF CARE.

WE WERE ALSO AWARDED EXCEPTIONAL SCORES FOR OUR WORK ON THE CHRISTIE PROTON BEAM THERAPY CENTRE AND SUPPORTING THE CHRISTIE CHARITY BY RAISING OVER £10,000 TO DATE.

IMPROVING EMPLOYEE HEALTH AND WELLBEING

Across our middle east operations we developed a standard for health and wellbeing that includes health surveillance and screening for our people, alongside health education and life skills sessions. These interventions have led to a measurable improvement in employees assessed as having a reasonable bill of health from 79% to 80%, and a reduction in people suffering critical health conditions in our Khashab business.

WE’VE LOOKED AT THE AGE PROFILE OF OUR WORKFORCE TO UNDERSTAND HOW WE CAN BEST SUPPORT OUR PEOPLE. WITH THE AVERAGE AGE OF AN INTERSERVE EMPLOYEE BEING 45 YEARS, AND WITH 40% OF OUR WORKFORCE AGED 50+, WE ARE INVESTING IN UP-SKILLING, JOB REDESIGN, AND SUCCESSION PLANNING. WE’VE USED THIS TO INFORM OUR RECRUITMENT TO ENSURE WE HAVE THE SKILLS WITHIN THE BUSINESS TO REPLACE THOSE SET TO RETIRE. WE OFFER OUR PEOPLE PRE-RETIREMENT PLANNING WORKSHOPS COVERING FINANCIAL PLANNING, HOW TO STAY FIT AND HEALTHY, AND ADJUST TO THE FUTURE TO HELP THEM TRANSITION TO A NEW LIFE.

OUR SHOWCASE

UNDERSTANDING HOW WORKPLACE EXPERIENCE IMPACTS PRODUCTIVITY

Together with workplace change experts Advanced Workplace Associates (AWA) we undertook a pioneering research project, ‘Workplace Experiences’, to understand the science behind designing effective workplaces. Today, science and design are commonly combined to create emotional responses such as delight at amusement parks, or desire to buy at retail outlets. We wanted to apply these principles to the office to create environments that inspire knowledge and creativity leading to better organisational performance.

Our Wellbeing Index to understand wellbeing better and to target improvement.

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LOOKING FORWARD

WE’VE MADE GOOD PROGRESS IN THIS AREA, BUT WE WANT TO DO MORE. THAT’S WHY WE’RE FOCUSING ON LONGER TERM RELATIONSHIPS WITH COMMUNITIES WHERE WE LIVE AND WORK – INVESTING IN PARTNERSHIPS, GROWING THEM AND RECOGNISING THE VALUE THEY BRING. WE’RE ALSO CONTINUING TO FOCUS ON EMPLOYEE VOLUNTEERING AND ENABLING OUR PEOPLE TO SUPPORT THE LOCAL CHARITIES AND COMMUNITY GROUPS THAT MATTER TO THEM.

THROUGH OUR WORK WE PROVIDE EMPLOYMENT AND SUPPORT LOCAL BUSINESSES, WE AIM TO DO THIS IN A WAY THAT GENERATES VALUE FOR SOCIETY. BY SUPPORTING YOUNG PEOPLE, DISADVANTAGED Groups, SMALL AND MEDIUM Sized BUSINESSES AND SOCIAL ENTERPRISE. OUR NEW TARGET TO GENERATE £1 BILLION SOCIAL VALUE BY 2025 WILL HELP DRIVE OUR DECISION MAKING.

OUR PEOPLE ARE OUR MOST VALUABLE ASSET, WE WANT THEM TO RETURN HOME SAFE AND WELL. WE’VE RENEWED OUR FOCUS ON WELLBEING, WHEREVER WE OPERATE – IN THE UK AND OVERSEAS, WITH A NEW ACTION TO DEVELOP A WELLBEING INDEX AND IMPROVE OUR PERFORMANCE AGAINST IT.

WHAT HAPPENS TO OUR PREVIOUS TARGETS?

WE ARE STILL ON TRACK TO ACHIEVE OUR PREVIOUS TARGET TO INVEST 3% OF PRE-TAX PROFITS IN COMMUNITIES. THIS TARGET WILL CONTINUE TO BE A GUIDING PRINCIPLE OF OUR SUSTAINABILITIES PLAN. HOWEVER, IT WILL NO LONGER FORM AN EXPLICIT TARGET WITHIN OUR PLAN.

OUR TARGET TO KEEP VOLUNTARY EMPLOYEE TURNOVER BELOW 10% WILL NO LONGER BE AN ELEMENT OF OUR SUSTAINABILITIES PLAN, ALTHOUGH WE WILL CONTINUE TO PUBLISH THESE METRICS. PARAMETERS ON EMPLOYEE TURNOVER ARE SET INTERNALLY BASED ON BUSINESS SECTOR AND BEST PRACTICE BENCHMARKS.

OUR TARGET TO INCLUDE WELLBEING KPIs IN CONTRACTS ABOVE £25m IS NO LONGER CONSIDERED A USEFUL INDICATOR OF OUR SUCCESS. WE ARE CONTINUING OUR COMMITMENT TO ENHANCING WORKPLACE WELLBEING AND WILL EXPLORE ALTERNATIVE WAYS TO DRIVE PROGRESS ON THIS ISSUE.

OUR PREVIOUS TARGET TO ENABLE PROJECTS TO BE JOINTLY OWNED, MANAGED OR OPERATED WITH COMMUNITY GROUPS HAS BEEN A HUGE SUCCESS WITH MANY PARTNERSHIPS AND ALTERNATIVE FUNDING MODELS NOW IN PLACE, LED BY OUR INVESTMENT IN PURPLEFUTURES AND CAPACITY THE PUBLIC SERVICE LAB. THIS TARGET WILL CONTINUE TO INFORM HOW WE OPERATE AND IS COMPLEMENTED WITH OUR MORE REFINED 2020 ACTION TO SUPPORT LONG-TERM COMMUNITY RELATIONSHIPS.
MAJOR ACHIEVEMENTS
- Recognised as ‘UK Construction Company of the Year’ in the National Centre for Diversity Awards
- Provided equality, diversity and inclusion training to recruiting managers, delivered unconscious bias training to 1000+ employees
- Our Interserve Learning & Employment business achieved the Merlin Standard which recognises excellence within supply chains
- Achieved the National Equality Standard for our UK business in 2016

WHAT HAVE WE DONE?
Respecting human rights and managing ethical risks
We’re working to ensure human rights are respected across all our operations. We’ve continued to improve recruitment and employment practices, worker welfare procedures and accommodation standards, and implemented pre-qualification questionnaires and codes of conduct for prospective suppliers across our key markets to ensure a good standard of work and living for all our people. We have also actively engaged with our supply chain, starting pre-qualification inspection and assessment of sub-contractor accommodation in the Middle East. Consequently, we stopped working with two sub-contractors who failed to comply with our Improvement Notices for their employees’ welfare facilities. More can be found on pages 18 and 40.

Championing diversity and inclusion
Our continuing efforts to promote diversity and inclusion are evidenced by our award of the National Equality Standard in 2016. We’re proud to be the first company in the Support Services and Construction sectors to have been accredited, and the largest employer to achieve the standard to date.

Our employees’ perspectives on diversity and inclusion gathered during focus groups were presented at our Leadership conference. As a result, board members are championing employee support networks such as the ‘Women in Interserve Network’ and newly formed LGBT and BAME Networks.

Our Sustainability plan review enabled us to reflect on our target to increase diversity on our boards. Gender diversity of our main operating board has increased, however we are now focusing on how to maintain diversity in our future leadership pipeline. Our long term action plan supports investment in future leaders, helping them step into senior roles through improved succession planning, recruitment practices and leadership programmes, as well as offering coaching and mentoring sessions for aspiring leaders.

Breaking down barriers to employment
We’ve almost quadrupled work-related opportunities taken up by disadvantaged people facing barriers to work, and are working with over 80 organisations worldwide to support ex-offenders, ex-service personnel, young people not in education, employment or training (NEETs) as well as people with disabilities through employment. In addition, our specialist skills and training business, Interserve Learning and Employment (ILE), is one of the largest providers to the public sector. ILE has been awarded the Opportunity homeworking and inclusion award and works with agencies such as the Careers Transition Partnership, regional Resettlement Centres and local groups, to promote work placement and sustainable employment opportunities to ex-service personnel. To date, 50 positions within Interserve and its supply chain have been advertised, with 19 veterans employed on the project team.

WHAT’S NEXT?
- Further reducing barriers to employment and supporting excluded groups through new targets that enable social inclusion
- Continuing to champion diversity and inclusion
- Build on the success of our networking groups by broadening the scope to include a Disability Network

CELEBRATING DIVERSITY IN CONSTRUCTION
The Construction industry has historically failed to attract a diverse workforce, and we want to overcome this. In 2016 we trained 15 Women in Science and Engineering (WISE) ambassadors, co-authored a Women in Engineering best practice guide, and delivered many projects supporting diverse and disadvantaged groups through our diversity champion network. We’ve also supported PhD research at Loughborough University on the link between treatment at work and perceptions of equality and inclusion.

OUR CHALLENGES
- Understanding of workforce diversity at different organisational levels - needed to assess the impact of actions and identify areas for support
- Reliance on suppliers to fulfil ethical commitments covered by codes of conduct, with limited capacity to audit them
- Tracking all the activities supporting disadvantaged groups across our business to share learnings and inspire others

BUILDING A BRIGHTER FUTURE
Servicemen and women can find the transition from the military to civilian life challenging. Finding the right type of work can help re-adjustment. Interserve is building the new Defence National Rehabilitation Centre (DNRC) near Loughborough, a clinical facility for servicemen and women; our dedicated Armed Services Engagement Manager on site works with agencies such as the Careers Transition Partnership, regional Resettlement Centres and local groups, to promote work placement and sustainable employment opportunities to ex-service personnel. To date, 50 positions within Interserve and its supply chain have been advertised, with 19 veterans employed on the project team.

OF SUPPLIERS COVERED BY OUR SUSTAINABILITY CODE OF CONDUCT, 8500+ SUPPLIERS

800+ WORK-RELATED OPPORTUNITIES CREATED FOR PEOPLE FACING BARRIERS TO WORK THROUGH OUR OPERATIONS

2,900 AWARDS FOR LIVING THE COMPANY VALUES

3,500 LONG-TERM UNEMPLOYED HELPED INTO WORK IN 2016

HELD 25 DIVERSITY AND INCLUSION FOCUS GROUPS

Find out why we’re supporting ex-offenders: goo.gl/7lNdxT

PROVIDING PROBATION AND REHABILITATION SERVICES

Purple Futures, is a partnership between Interserve, 3SC, PI and Shelter that manages five Community Rehabilitation Companies for the Ministry of Justice. Purple Futures delivers probation and rehabilitation services to reduce reoffending. Our Charity Charter, based on the government’s market stewardship principles, governs how we work with our 60 Voluntary Charity Social Enterprise (VCSE) partners, with whom we spend over £7m per year and have supported to generate 170 new jobs since 2015.

