

Corporate Social Responsibility

Corporate Social Responsibility Framework

Our mission

The way we do business across the Group reflects our commitment to profitable growth, sustainable development and integrity. Our Principles set the standards that we intend to pursue through our economic goals and business ventures. They define what is acceptable business behaviour, and guide us in what is not.

Norms of best practice

The Principles are rooted in national and international law relating to Corporate Responsibility, much of which is guided by the Universal Declaration of Human Rights (UN, 1948), the Labour Standards embodied in the Fundamental Conventions of the International Labour Organisation (ILO, 1930-1999) and the environmental Conventions agreed following the Rio Declaration on Environment and Development (UN, 1992). They also build on associated 'norms' of responsible business practice, the most significant of which are the UN Global Compact (2000), the OECD Guidelines (2000), the UN Norms of Human Rights Responsibilities of Multinational Companies (2002) and the July 2002 Communiqué of the European Commission concerning corporate social responsibility.

Continuous improvement

These Principles address both compliance and aspiration. Their true force lies in their continuous implementation as part of the way we do business. This is why we continue to develop policies and programmes to support the embedding and communication of these Principles throughout our operations and those of our partners. In the event that our Principles are compromised by those partners with whom we work, we will seek to address any problems – although we will not tolerate consistent failures to adhere to the Principles.

Implementation

We will measure progress by developing relevant indicators to monitor our performance over time systematically. We will report publicly on our progress and open

ourselves to scrutiny through independent audit. In this way we seek to promote continuous improvement, demonstrate our accountability to all our stakeholders, and promote Jarvis as a responsible corporate citizen and attractive business partner.

Principle 1: Corporate governance and accountability

We will be accountable, promote Shareholder value, and operate transparently and to a high standard of corporate responsibility, to deliver our long-term commitments.

We will work actively to achieve market leadership and to deliver sustained returns for all our Shareholders. In doing so, we are guided by UK law and best practice codes of corporate governance and responsibility. We require all our business activities to be undertaken in accordance with the principles of transparency and accountability. We are committed to ensuring that the way we do business demonstrates long term financial and societal returns, and that our Financial Statements reflect our performance accurately and fairly.

Principle 2: Integrity and ethics

We will be ethical, lawful, transparent and honest, in our business operations.

Our success depends on our ability to do the right thing. We will work proactively to earn the respect and trust of the public as a whole. We believe in ethical business practice and seek to uphold statutory law and regulations. We reject all dealings that might bias decision-making, and that might discredit Jarvis or our customers. We do not allow the giving or accepting of bribes, and we are all obligated to report potential conflict of interest situations as they arise.

Principle 3: Employees

We will promote a diverse, committed, and well-trained workforce that recognises the rights of all employees.

Our employees make us successful. We are committed to the development of a professional and motivated workforce throughout the business. We are committed to providing a stimulating and diverse working environment, and aim to enhance

skills and capacity through continued investment in employee training, effective working practices and career development. We will ensure that the due rights of our employees are protected. We encourage diversity and opportunity, and are dedicated to the provision of fair and equitable conditions of work. We will not discriminate against employees on the basis of gender, age, sexual orientation, marital status, ethnicity or religious belief. We seek to uphold the highest labour standards, rejecting child or involuntary labour, excessive overtime or unfair rates and terms of pay. We support the rights of our employees to enter into collective bargaining, and to join lawful trade unions or form workers associations.

Principle 4: Business partnerships

We believe partnerships are a fundamentally important way to do good, successful and meaningful business.

We believe in collaborative working arrangements. We are dedicated to a partnership approach as a means of facilitating sustained improvement in business sector performance, and enhancing our contribution to society. We seek to engage with, and contribute to, communities and society through our work in public infrastructure, education, health, and other services. Our partnerships are a fundamental part of the way we do business.

Principle 5: Supply chain responsibility

Our supply chains are important, so we will work to support suppliers and sub-contractors that want to work with us to improve the way we do business. We will stop working with those that do not.

We seek to build long-term relationships and