PURPLE FUTURES SUPPORTS 40,000 OFFENDERS, ACROSS FIVE REGIONS

£14M SPEND WITH VCSEs SINCE 2015, WORKING WITH 60 VCSEs, CREATING 170 NEW VCSE JOBS

JUSTICE INNOVATION FUND HAS OFFERED £620,000 TO SUPPORT NEW PROJECTS THAT REDUCE REOFFENDING

MANDELA DAY MARKETING MARATHON

On Mandela Day in South Africa our RMG Kiviform teams supported local labourers in the Centurion Industrial Area to improve their marketing skills and win more work opportunities. Labourers compete daily for ad hoc work in manual trades such as brick-laying, plastering, tiling, painting and plumbing. We invited them to our offices where we produced business cards, endorsements and posters to help them market their abilities, supporting 79 labourers to win ongoing repeat work.

OUR SHOWCASE

ACHIEVED THE NATIONAL EQUALITY STANDARD FOR OUR UK BUSINESS IN 2016
OUR INTERSERVE LEARNING & EMPLOYMENT BUSINESS ACHIEVED THE MERLIN STANDARD
PROVIDED EQUALITY, DIVERSITY AND INCLUSION TRAINING TO RECRUITING MANAGERS, DELIVERED UNCONSCIOUS BIAS TRAINING TO 1000+ EMPLOYEES

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Find out why we’re supporting ex-offenders: goo.gl/7lNdxT

PROVIDING PROBATION AND REHABILITATION SERVICES

Purple Futures, is a partnership between Interserve, 3SC, PI and Shelter that manages five Community Rehabilitation Companies for the Ministry of Justice. Purple Futures delivers probation and rehabilitation services to reduce reoffending. Our Charity Charter, based on the government’s market stewardship principles, governs how we work with our 60 Voluntary Charity Social Enterprise (VCSE) partners, with whom we spend over £7m per year and have supported to generate 170 new jobs since 2015.

PURPLE FUTURES SUPPORTS 40,000 OFFENDERS, ACROSS FIVE REGIONS

£14M SPEND WITH VCSEs SINCE 2015, WORKING WITH 60 VCSEs, CREATING 170 NEW VCSE JOBS

JUSTICE INNOVATION FUND HAS OFFERED £620,000 TO SUPPORT NEW PROJECTS THAT REDUCE REOFFENDING

MANDELA DAY MARKETING MARATHON

On Mandela Day in South Africa our RMG Kiviform teams supported local labourers in the Centurion Industrial Area to improve their marketing skills and win more work opportunities. Labourers compete daily for ad hoc work in manual trades such as brick-laying, plastering, tiling, painting and plumbing. We invited them to our offices where we produced business cards, endorsements and posters to help them market their abilities, supporting 79 labourers to win ongoing repeat work.

OUR CHALLENGES
- Understanding of workforce diversity at different organisational levels - needed to assess the impact of actions and identify areas for support
- Reliance on suppliers to fulfil ethical commitments covered by codes of conduct, with limited capacity to audit them
- Tracking all the activities supporting disadvantaged groups across our business to share learnings and inspire others

WHAT’S NEXT?
- Further reducing barriers to employment and supporting excluded groups through new targets that enable social inclusion
- Continuing to champion diversity and inclusion
- Build on the success of our networking groups by broadening the scope to include a Disability Network

CELEBRATING DIVERSITY IN CONSTRUCTION
The Construction industry has historically failed to attract a diverse workforce, and we want to overcome this. In 2016 we trained 15 Women in Science and Engineering (WISE) ambassadors, co-authored a Women in Engineering best practice guide, and delivered many projects supporting diverse and disadvantaged groups through our diversity champion network. We’ve also supported PhD research at Loughborough University on the link between treatment at work and perceptions of equality and inclusion.
GOAL 4

**ACT WITH TRANSPARENCY**

Our goal is to embed a culture of transparency and openness throughout our business. We provide a wide range of services to the public and private sectors where the need to deliver value for money is matched by the need to provide quality services that are accountable to those that use them.

**MAJOR ACHIEVEMENTS**

- CHANGED THE SUPPLY CHAIN SUSTAINABILITY SCHOOL MODERN SLAVERY SPECIAL INTEREST GROUP
- COLLABORATED TO DEVELOP NUMEROUS RESOURCES TO SUPPORT THE IDENTIFICATION, INVESTIGATION AND PREVENTION OF MODERN SLAVERY ACTIVITY
- UPDATED OUR HUMAN RIGHTS POLICY, CODES OF CONDUCT AND PUBLISHED OUR MODERN SLAVERY STATEMENT ON OUR WEBSITE

**WHAT HAVE WE DONE?**

Our values and our culture guide us to operate ethically and transparently, which is important to build trust and confidence. Acting in a transparent way helps us make decisions that are in the best interests of customers we support and people we employ around the world.

**Modern Slavery and transparency**

We have a workforce of c51,000 in the UK, c9,000 in our overseas subsidiaries and c20,000 in our Middle East associate companies, delivering construction, support services, and frontline services covering a range of sectors, worldwide. In addition to our directly-employed workforce there are many people employed in our supply chain.

We are committed to ensuring that Modern Slavery does not exist in our workforce or supply chain. The introduction of the 2015 Modern Slavery Act focused us on the need to review our existing human rights policies, improve our processes, and implement additional checks to ensure that Modern Slavery does not exist in our workforce or supply chain. During 2016 we worked with the Supply Chain Sustainability School chairing a special interest group, and collaborated with other businesses to produce resources to support the identification, investigation and prevention of Modern Slavery.

We also rolled out our own internal checklists which were completed by all our businesses to identify risks and preventative actions. This led to changes in recruitment processes to include additional checks and amendments to agency contracts. We also introduced our worker engagement process in our Middle East operations to help validate our supply chain recruitment and employment practices. We audit both our own employee accommodation facilities and those of our supply chain.

**WHAT’S NEXT?**

- Modern Slavery risks vary across our operations - we need to ensure consistent good practice is adopted in engaging with employees and the supply chain.
- Our broad and geographically dispersed supply chain means auditing third parties is resource intensive.
- Getting the balance right between sharing information and commercial constraints.

Our values and culture guide us to operate ethically and transparently, which is important to build trust and confidence. Acting in an ethical way helps us make decisions that are in the best interests of customers we support and people we employ around the world.

**HELPING SOCIAL BUSINESSES COMPETE FOR PUBLIC SECTOR WORK**

In 2016, following our success in Big Society Capital’s ‘Business Impact Challenge’ for our concept of the ‘Public Services Lab’ (PSL), Interserve formed a limited liability company with Catch22, Big Society Capital and Club Finance. The Lab, called ‘Capacity’ supports the voluntary, community and social enterprise (VCSE) sector to compete successfully for public sector contracts by directly connecting them with commissioners and bringing transparency to the commissioning process. This helps to break down barriers to competition and create new approaches to achieve significant change.

The PSL won the “Innovative New Idea” award at the 2016 Finance for the Future Awards recognising ideas with the potential to have a tangible impact on society, in line with the United Nation’s Sustainable Development Goals. So far, over 1000 VCSE organisations and 18 public sector bodies have been surveyed to understand the gaps that exist in working together, and a programme of activity will be formally launched in 2017.

**OUR CHALLENGES**

- Slavery risks vary across our operations - we need to ensure consistent good practice is adopted in engaging with employees and the supply chain.
- Our broad and geographically dispersed supply chain means auditing third parties is resource intensive.
- Getting the balance right between sharing information and commercial constraints.

**WHAT’S NEXT?**

- Raising awareness of Modern Slavery and providing tailored training for different levels in the organisation.
- Identifying appropriate corporate human rights standards to benchmark our approach against.
- Providing greater mentoring and support for VCSE businesses to compete for contracts to deliver social benefit.
MORE SKILLS, MORE OPPORTUNITIES

WHAT DOES THIS MEAN?
Enabling all people to learn, grow and succeed. Giving people the skills, opportunities, knowledge and space in which to be inspired, creative and do great things. We want to be a great place to work for our people and support others to fulfil their ambitions.

OUTCOME 3
600+ GRADUATES, TRAINEES AND APPRENTICES ON PROGRAMME, UP FROM 250 IN 2013

8,500 PEOPLE ENGAGED THROUGH SITE VISITS, TOOLBOX TALKS AND E-LEARNING AS PART OF OUR EMPLOYEE ENGAGEMENT PLAN ON SUSTAINABILITY

14 PARTNERSHIPS WITH FURTHER EDUCATIONAL INSTITUTIONS TO HELP DEVELOP AND DELIVER SUSTAINABLE SOLUTIONS

£20 MILLION INVESTED IN INNOVATION

15 PARTNERSHIP PROJECTS TO DEVELOP INNOVATIVE BUSINESS SOLUTIONS

SERVICES IN THE PUBLIC INTEREST
UPHOLD THE HIGHEST ETHICAL STANDARDS
DELIVER OUTSTANDING SERVICE

OUR GOALS

WHAT HAPPENS TO OUR PREVIOUS TARGETS?

We achieved our target to apply our sustainability code of conduct to 50% of suppliers by 2016. Our 2018 target to apply this to all our suppliers will continue to be a focus under our goal to ‘Buy sustainable products and services’.

As well as continuing to stay on top of the ethical issues we manage day-to-day as a business and encourage the right behaviours through our company values, we’ve renewed our commitment to championing diversity, inclusion and human rights across all of our operations and to gaining independent assessment of our progress.

Our new goal, to ‘Deliver outstanding service’ means that whatever we do, we do it well. We work hard for our customers to deliver a great service. Whether this is building a school, maintaining commercial offices, cleaning a shopping centre or supporting people through apprenticeships. We work together to have a positive environmental and social impact.

We’ve updated this outcome to reflect the fact that it applies equally to our operations for private-sector customers as our public sector customers. We’ve introduced a new goal to reflect the importance of providing a great customer experience. Our existing goal to ‘Act with transparency’ becomes part of ‘Upholding the highest ethical standards’.

Looking Forward
Delivering services in an ethical and effective way, that go above and beyond for the customer.

In everything we do we make sure we’re a responsible, ethical organisation, and that we deliver a great service to our customers.

Our Actions by 2020
Champion diversity and inclusion through the National Equality Standard (UK) and UN Global Compact
Work together on 250 projects that deliver sustainable outcomes

Our Actions by 2025
Evidence leading practice against a corporate human rights standard

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Looking Forward
Delivering services in an ethical and effective way, that go above and beyond for the customer.

In everything we do we make sure we’re a responsible, ethical organisation, and that we deliver a great service to our customers.
OFFER ‘SUSTAINABILITY AS STANDARD’

Offering ‘sustainability as standard’ is part of how we do business. We want to be sustainable in the way we manage our operations, buy products and services, and help our customers to achieve their goals by bringing new ideas and ways of doing things.

WHAT HAVE WE DONE?

We are constantly developing tools, processes and harnessing innovation to improve our service delivery, matching our customers’ needs to the best ideas in the marketplace. Our customers look to us for solutions beyond our core delivery of construction and facilities management, including creating local employment opportunities, offering apprenticeships or work placements for young people, or developing initiatives that save energy or resources.

Our experience finding and delivering these solutions has allowed us to build a solid base of knowledge and best practice which we can learn from, share, and use to generate ideas that help us to integrate sustainability into every part of our work.

Focus ing on the customer experience

In 2016 we brought together a team to focus on our customer experience and communicated our new customer promise which puts innovation and doing better outcomes for individuals and society.

Harnessing technology for sustainable outcomes

Sustainability is central to how we consider problems and design solutions, offering sustainable options at every stage - from tenders to the design of buildings to how we then manage them.

We’re using Building Information Modelling (BIM) as a key tool to help us both plan and design a building. Using digital 3D virtual models we see that BIM brings real benefits for both efficiency of design and facility operation. We were proud to be recognised for the way we’ve adopted BIM at the 2016 Construction News Awards.

MAJOR ACHIEVEMENTS

- Won the Building Information Modelling (BIM) Excellence Award at the Construction News Awards
- Finalist for the ‘Workplace Impact Award’ at the British Institute of Facilities Management (BIFM) Awards
- Introduced a ‘Value-add toolkit’ with a range of sustainable solutions for our customers
- Shortlisted for EDE ‘Sustainable Business of the Year’ 2017

IMPROVING EFFICIENCY WITH OUR ‘SMART BUILDING IN A BAG’

In 2016 our client was looking for ways to operate their space efficiently and maximise resources, whilst continuing to look after their property. With SPCA Technologies we developed ‘Smart Building in a Bag’ - a mobile solution that uses sensors to collect data and measure almost anything ranging from air quality and humidity to occupancy and motion. Sensors transmitted data to the Cloud generating real-time dashboards and reports. The crucial data and insight generated savings of 21% per year on cleaning and security, and 3 tonnes CO2 per year due to changes in managing workspace and lighting.

FACTORING SUSTAINABILITY INTO OUR CUSTOMER OFFERING

We have developed a ‘value-add toolkit’ which provides practical examples of products, services and projects we can offer our customers. These range from reducing carbon, water or waste, to engaging with communities or creating employment opportunities. This enables our business development teams to choose potential options in response to our customers’ requests, and offer a range of sustainable solutions. The checklist provides indicative costs, and generates a Key Performance Indicator to measure our delivery which if chosen by a customer is added to our contractual obligations. This is a great way that we are offering ‘sustainability as standard’.

EVALUATING OUR APPROACH TO REDUCING REOFFENDING

To help us monitor, measure and evaluate our impact on reducing reoffending our Purple Futures business partnered with Manchester Metropolitan University’s Policy Evaluation and Research Unit (PERU) to understand what affects reoffending, and which of our interventions have the greatest impact both socially and economically. PERU are also evaluating our pilot ‘Personalisation’ programme - providing tailored support to individuals to access key support services that are local to them. By focusing on service users’ strengths, we want to give them choice and control to help them change their lives. Our research will assess which projects result in better outcomes for individuals and society.

DEVELOPING CUSTOM SOLUTIONS THAT BRING PROJECTS TO LIFE

We have cemented our position as leaders in 3D visualisation tools with the invention of LocusEye - a new 3D and augmented reality service that we’ve launched to demonstrate to customers how formwork and falsework systems will work. LocusEye converts complex 3D models into high quality almost photorealistic models, bringing our solutions to life. The tool even itemises parts and displays design measurements to aid specifications. LocusEye is fast becoming an important tool for our designers and customers alike.

WE USE ZAPLOK – A NEW PIPELINE COATING THAT REDUCES CORROSION AND MAINTENANCE COSTS FOR CUSTOMERS IN DWAR.

WHAT’S NEXT?

- Understand customers’ sustainability drivers and aligning with their ambitions.
- Developing a Sustainability Appraisal tool to assess proposed projects for carbon, water, biodiversity, social value, waste impacts and climate change resilience.
- Expanding our Internal sustainability champion networks to share collective knowledge and experience and engage our people on Sustainability ambitions.
INSPIRE FUTURE PROFESSIONALS

We inspire young people by engaging through schools and colleges, and providing placements and early career recruitment opportunities. We’re also investing in attracting, developing and retaining talented people who share our vision and values to enable us to work better, be stronger and achieve more.

MAJOR ACHIEVEMENTS

6 AWARDED A “TOP 100 APPRENTICESHIP EMPLOYER” BY NATIONAL APPRENTICESHIP SERVICE AND “MAJOR EMPLOYER OF THE YEAR” AT THE NATIONAL APPRENTICESHIP AWARDS
5 HIGHLY COMMENDED AT THE MIDLANDS NATIONAL APPRENTICESHIP AWARDS 2016
3 LAUNCHED AN ENGINEERING TRADE TRAINING SCHOOL IN QATAR FOR THE FIRST TIME OFFERING MECHANICAL, ELECTRICAL AND PLUMBING COURSES

WHAT HAVE WE DONE?

In 2016 we achieved our target to double the number of apprentices, trainees and graduates on our early career programme, with 600 young people benefitting from roles in the business. We’ve also increased our work placement and education outreach activities by almost a third, with 2,900 young people taking part in 2016.

Preparing for the Apprenticeship Levy

During 2016 we have been preparing for the new Apprenticeship Levy launched in April 2017. We see this as an opportunity to build skills and employment opportunities across our diverse business, and support career pathways by providing apprenticeships for both now and existing employees.

Our Interserve Learning and Employment business is expanding to manage the recruitment, training and delivery of our new apprenticeships, including identifying apprenticeships that align with business strategies. Key to this is ensuring we offer quality apprenticeships, and raise the profile of Interserve as a great place for people to work. Our collection of awards in 2016 evidence our investment in our apprentices, and how we are supporting and recognising their hard work and talent.

Investing in skills and development

We are committed to investing in our people, giving them the knowledge and skills they need. In 2016 we expanded our online learning management system enabling users to browse and select centrally-provided training and development options. We launched a wider range of free courses making it easier for people to access self-service learning and increase their skills. We also embedded our peoples’ Personal Achievement and Development Planning (PADP) with the online portal to fully integrate their training records with their work experience and education outreach activities.

We’ve also continued to invest in our training schools in the middle east, in which account for 72% of our training days worldwide. Schools train employees in skills such as plastering, blockwork, tiling and joinery which encompass our safety, sustainability and quality requirements. This year we expanded our offering to launch a new engineering trade training school in Qatar for the first time offering Mechanical, Electrical and Plumbing courses, giving our people even more opportunities to grow into future roles.

WHAT'S NEXT?

Developing our International graduate programme to increase diversity, and retain talent
Using the Apprenticeship Levy as an opportunity to upskill our existing employees
Embedding mentoring of social enterprises as an element of our leadership programmes
Focus on increased competence as a result of training
CREATE A CULTURE OF INNOVATION

To stay ahead in the marketplace, we’re investing in innovation to make sure we offer forward-thinking solutions and new ideas to improve the way we work. Solving our customers’ challenges and implementing ideas that tackle key social and environmental challenges.

MAJOR ACHIEVEMENTS
- Finalist for our ‘Employee of the Year’ award developed a ground-breaking Innovation Locust, which uses virtual reality to bring our equipment designs to life.
- Established centres of excellence for teams to share and promote best practice across energy, cleaning and projects.

WHAT HAVE WE DONE?
We’re using digital technology and big data to prepare for advancements that will help us to build and manage buildings more efficiently.

Creating a platform for innovation
Having a clearly communicated process for managing innovation is critical to ensure people trust us to listen to their ideas. They can contribute to our idea campaigns, post ideas or respond to suggestions on our internal discussion groups. Our Innovation Team regularly updates our ‘Ingenuity at Work’ group with progress on pilot projects, new innovations and questions that we’d like help solving.

We also use Hype, an online tool that allows us to ask our innovation community questions, gain feedback on proposed innovations and stimulate ideas to solve challenges. This not only provides a way to share good ideas, but most importantly it encourages engagement and collaboration with our customers, account teams and the wider business. Once interest, demand and applicability has been understood, we have a team that researches the innovation in more detail. Depending on interest within our customer base we look for opportunities to trial these ideas, and then share the results so that the very best ideas can be adopted more widely to support both our people and our customers.

Getting ready for the future
Changing technology has the potential to place different demands on the skills required to deliver our work, so we’re thinking ahead about opportunities to retrain and reskill people to manage this transition. We’re also engaging with our people to find ways to leverage the new opportunities offered by advances in digital construction and artificial intelligence. Using our network of innovation champions, we’re leading industry developments and challenging our people to identify, develop and evaluate projects that improve what we do. In 2016 this included a tool to make the laying of pipeline safer and more efficient, adopting a new approach to supply chain management and development of a performance measurement tool.

OVER 2600 MANAGERS HAVE SUSTAINABILITY TARGETS IN THEIR APPRAISALS

£20M+ INVESTED IN INNOVATION RELATED ACTIVITIES

£0.3M INNOVATION GRANTS AWARDED TO SUPPORT NEW IDEAS TO REDUCE REOFFENDING

15 PARTNERSHIP PROJECTS TO DEVELOP INNOVATIVE BUSINESS SOLUTIONS

WHAT'S NEXT?
Looking at ways we can harness artificial intelligence as part of future workplace automation

Implementing a common innovation sharing mechanism across the business

Finding new ways to communicate innovation to our people who can’t access online forums but who benefit from and contribute to innovation

INVESTING IN PILOTS THAT SUPPORT OFFENDER REHABILITATION
Our partnership that delivers probation services - Purple Futures - invested over £300,000 in 2016 into an innovation fund, which is open to third sector organisations that bid for funding for projects that offer new ideas to help reduce the number of people reoffending. The fund acts as a start-up incubator for pilot projects which have the scope to become part of our core service offering if results are proven. Access to housing is critical in order to integrate service users back into society. Yet changes to housing benefits and a lack of supply of properties suitable for social tenants have resulted in a lack of access to housing. The Innovation Fund awarded £65,000 to Foundation, a social housing charity to develop a new social lets agency that provides service users with better access to the housing market. The fund has also supported a 22 week programme for service users to become qualified boxing coaches, gaining skills and confidence to break the cycle of reoffending.

BREAKING GROUND IN NEW MARKETS
Our strategic move into the UK geotechnical sector saw Kwikform rollout a range of new ground shoring systems, with 13 new product ranges offering 337 new products. This enables us to service the complete requirements of customers, from ground shoring to formwork and falsework, providing the market with a single supplier solution. We also use the latest 3D modelling techniques and new ways of working, including using virtual reality to plan projects. The new product range has attracted 36 new customers and now accounts for 6% of our overall hire revenues.

WHAT HAVE WE DONE?

- £0.3M INNOVATION GRANTS AWARDED TO SUPPORT NEW IDEAS TO REDUCE REOFFENDING
- 15 PARTNERSHIP PROJECTS TO DEVELOP INNOVATIVE BUSINESS SOLUTIONS
- £20M+ INVESTED IN INNOVATION RELATED ACTIVITIES
- OVER 2600 MANAGERS HAVE SUSTAINABILITY TARGETS IN THEIR APPRAISALS
- 91 INNOVATIONS SUBMITTED THROUGH INNOVATION CAMPAIGNS

WON THE ‘TECHNOLOGY IN FM’ AWARD 2017 FOR SMART BUILDING IN A BAG

WON THE ‘INNOVATIVE NEW IDEA’ AWARD AT THE 2016 FINANCE FOR THE FUTURE AWARDS FOR CAPACITY: PUBLIC SERVICES LAB, MAKING PUBLIC SECTOR PROCUREMENT MORE ACCESSIBLE TO THE WIDER SECTOR

EACH OF OUR TEAMS IN GHAIR WON AN INNOVATION AWARD FOR A POTENTIALLY LIFE-SAVING DEVICE TO LAY PIPELINES, DEVELOPED TO ELIMINATE THE NEED TO WORK IN A CONFINED SPACE

INNOVATION THROUGH SUBMITTED APPRAISALS
MANAGERS HAVE thinking solutions and new ideas to improve the way we work. Solving our customers’ challenges and implementing ideas that tackle key social and environmental challenges.
Our new goal to “Enable social inclusion” increases our focus on providing opportunities for disadvantaged groups and breaking down barriers to employment. We’re also evolving our goal to “Inspire future professionals” to ‘Develop and inspire people’, to cover our existing as well as future workforce, and the people we support to develop skills through our Learning & Employment business and rehabilitation services.

Our new actions reflect our ambition to support people to overcome challenges, gain work experience, qualifications and employment, now and in the future. They also help us prepare for the changes we expect to impact the workforce over the next 5-10 years, ensuring people have the skills to adapt.

We no longer have a dedicated goal on innovation, but innovation remains a key theme throughout the plan. We need new ideas and innovation to help us achieve all of the future targets we’ve set ourselves. Our goal to offer customers sustainability as standard is replaced by our broader goal to ‘Deliver outstanding service’ as sustainable delivery is part of how we do business.

We achieved our 2018 target to double the number of apprenticeships, traineeships and graduates in our business two years ahead of schedule.

We’ve also achieved our target to develop 3 business partnerships dedicated to innovation in sustainability including our partnership with Social Enterprise UK to host the Social Value Summit, Groundwork to develop our Social Mapping Tool and Big Society Capital, Catch22 and Gulf Finance to launch Capacity – The Public Service Lab. In fact, there are many more partnerships than we can cover here.

Collaborative working will continue to be an important part of our approach to sustainability. Having achieved our targets in this outcome, our new targets provide the direction going forward.
**PROTECT THE NATURAL ENVIRONMENT**

Natural resources are finite, yet worldwide people and business are putting unsustainable pressure on these resources. Our aim is to operate in a way that maintains and improves the natural environment in which we live and work.

**MAJOR ACHIEVEMENTS**

- Working with Cambridge Institute of Sustainability Leadership and Savills on the Natural Capital Impact Group to identify strategies to protect national infrastructure and enhance the natural environment.
- Joined the Prince of Wales’s Corporate Leaders Group, promoting action on climate change.
- Developed nature+ approach to environmental management and achieving a positive impact.
- Responded to carbon disclosure project’s (CDP’s) forest program for the first time.

**WHAT HAVE WE DONE?**

Responsibly managing our operations

We adopt an integrated management system that combines health, safety, quality and environment management procedures to OHSAS 18001, ISO 9001 and ISO 14001 standards. During 2016 our support services business developed a new, easy-to-use Aspects and Impacts register to identify their main environmental impacts and the control measures they have implemented to reduce risk. This has enabled us to standardise and improve our approach, identify the greatest risks and to prioritise our efforts accordingly. 86% of our operations are currently covered by ISO14001 certification and our Support Services operations were one of the first to be certified under the new ISO 14001:2015 criteria.

We are also updating our handheld devices to include site inspection data and a dashboard for environmental incidents on our construction sites. Despite our work to find new and better processes for managing environmental hazards, however, we incurred financial penalties for two historical environmental compliance failures in 2016. These incidents have been reviewed and the lessons learned have been shared with our teams to avoid future incidents.

Setting high standards for biodiversity

During 2016 we reviewed how we manage biodiversity, ecosystems and raw material sourcing, and the key actions we want our people to take to protect and enhance the environment. Our clear messages “Do no harm,” “Maintain” and “Improve” are designed to guide people on what to do and together form our “Nature+” approach which we intend to roll out across the business in the coming years.

In our middle east operations we developed our biodiversity checklist into a Biodiversity Standard for arid climates that sets out what we expect to see on our sites to help inform our teams on the actions to take to improve biodiversity.

Responsibly sourcing raw materials

In 2016 we continued to make progress on sustainable sourcing of forest products including timber and palm oil. Globally, we source 80% certified sustainable timber for use in our operations and have engaged with our supply chain to quantify the percentage of certified sustainable hardwood used in the cleaning and food products we use. We also responded to CDP’s Forest Program for the first time. “We are pleased to be one of the first in our sector to take part and achieved a score of ‘B’ in relation to our disclosures on timber and ‘C’ for our disclosures on use of palm oil, soy and cattle products.

**OUR CHALLENGES**

- Market maturity and information available on certified sustainable forest products, particularly soy, is low.
- Developing the right supply chain processes and controls to ensure a full audit trail for certified sustainable timber products.
- Encouraging uptake of natural environment improvements - these are often considered a ‘nice to have’.

**WHAT'S NEXT?**

Ensuring robust environmental plans are in place across our business and increasing awareness of our new Nature+ approach.

Sharing learnings from the implementation of our new Environmental Management System to enable assessments by non-professionals.

Enhancing the capability of our Construction site apps to include a dashboard for environmental incidents.
CONSERVE AND REPLENISH WATER

A lack of available water can be a serious problem for our people, customers and suppliers, especially when they are based in water scarce regions. We want to use water efficiently and reuse it wherever possible.

Our Water Use

-1% Reduction in water use in the UK, avoiding 3.8 million litres

-14% Reduction in water intensity

-30% Reduction in water intensity in our overseas operations

1.1 Billion litres of water use displaced by Bionest systems recycling brown water

Our Showcase

Introducing the Second Generation Bionest

We first started using the Bionest system in 2012 in response to Qatar’s dry and arid environment and low levels of annual rainfall. Bionest treats waste water for re-use for all non-consumption purposes. Water in Qatar has a big environmental impact due to desalination, and the use of tankers for water transportation so finding ways to reuse water has multiple benefits. In 2016 we introduced a second generation Bionest system which reduces the space required for the water treatment equipment, and reduces investment costs by 33%, making it a more viable option for smaller sites. To date, there are 77 operational systems across the region, with over 1.1 billion litres of water being saved and over 50,000 truck journeys being eliminated during 2016.

Developing Easy-to-use tools for global water reduction

We developed two online water reduction tools for our UK and International businesses. These simple spreadsheets ask a series of questions that sites can complete to generate an action plan giving specific water-saving suggestions. The surveys were completed by 164 sites and work is now underway to implement recommendations and improvements. In our international operations this was accompanied with a series of communication campaigns to highlight how users of our facilities can be more economical with water.

What are we doing?

Increasing efficiency and changing behaviours

There are many needs for water that cannot be avoided or reduced, though water is often too easily wasted. We want to use water in a more efficient way and change attitudes so that water is viewed as the valuable resource it is. Reducing our dependence on water is a major challenge, and whilst we’re proud of the progress we’ve made, we still have work to do.

Understanding our water use

We measure our water use in both absolute and relative terms. The absolute measurements compare the total volume of water consumed in 2016 with 2013. When we began our SustainAbilities plan, this doesn’t take into consideration changes to our business, such as new sites, increased numbers of employees or new projects that may be more or less water intensive. So our relative measurements show how our water use has changed in relation to our turnover.

In our international operations, which account for 97% of our global water use, we achieved a 30% reduction in relative terms, although the total amount used increased 6% compared to 2013. In our UK businesses, we made reductions in both the total volume used and water consumption per Euron. In 2016 we achieved a 4.2% relative reduction in water use, however in both regions we fell short of our 2016 target to achieve a 20% absolute reduction. Our new targets for 2020 will be set on a relative basis to reflect our changing operational profile.

Focusing on reducing water

We’ve implemented action plans to reduce water use and created standards for our sites, to help us replicate those improvements which support our water efficiency ambitions. In our employee villages this includes increasing the water efficiency of washroom sanitary products, expanding our centralised laundry services, and including washing of personal clothes to free up employees’ recreation time as well as saving water.

Managing risk from water scarcity

During 2016 we conducted a review of water risk in our supply chain to identify where we might be at risk of water stress, and looked at solutions in the event that we cannot buy products and services we need for our business. Overall, we found that switching to alternative locations for the relatively small volumes we source was the most viable option. More on this can be found on page 40.

Towards a circular world

- Water is not seen as a valuable resource in the same way as energy, making business cases difficult to prove
- Water is used for peoples’ welfare, so reducing water consumption must be balanced with our people’s need to live well
- Overcoming negative views around using recycled water

What’s next?

Continued focus on reducing water consumption in our International operations which account for 97% of our water use

Move beyond use of actions plans towards standards on water use, extending these to our sub-contractor facilities

Further rollout of the second generation Bionest system, and promoting this to customers
HALVE CARBON EMISSIONS

Our business generates carbon emissions through our buildings, business travel and on-site energy generation. We’ve set ourselves demanding carbon reduction targets in these areas to minimise our environmental impact.

MAJOR ACHIEVEMENTS

- Implemented a new fleet policy in the UAE, with the team winning an award for their efforts in reducing fuel consumption, carbon emissions and costs.
- 1 million litres of fuel saved in the UK through transitioning to a lower carbon company car fleet and engaging drivers on efficient driving styles.
- TRIalled new technologies such as hybrid solar/diesel generators which reduce carbon emissions.
- Our carbon working group developed and implemented carbon and travel reduction plans, as well as our carbon and energy policy position.
- Awarded certified emissions measurement reduction scheme (CEMARS) Gold standard for achieving carbon reductions over 5 years.

WHAT HAVE WE DONE?

Increasing the efficiency of our operations

Our business is reliant on fuel which is used to generate power for our onsite machinery and equipment, as well as the vehicles used in our fleet - which together account for 68% of our total carbon emissions. That’s why we’ve focused on improving the efficiency of our fuel use by providing sizing guides for generators, adopting hybrid generators where appropriate and investigating alternative technologies such as solar-task lighting.

Reducing the impact of our fleet

In the UK our carbon emissions are dominated by fuel use in our fleet, accounting for 51% of total UK emissions. In our international operations fleet fuel use accounts for 37% of our carbon emissions. That’s why we’ve invested heavily in upgrading to more efficient technology, tackling driver behaviour and changing the culture around business travel to reduce our emissions, and have achieved a 23% reduction.

Reducing emissions from our offices

We achieved an almost 20% absolute emissions savings at our permanent sites in the UK and a 6% absolute reduction across our international operations compared to 2011. We did this by focusing on improvements to accommodation, and installing more efficient air conditioning and equipment as well as reviewing our estate portfolio and reducing this where possible.

A positive balance

Due to our dependence on fuel, we rely on the pace of change of technology to achieve our carbon emissions reductions, or we will have to offset (or inset) those emissions we’re responsible for. At present, this is cost prohibitive but over time we hope that solutions will become more viable.

The type of work we do also means our total carbon emissions are affected by the cyclical nature of projects and project requirements. For example, emissions in our International operations increased in 2016 due to two projects: a pipeline project in the desert requiring greater fuel for travel and the provision of an accommodation barge to house employees offshore for oil rigs we were maintaining. Together these projects equated to an additional 24,000 tonnes of carbon, masking an underlying 6% reduction through our carbon reduction efforts.

OUR CHALLENGES

- Our total carbon emissions fluctuate according to project cycles and the type of work we have, which impacts our ability to achieve absolute emissions reductions.
- Waiting for grid connections for our sites can be time-consuming and results in greater reliance on carbon-intensive generators.
- Reducing the emissions associated with our fuel use requires faster pace of change in technology.

WHAT’S NEXT?

- Demonstrating how more detailed consumption data can support targeted actions and investments to reduce emissions
- Trailering a telematics smart phone driver app to raise awareness of fuel usage
- Continuing to upgrade our employee villages with more efficient lighting, insulation and air conditioning units
- Reviewing our carbon emissions targets, including considering science based targets
MAKE WASTE A THING OF THE PAST

It is important we use valuable resources wisely. We design and manage our operations to eliminate waste wherever possible and then seek to reuse or recycle waste that can’t be avoided.

MAJOR ACHIEVEMENTS
- Completed ‘Designing Out Waste Workshops’ as part of construction design process - as a result we trialled using old steel pipes for foundation pilings
- Engaging in industry conversations to advance circular economy thinking through our work with Constructing Excellence and Business in the Community’s circular economy taskforce
- Developed a business case for establishing a waste transfer station to enable reuse of construction waste in Dubai
- Undertook project to analyse waste at our permanent sites to find better ways of managing waste

WHAT HAVE WE DONE?
Reducing waste, increasing efficiency

We are delighted that last year we achieved a 25% reduction in construction waste against our 2013 baseline, achieving our ambitious target to reduce waste volumes by 25% by 2016. This equates to a 40% reduction when business growth is taken into consideration.

OUR MODEL FOR EFFICIENT RESOURCE USE

REDUCE
Avoid waste in the first place eg design it out, order only what’s needed

REUSE
Where we produce it, seek another use for it

REPAIR
Extend its usable life

RECYCLE
Where it can’t be reused, maximise recycling rates

RECOVER
Recovers utilities of value from waste

RESIDUAL
Waste to landfill as the last resort

CONSTRUCTION WASTE (TONNES)

<table>
<thead>
<tr>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2016 TARGET</th>
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<tbody>
<tr>
<td>100,000</td>
<td>75,000</td>
<td>50,000</td>
<td>25,000</td>
<td>25% reduction</td>
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</table>

OFFICE WASTE (TONNES)

<table>
<thead>
<tr>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>50,000</td>
<td>37,500</td>
<td>25,000</td>
<td>12,500</td>
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</table>

WE’VE LOOKED AT HOW WE CAN REDUCE WASTE ACROSS ALL STAGES OF THE CONSTRUCTION PROCESS. CONTROLLED DEMOLITION ENABLES US TO EXTRACT REUSABLE OR RECYCLABLE MATERIALS, AND WE USE DEMOLITION WASTE TO CREATE NEW FOUNDATIONS, MINIMIZING THE NEED FOR ADDITIONAL RAW MATERIALS. BUYING ONLY WHAT WE NEED, RECYCLING THE EXCESS, OR SEEKING ALTERNATIVE USES FOR LEFT OVER PRODUCTS MEANS LESS WASTE IS PRODUCED. WE’RE ALSO THINKING ABOUT WHAT GOES INTO BUILDINGS, LOOKING FOR OPPORTUNITIES TO INCREASE THE EFFICIENCY OF DESIGN AND BUY PRODUCTS WITH MORE RECYCLED CONTENT. WE HAVE ALSO DELIVERED TRAINING AND EDUCATION TO HELP OUR PEOPLE MORE ACCURATELY CLASIFY WASTE TO IMPROVE REPORTING.

This drive for greater efficiency has avoided over 55,000 tonnes of waste being produced and disposed of. In the future, we’re aiming to continue to improve how efficiently we use materials and enable alternatives to landfill in our Middle East operations by setting up our own Waste Transfer Station.

MANAGING OUR OFFICE WASTE

We narrowly missed our target to reduce office waste by 50% with a 45% reduction overall through a combination of awareness campaigns, improved segregation and utilising best practice waste management techniques. We’re now looking at how we can minimise waste going to landfill through consultation with our waste managers.

OUR SHOWCASE

REDUCE, REUSE, RECYCLE

Given that waste infrastructure is often less advanced outside the UK with fewer recycling options, our focus on producing less, being more efficient with our resources, and re-using waste where possible is even more important. For example, in our International Trade Training Schools we re-use construction waste in training exercises so materials experience a second life in educating and up-skilling our people.

FACT

FOLLOWING A 2015 TRIAL, OUR UMM SALAL EMPLOYEE VILLAGE IN QATAR NOW COMPOSTS FOOD WASTE USING A BIORON. THE COMPOST IS THEN USED TO GROW FRUITS AND VEGETABLES, WHILST OUR GREENHOUSES WERE ALSO BUILT USING RE-USED CONSTRUCTION WASTE!

SUPPORTING LOCAL EMPLOYMENT WITH WASTE WOOD

In 2016 we expanded our relationship with the social enterprise ‘Community Wood Recycling Network’. The nationwide network of wood recycling social enterprises is now used on 23 sites to dispose of timber construction waste. This waste wood is separated into good quality wood to be repurposed into furniture, or low grade wood for woodchip. The social enterprise creates sustainable jobs, as well as training and volunteering opportunities for local people, especially those who might find it difficult to find employment. In 2016 we sent 318.5 tonnes of timber to social enterprises, a 28% increase on 2015, some of which were used to create shoe shelves for a major high street retailer!

OUR CHALLENGES

- Designing Out Waste workshops are effective when our customers and sub-contractors are aligned and involved, but timing is key
- Attitudes to waste as a resource vary and demand for more sustainable options is often low, we need to change perceptions of products with a high recycled content or reclaimed materials
- Availability and maturity of waste infrastructure varies dramatically across our international operations

WHAT’S NEXT?

LEADING DISCUSSIONS ON THE CIRCULAR ECONOMY

Last year we presented at a number of Aldersgate Group events engaging the UK government and European parliament on the circular economy. We have emphasised the role of lifecycle management and importance of maintenance, to maximise the usable life of products, extending their life before secondary repurposing. Our CEO also sits on the leadership panel for Business in the Community’s Circular Economy Taskforce while we take an active role in the Technical Advisory panel.

OUR SUPPORT SERVICES BUSINESS HAS BEEN SENDING WASTE COOKING OIL, FOR CONVERSION TO BIO-DEisel SINCE 2012

ENGINEERING AND ENGAGING WITH A WIDE RANGE OFEXTERNAL STAKEHOLDERS INCLUDING BTV, ALDERSGATE GROUP, SUPPLY CHAIN SUSTAINABILITY SCHOOL, CONSTRUCTING EXCELLENCE AND BUILD UK TO DISCUSS CLOSED LOOP SYSTEMS AND THE CIRCULAR ECONOMY.

WORKING WITH AN INTERNATIONAL CONTRACTOR TO ENSURE OUR OWN MANUFACTURED WASTE RECYCLING FACILITY TO RECYCLE PLASTIC AND CARDBOARD FROM MIDDLE EAST SITES

Printer Monitor Makes People Think Twice

Last year our Interserve Learning and Employment business invested in new printers with ‘follow-me’ printing. By monitoring peoples’ printing volumes we found that people are more thoughtful about their printing, and have seen 39% reductions in office paper waste.

At our new office in Hungrystone House, 98.7% of the demolished original building is still on-site, crushed up and used as sub-base to support the new building.

Interserve Sustainability Progress Update 2016

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LOOKING FORWARD

WE PROTECT THE NATURAL ENVIRONMENT AND IMPROVE NATURE WHERE WE CAN.
WE USE RESOURCES CAREFULLY, AND RESPOND TO A CHANGING WORLD.

IN EVERYTHING WE DO, WE BALANCE ENVIRONMENTAL IMPACTS ALONGSIDE OTHER CONSIDERATIONS IN THE DECISIONS WE MAKE.

Our updated plan continues our commitment to protecting and improving the natural environment, with a new action to ensure robust environmental plans are in place. We’ve expanded the scope of this to include adapting and responding to environmental change, alongside continuing the progress we’ve made on managing our own operations and sourcing products responsibly.

Our new goal to “improve resource efficiency” combines our existing goals on conserving water, reducing carbon emissions and making waste a thing of the past – putting efficient resource use at the heart of how we operate. Our targets are focused on using less energy, fuel and water, and producing less waste while delivering for our customers.

To better reflect how our volume of work impacts our overall performance, our future targets will be normalised by turnover. We will continue to refine this approach over the coming years.

Reducing carbon emissions continues to be a challenge for our generation. While we haven’t made the progress we’d like on reducing our emissions, we remain committed to this and continue to have an ambitious target to drive innovation and guide decisions.

Our 2020 target to halve our carbon emissions is proving the challenging target we thought it would. The majority of our emissions relate to our consumption of fuel through our vehicle fleet and energy generation on construction sites to power plant and equipment. We are somewhat reliant on the pace of change of technology to help achieve our targets. To date, this hasn’t brought the emissions reductions we’d hoped for. We remain committed to achieving emissions reductions but to reflect the challenge this represents, have extended our target out to 2025.

Our outstanding 2018 target to assess and act on our customers’ vulnerability to water scarcity is no longer considered a relevant target within our plan. Whilst being aware of water-related risks is important, our stakeholders did not consider this to be an area we can substantially influence.

We have already implemented our first closed loop systems in line with our 2018 and 2020 targets, and will continue to support the development of the circular economy thinking. Our commitment will continue through our roles on Business in the Community’s Circular Economy Task Force and the Aldersgate Group’s Circular Economy campaign.

OVER 2600 MANAGERS HAVE SUSTAINABILITY TARGETS IN THEIR APPRAISALS

WHAT DOES THIS MEAN?
We are a force for good. We look to the future and are building a strong, ethical and successful business. We work with our supply chain to ensure responsible sourcing, supporting them to grow and make a positive contribution. We manage risks and value our impacts on society, skills and the environment.

UK CONSTRUCTION MATERIALS RESPONSIBLY SOURCED

54% OF OUR CONSTRUCTION PRODUCTS AND SERVICES ARE SOURCED WITHIN 50 MILES OF OUR SITES

OUR UK OPERATIONS USE 74% RENEWABLE ENERGY

52% SUPPLIERS COVERED BY SUSTAINABILITY CODE OF CONDUCT

OUTCOME 5

50m

WHAT HAPPENS TO OUR PREVIOUS TARGETS?

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POSITIVE ENVIRONMENTAL IMPACT

PROTECT AND IMPROVE THE NATURAL ENVIRONMENT

90% OF OPERATIONS WITH ROBUST ENVIRONMENTAL PLANS

REDUCE OUR CARBON EMISSIONS BY 60%

OUR ACTIONS BY 2020

OUR ACTIONS BY 2025

IMPROVE RESOURCE EFFICIENCY

REDUCE USE OF RESOURCES AND WASTE BY 40%

Our updated plan continues our commitment to protecting and improving the natural environment, with a new action to ensure robust environmental plans are in place. We’ve expanded the scope of this to include adapting and responding to environmental change, alongside continuing the progress we’ve made on managing our own operations and sourcing products responsibly.

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BUY SUSTAINABLE PRODUCTS AND SERVICES

Identifying and managing social and environmental issues in our supply chain is important to us. We engage with our suppliers to fully understand the products and services we buy and seek the most sustainable option.

MAJOR ACHIEVEMENTS

- Developed a framework of working practices aligned to the British Standard for Sustainable Procurement (BS8903) for use in our Middle East businesses.
- Hosted a Supplier Awards event to recognise our suppliers’ contributions to achieving our aims.
- Our Sustainable Procurement working group reviewed issues including embodied carbon, ethical risks, and traceability of products and services.
- Trialled ‘CEM-free’ concrete on our new regional office hub, Ingenuity House, which has less embodied carbon than traditional products.

WHAT HAVE WE DONE?

Managing our supply chain

In 2016 we focused on ensuring our supply chain management practices are able to deliver the requirements of our sustainable sourcing ambitions, and adopting a consistent approach worldwide. In our Support Services business we amended our Vendor Accreditation System to require all accredited suppliers to sign up to our new Code of Conduct, which refers to ethical procurement, responsible sourcing and Modern Slavery. By the end of 2016, over 8,500 of the group’s suppliers were covered by our Code of Conduct or Ethical Procurement Policy.

In our international operations, our Sustainable Procurement Working Group produced a series of standard documents, procurement frameworks and policies to support sustainable procurement based on the British Standard for Sustainable Procurement (BS8903). Part of this was to create a standard for timber procurement to ensure that we buy sustainable timber. These frameworks are enabling our international businesses to leverage a common approach that is founded on best practice.

Knowing where products come from

We’ve also made good progress on ensuring traceability, and our ability to measure and quantify the recycled content and embodied carbon in products we buy. We recognise that specifying and buying products with a high recycled content drives the market to innovate and provide alternative solutions to using virgin raw materials. We’re pleased that 74% of the materials we use have a responsible sourcing accreditation such as BES6001 - the Framework Standard for Responsible Sourcing or Environmental Product Declarations, meaning that organisations in our supply chain are managing their social and environmental impacts.

Taking responsibility for ethics

Our procurement teams work hard to ensure our procurement is both ethical and sustainable, and balance traditional assessments of price and quality with environmental, economic and social factors. During 2016 we further improved our ethical procurement standards, reflecting the requirements of the Modern Slavery Act and increasing the importance of worker welfare standards in our supply chain. This is in line with our commitments to protect the human rights of both people we directly employ, and of subcontractors and suppliers in our supply chain.

RECOGNISING GREAT SERVICE IN OUR SUPPLY CHAIN

We hosted a Supplier Award ceremony to recognise our suppliers’ hard work and contribution to our business. Recognising exceptional standards of service in our supply chain is an important part of us offering sustainability as standard. We want to work in partnership with our supply chain to reduce environmental impacts, achieve social benefits, increase skills and deliver great customer service. We are now seeking to build on our business with the winning suppliers to strengthen relationships, and find even better ways to work together.

OUR CHALLENGES

- Different levels of supply chain maturity impact our ability to engage with our partners at a technical level.
- Our information on responsible sourcing is stored in varying forms - to make better decisions we need to find ways to centralise and analyse data to make it more accessible.
- Balancing the need for strategic national partnerships and benefits of relationships with large suppliers, with our ambition to support local suppliers and smaller businesses.

WHAT’S NEXT?

- Engaging with our top 20 suppliers to discuss key sustainability issues such as carbon, waste, supplier diversity, opportunities for disadvantaged groups, sustainable products and ethical supply.
- Moving towards 95% products and services responsibly sourced, with 80% key products traceable to source.
- Establishing our ‘forward thinking’ programme as a way to engage our key suppliers further on our sustainable supply chain journey.

GOAL 12

REDUCTION IN THE EMBODIED CARBON CONTENT OF THE TOP 10 MATERIALS WE USE

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As the cost of energy rises and more demand is put on supply, it’s important that we look to new ways to improve our own, and our customers’ energy security.

**MAJOR ACHIEVEMENTS**
- Set up an energy centre of excellence to promote best practice and share learning and experience across the business.
- Implemented a new energy delivery model to offer a joined-up approach to the services we deliver for our customers.
- Implemented energy saving initiatives at our construction sites as part of “intelligent” site set-up, such as eCorking, zones security lighting and hybrid solar-diesel generators.
- Achieved carbon emissions measurement and reduction scheme (Compass) gold standard for 5 years consecutive emissions reductions in our UK operation.
- Supported our customer Talk Talk to achieve ISO 50001 accreditation.

**WHAT HAVE WE DONE?**
An integrated energy strategy
This year we set up a new Energy ‘Centre of Excellence’. This enables us to leverage the knowledge and expertise within this dedicated and experienced team for the benefit of all our contracts. Its aim is to provide a comprehensive set of services in line with the strategic aims of Interserve and our customers, whilst enabling collaboration and sharing of best practice across the business.

Our new Energy Delivery Model supports our customers to generate, buy and use energy in the most efficient way for them. We use data and insight to design and implement the best solutions and we also apply these criteria to ourselves.

Make Well
We want to support local energy generation, and have conducted feasibility studies for off-grid renewable energy generation technologies to replace or add capacity to customers’ operations. During 2016 we have helped a large university to develop a carbon reduction programme to support their target to reduce carbon emissions by 45% by 2020 and make the university one of the most energy efficient in the UK. The plans include installing the largest solar photovoltaic (PV) array in any education establishment as part of the “Use Well” and “Make Well” measures. Interserve are also working with off-grid renewable partners to develop ‘private-wire’ PV solutions for our customers, fixing their energy costs, providing increased energy security and decarbonising their energy supply.

Buy well
By centralising purchasing we have reduced legislative compliance costs by half with further operational efficiencies through a shared procurement delivery model. Our UK businesses now source 74% renewable energy and we offer low carbon energy procurement for our customers too.

Pay well
We’re offering energy bureau services incorporating bill validation and payment services together with performance management through monitoring and targeting, measurement, and verification. Data collection and analysis is an important part of this approach, enabling us to identify savings, energy efficiency improvements and patterns in consumption to increase energy resilience.

Use Well
As well as our services managing energy supply, we also design, install and commission mechanical and electrical building engineering services to enable demand side energy reductions. Where opportunities to improve operational efficiency have been implemented, we’ve seen that better energy generation through innovations in low-carbon technologies can be key to reducing both carbon and costs, with carbon savings of over 28,000 tCO2, identified in our current pipeline.

**OUR CHALLENGES**
- Trials of renewable energy generation on construction sites have found that technologies don’t yet have the capacity to support more energy intensive activities.
- Investment in energy technology is often hampered by time to ‘Improve resource efficiency’.
- Identifying opportunities to influence our customers to implement new and proven energy reduction strategies.

**WHAT’S NEXT?**
- Next year our energy team will be working towards energy conservation measures for our customers in the order of £30m, with associated financial savings of £6m.
- Incorporating energy security and resilience into our overall target to ‘Improve resource efficiency’.
- Continued research and Investment into new low-carbon technologies, including private-wire PV and battery storage.

**WE GENERATED 117 MWH RENEWABLE ELECTRICITY ACROSS OUR OWN ESTATE**

**OUR UK OPERATIONS USE 74% RENEWABLE ENERGY**

**WE OFFER LOW CARBON ENERGY PROCUREMENT TO OUR CUSTOMERS**

**OVER THE LAST 5 YEARS OUR ENGINEERING SOLUTIONS HAVE REDUCED NHS TRUST’S ENERGY BILLS BY £600,000 PER YEAR**

**PROVIDING SUSTAINABLE SOLUTIONS TO ISLAND ENERGY NEEDS**
Cyprus receives two to three times more sunshine than the UK, and so is particularly suitable for solar energy projects which deliver a good payback, especially considering the higher cost of conventional energy. In Episkopi in Cyprus last year we installed a pilot solar photovoltaic (PV) array that enabled us to explore the potential benefits of variable array design, and design of earthquake and wind resistant systems. We also integrated solar panels into the roof of the new environmental centre at Akrotiri.

**USING THE POWER OF THE SUN**
We are now using solar warming lights on our International Infrastructure projects to alert people where we are working. These are in addition to our solar security lights, which were previously run off diesel generators, and are now powered by the sun. We are also using a hybrid solar-diesel generator at our site in Ruhach which reduced employee village emissions by 36% in 2016, and we are exploring the use of a portable version for temporary works where grid connection is difficult to obtain.

**AS SIMPLE AS FLICKING A SWITCH**
As part of a rolling programme of works at County Hospital Stafford, Interserve Engineering Services are undertaking five ward refurbishments to bring them up to modern NHS standards. Energy conservation was a key part of the design objectives so we’ve designed and installed LED lighting to optimise energy efficiency and keep costs low. Across the five wards the upgraded lighting will provide an energy reduction of c£141,000/kWh per year, saving the Trust £11,000 and reducing their carbon emissions by 63 tCO2. We’ve also incorporated lighting controls, such as occupancy sensors for rooms not in constant use. Together, these provide an average reduction in energy usage and CO2 emissions of 56% compared to the original ward lighting.

**AN INTEGRATED SOLUTION TO BOTH ENERGY AND WASTE**
We developed a concept design for a containerised energy from waste facility for the Falkland Islands that tackles both the lack of available landfills and stockpiles of scrap timber. Surveys showed that wood, cardboard and paper form a significant proportion of the waste stream (40%-45%) going to landfill, so our solution is to process timber and card into briquettes feeding a biomass boiler in a containerised Combined Heat and Power (CHP) system. Our integrated solution not only tackles the timber stockpile, reduces waste going to landfill and extends the lifespan of the landfill site significantly, but it also generates electricity, meets demand for heat and domestic hot water and electrical power, and helps make the most of limited space available.

**WHAT HAVE WE DONE?**
- Supported our customer TalkTalk to achieve ISO 50001 accreditation.
- Achieved carbon emissions measurement and reduction scheme (Compass) gold standard for 5 years consecutive emissions reductions in our UK operations.
- Implemented energy saving initiatives at our construction sites as part of “intelligent” site set-up, such as eCorking, zones security lighting and hybrid solar-diesel generators.
- Make Well measures. Interserve are also working with off-grid renewable partners to develop ‘private-wire’ PV solutions for our customers, fixing their energy costs, providing increased energy security and decarbonising their energy supply.
- Buy well measures. Energy conservation was a key part of the design objectives so we’ve designed and installed LED lighting to optimise energy efficiency and keep costs low. Across the five wards the upgraded lighting will provide an energy reduction of c£141,000/kWh per year, saving the Trust £11,000 and reducing their carbon emissions by 63 tCO2.
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- We’ve also incorporated lighting controls, such as occupancy sensors for rooms not in constant use. Together, these provide an average reduction in energy usage and CO2 emissions of 56% compared to the original ward lighting.
- Cyprus receives two to three times more sunshine than the UK, and so is particularly suitable for solar energy projects which deliver a good payback, especially considering the higher cost of conventional energy. In Episkopi in Cyprus last year we installed a pilot solar photovoltaic (PV) array that enabled us to explore the potential benefits of variable array design, and design of earthquake and wind resistant systems. We also integrated solar panels into the roof of the new environmental centre at Akrotiri.
- We developed a concept design for a containerised energy from waste facility for the Falkland Islands that tackles both the lack of available landfills and stockpiles of scrap timber. Surveys showed that wood, cardboard and paper form a significant proportion of the waste stream (40%-45%) going to landfill, so our solution is to process timber and card into briquettes feeding a biomass boiler in a containerised Combined Heat and Power (CHP) system. Our integrated solution not only tackles the timber stockpile, reduces waste going to landfill and extends the lifespan of the landfill site significantly, but it also generates electricity, meets demand for heat and domestic hot water and electrical power, and helps make the most of limited space available.

**GOAL 13**
**IMPROVE CLIENTS’ ENERGY SECURITY**

**Progress Update 2016**

**Interserve Sustain**

**MANAGED ON**

**74%**

**OUR UK OPERATIONS USE**

**74%**

**RENEWABLE ENERGY**

**WE GENERATED 117 MWH RENEWABLE ELECTRICITY ACROSS OUR OWN ESTATE**

**WE OFFER LOW CARBON ENERGY PROCUREMENT TO OUR CUSTOMERS**

**OVER THE LAST 5 YEARS OUR ENGINEERING SOLUTIONS HAVE REDUCED NHS TRUST’S ENERGY BILLS BY £600,000 PER YEAR**

**WHAT HAVE WE DONE?**
An integrated energy strategy
This year we set up a new Energy ‘Centre of Excellence’. This enables us to leverage the knowledge and expertise within this dedicated and experienced team for the benefit of all our contracts. Its aim is to provide a comprehensive set of services in line with the strategic aims of Interserve and our customers, whilst enabling collaboration and sharing of best practice across the business.

Our new Energy Delivery Model supports our customers to generate, buy and use energy in the most efficient way for them. We use data and insight to design and implement the best solutions and we also apply these criteria to ourselves.

Make Well
We want to support local energy generation, and have conducted feasibility studies for off-grid renewable energy generation technologies to replace or add capacity to customers’ operations. During 2016 we have helped a large university to develop a carbon reduction programme to support their target to reduce carbon emissions by 45% by 2020 and make the university one of the most energy efficient in the UK. The plans include installing the largest solar photovoltaic (PV) array in any education establishment as part of the “Use Well” and “Make Well” measures. Interserve are also working with off-grid renewable partners to develop ‘private-wire’ PV solutions for our customers, fixing their energy costs, providing increased energy security and decarbonising their energy supply.

Buy well
By centralising purchasing we have reduced legislative compliance costs by half with further operational efficiencies through a shared procurement delivery model. Our UK businesses now source 74% renewable energy and we offer low carbon energy procurement for our customers too.

Pay well
We’re offering energy bureau services incorporating bill validation and payment services together with performance management through monitoring and targeting, measurement, and verification. Data collection and analysis is an important part of this approach, enabling us to identify savings, energy efficiency improvements and patterns in consumption to increase energy resilience.

Use Well
As well as our services managing energy supply, we also design, install and commission mechanical and electrical building engineering services to enable demand side energy reductions. Where opportunities to improve operational efficiency have been implemented, we’ve seen that better energy generation through innovations in low-carbon technologies can be key to reducing both carbon and costs, with carbon savings of over 28,000 tCO2, identified in our current pipeline.
Environmental change has implications for our own operations and those of our customers. We help ensure the buildings, spaces and infrastructure we build and manage are resilient and enable our customers around the world to adapt to climate change.

**MAJOR ACHIEVEMENTS**
- Gulf Contracting received a special achievement award at the Qatar Green Building Council awards for significant contribution to advancing sustainability against the Qatar National Vision 2030
- Conducted a research project to assess and manage water risk in our support services supply chain
- Supported customers in Disaster response efforts following extreme weather events
- Reviewed customers’ business continuity plans to assess risks from extreme weather and develop response procedures

**WHAT HAVE WE DONE?**

**Identifying key risks**
The World Economic Forum Global Risk Report in 2016 lists water crises and failure of climate change mitigation and adaptation as two of the most likely and highest impact risks facing the world. The risks from climate change are considerable, to us, our customers and to our supply chain and we have an important contribution to make through all our businesses.

**Building with climate change in mind**
In construction, we have an opportunity to design and construct better buildings. At the extreme end of the scale we’ve designed and built structures to withstand typhoons and floods, but on a daily basis we design in measures that enable building users to manage thermal comfort, and specify materials with greater resilience to weather conditions such as temperature extremes. Our new office hub under construction in the Midlands has been designed to showcase the best of environmental design, using all the knowledge, experience and technology at our disposal. For our customers, we apply our knowledge to specify buildings and landscapes that are better able to cope with changing weather patterns.

**Designing natural resilience**
We’re leading thinking on alternatives to hard-engineered environmental defences, using a combination of natural and engineered solutions. We want to promote the economic benefits and positive role of natural infrastructure such as reed beds, bog restoration and landscaping to build resilience, reduce the impact and manage the economic cost of environmental change. These solutions can provide multiple benefits, for example, external landscaping and tree planting provides opportunities for natural shading and minimise solar gain, whilst land management practices make the most of natural drainage to reduce flood risk, and more native plants support local ecology.

**Managing the impact of temperature extremes**
Climate change is causing more Black Flag days in our International operations - these are when temperature and humidity rise so high that our work stops for the safety of our people. Our operations are planned around potential risks, and we monitor the situation closely. We have nurses on site that are trained to deal with heat-related illness, as well as cool rooms and cooling equipment such as icepacks and cooling cloths. We also engage with our operatives and supervisors on how to spot signs of dehydration, and we use a rehydration product during the summer months that is designed to replenish the minerals that we lose via sweat resulting in no heat-related illness in 2016.

**Assessing risks in the supply chain**
As well as our own operations, we need to consider how our supply chain is affected by climate events. During 2016 we commissioned a project to understand and quantify potential risks in our Support Services supply chain due to water scarcity.

**Our challenges**
- Response is more common than prevention: preparing for environmental change tends not to become a priority until a major incident has occurred
- Perception of costs involved in environmental preparedness limits investment despite many mitigation techniques being low cost
- Assessing supply chain risk requires detailed data on product origins which isn’t always readily available

**Our showcase**

**Understanding water risk in our supply chain**
We’ve been exploring potential supply chain risks due to climate change such as water scarcity. The main products subject to water risk are those that depend on water use for manufacture, such as cleaning products, clothing, stationery and food for our catering businesses. Our research involved analysing our key categories of spend and engaging with our major suppliers on their management practices. We found that some supply partners were already using sophisticated water risk analysis tools, whilst others had not yet considered the issue. Whilst water shortages potentially pose high risks, our research found that risks are manageable through sourcing alternative products from regions at lower risk of water scarcity. In general, our supply chains are short enough to remain flexible, and we have few critical dependencies.

**In the Philippines we supported the local community in the aftermath of the 2016 cyclone which caused severe flooding and damage to crops and infrastructure.**

**Enhancing flood resilience**

We achieved excellent scores from the Considerate Constructors Scheme for the regeneration of partly-derelict land beside Tolluck on the River Medway in Tonbridge, Kent. Densely surrounded by businesses and residential properties, our aim was to provide high-quality open space with a new flood wall, seating, lighting, landscape planting and toilet facilities for boaters using the River Medway, as well as a new building for the Environment Agency to house telemetry instruments, which capture and transmit data on rainfall, water levels and water flow data. We were commended for our reuse of excavated material and stone used to construct the new river bank protection units, with surplus donated for other flood defence works in the area. We also reclaimed timber from an old landing stage to construct the new landing platform.

**Business resilience in the face of extreme weather**

In the UK last winter several of our customers suffered from major floods, and our teams did everything they could to minimise damage, protect people, and enable a speedy return to business as usual. Two of the responding teams were alerted to major floods over the Christmas period, and facing a limited supply chain, intermittent mains supply, and the increasing threat of rising water levels worked day and night to organise sand bags, isolate electrical supplies, move equipment to higher floors and assist with temporary relocation. We also supported the army providing assistance to people affected by floods, by providing a base for soldiers near the flooded town. Following these events, we have supported our customers to review their Business Continuity Plans in preparation for potential future events.

**What’s next?**
- Incorporating environmental adaptation and resilience into our overall goal to “protect the natural environment”
- Exploring the role of natural infrastructure alongside engineered solutions to minimise the impact of extreme weather events
- Delivering a summit on the New Nature Economy to encourage ideas on climate resilience
VALUE MORE THAN JUST MONEY

Sustainability is at the heart of how we do business. We believe long term business success is underpinned by a broader range of factors than just financial performance and we focus on three non-financial capitals - social, knowledge and natural capital.

MAJOR ACHIEVEMENTS

✈️ We launched a guide to Social Value to help our people think about designing added value into our new and existing contracts.
✈️ We piloted the Social Capital and Natural Capital Protocol methodologies to quantify our interactions with society and assess our dependencies on the natural environment.
✈️ Sustainability is reflected in the remuneration package for our chief executive officer and our chief financial officer.
✈️ We retained our listing on the FTSE4GOOD index, responded to the Carbon Disclosure Project and forest disclosure project.

WHAT HAVE WE DONE?

We look at all the ways that we create value through our activities. This includes generating social value in the communities where we live and work, recognising how we build the skills of individuals and share knowledge among teams and through collaborative working, and how we protect and improve the natural environment.

Generating social capital
Our contribution to society includes generating local employment, supporting the local economy through our supply chain and improving the lives of people we work with. We encourage our people to think about the way they can bring added value alongside day-to-day delivery, and recognising the amazing efforts of our people to go above and beyond to support local communities.

We have been working with the Cabinet Office and various UK Government commissioning bodies to bring about a better understanding and use of the Social Value Act to drive social benefits from our newly-procured contracts. This in turn has led us to be leading exponents of responsible procurement and invited to continue to advise the government on their Social Value Act policy.

Building knowledge capital
We develop knowledge capital through training, educating and up-skilling our own workforce and people reached by our services. We are creating new ways and forums for our teams to communicate, discuss ideas and foster creativity, and we are encouraging partnership working with our customers and supply chain to deliver better solutions.

Enhancing natural capital
Through our projects we look for ways to increase resource efficiency and conserve the natural environment including water, raw materials, energy and land. Our land management practices aim to make a net positive contribution to biodiversity and build long-term resilience to environmental change.

MEASURING THE SOCIAL VALUE WE BRING

In 2016 we commissioned a project to pilot the World Business Council for Sustainable Development’s ‘Social Capital Protocol’ on our business. This toolkit aims to encourage big business to measure and value its interactions with society in terms of employment, skills and safety. The research project looked at the demographic make-up of our workforce, the training and development pathways we make available, our charitable activities supported through the Interserve Employee Foundation, and our approach to safety. The final report made recommendations for us to continue developing and growing our programmes, using the Social Value Map as a tool to measure the impact of this work and incorporate social impacts into decision making.

VALUING NATURE FOR OUR CUSTOMERS

Interserve’s consulting business was commissioned by the Land Trust to undertake an ecosystem services and natural capital assessment on Silverdale Country Park. Silverdale Park, a former colliery, now consisting of woodland, grassland, lake and wetland is used by the community for a wide range of leisure activities. The assessment estimated the annual economic value of environmental services including carbon storage, water retention, purification and flood alleviation at Silverdale Park to be worth £2.6 million; with the health and education benefits for the local population estimated to be worth £2.2 million over a 10-year period. This helps quantify the wider value that the green space brings to the local community in terms of environment, society and the wider economy. The Land Trust aims to use this understanding to aid better decision making in the management of the green space, and enable further investment to generate positive community benefits.

Bringing people together to progress ideas
In 2016 we hosted our third Social Value Summit. Co-produced with Social Enterprise UK, and supported by Business in the Community, our annual event brings together leaders from across housing, healthcare, business, charity and social enterprise sectors to share practice, insight, and learning in relation to all things social value. The summit aims to share best practice, inspire ideas and innovation and build cross-sector networks and partnerships. The summit also hosted the Social Value Awards, established by the Cabinet Office and supported by KPMG, which recognised organisations that have put social value at the heart of what they do.
Looking Forward

WE WANT TO BE A POSITIVE FORCE FOR GOOD. WE THINK ABOUT THE LONG TERM AND WORK WITH OUR PARTNERS TO CREATE A BETTER FUTURE.

Our engagement on the future of the plan recognised the importance of our supply chain partners and sustainable procurement in underpinning our work. Supplier engagement becomes even more important, with a new 2025 action focused on engaging key suppliers in helping deliver our plan. While our new 2020 target will continue to drive progress on responsible sourcing, ensuring that our supply chain acts ethically and we look for products with a lower embodied carbon and higher recycled content.

Our goals to ‘Respond to environmental change’ and ‘Improve clients’ energy security’ are no longer considered key issues requiring dedicated goals by our stakeholders. Environmental resilience will be addressed through our goal to ‘Deliver outstanding service’.

Our commitment to improving social value and taking account of non-financial impacts in our decisions.

Our effort and resources where we can have the most impact.

During our consultation process we identified that our targets on environmental resilience and co-designing energy security projects are no longer relevant. This is in part due to changes in our business activities and in part reflects improvements in our understanding of our influence, and our desires to focus our effort and resources where we can have the most impact. Rather than having a dedicated goal, adapting and responding to environmental change will be addressed as part of our goal to protect and improve the natural environment.

We have made significant progress on adopting the principles of integrated reporting into our annual report and accounts. For the last four years we’ve reported on our social, knowledge, natural and financial capital metrics across all our operations. Although we haven’t developed the balanced scorecard approach to decision making we originally envisaged, our updated 2020 action will continue to drive progress on developing tools that help us value and take account of non-financial impacts in our decisions.

Our performance

The tables below provide an overview of our key performance metrics for the last four years.

What we track | Target | Performance | How are we doing? | Which goal?
--- | --- | --- | --- | ---
% spend with sites | 65% | 64% | 61% | 2.1
% construction contracts let within a supply of a site | 54% | 51% | 52% | 3.3
Donations to charitable causes | £1,240,000 | £456,000 | £430,000 | £290,000
Value in kind donated | £285,000 | £132,000 | £114,000 | £88,000
Value of employee volunteering time | £312,000 | £899,000 | £422,000 | £70,000
Intangible leveraged fundraising | £173,000 | £345,000 | £199,000 | £52,000
Total community investment | £3,530,000 | £1,632,000 | £1,615,000 | £299,000
% pre-tax profit invested in communities | 3% PBT by 2020 | N/A | 1.1% | 0.3%
Employee volunteers | 7,400 | 3,200 | 1,917 | 320
% employee volunteering | 15% by 2016 | 12% | 5.0% | 3.1% | 0.6%
% voluntary employee turnover | >10% by 2018 | 11.6% | 12.8% | 13.3% | 8.6%
% employee engagement score | 75% | 68% | 64% | 8.6%
Accident incident rate (Global per 100,000 workforce) | 1.138 by 2019 | 1.128 | 1.146 | 2.09 | 1.201
Lost time incidents (LTI) (Global per 100,000 workforce) | 3.0 by 2019 | 3.38 | 3.72 | 4.26 | 4.74
Fatal accidents - direct labour and subcontractors | 0 | 3 | 0 | 1 | 3
% suppliers working under bsi audited certified management systems | 95% | 97% | 93% | 95% | 95%
% order value sourcing ONS sustainability code of conduct (Global): | 75% by 2016 | 53% | 44% | 57% | 23%
% of our recipe offerings defined as healthier options | 20% | 20% | 22% | 12%

Public service in the public interest

Direct labour - % splits by gender

% female | 34% | 35% | 34% | 24%
% male | 66% | 65% | 66% | 76%

Number of opportunities provided for disadvantaged groups

Double by 2016 | 636 | 243 | 181 | -

% suppliers covered by sustainability code of conduct

50% by 2016 | 52% | 49%

More skills, more opportunities

What we track | Target | Performance | How are we doing? | What next?
--- | --- | --- | --- | ---
Number of people trained in sustainability | 8,350 | 6,700 | 4,800 | 2,000
Training days | UK | 26,100 | 24,200 | 13,060 | 12,828
ROW | 75,068 | 107,729 | 39,049 | -
Total | 101,168 | 131,929 | 52,109 | 12,828

Work experience placements | 1000 per year | 2,941 | 2,178 | 1,076 | -

Number of apprentices, graduates and trainees on programme | 500 by 2018 | 601 | 477 | 320 | 250

Number of managers with sustainability targets in appraisals | - | 2,632 | 1,835 | 762 | -

Deals generated through innovation programme | - | 90 | 700 | 450 | -

48

49
Employee engagement index survey was conducted biannually until 2014.

Data collection was not fully implemented in 2013.

Metric assessed by PwC in 2015 under their ‘Inspiring trust through insight’ methodology and can be explored here: http://goo.gl/u2XMNq

NOTES:

# 2013 environmental data re-baselined to take into account the acquisition of Initial Facilities

**CONSTRUCTION WASTE BY DESTINATION (UK ONLY)**

Metric: 000s tonnes

**TOTAL CONSTRUCTION WASTE**

Metric: 000s tonnes

**TOTAL CARBON EMISSIONS**

Metric: 000s tonnes CO2e

**EMISSIONS FROM BUSINESS TRAVEL**

Metric: 000s m3

**WATER CONSUMPTION**

Metric: %

**% SPEND ON CERTIFIED FOREST PRODUCTS**

% of spend on certified forest products reported.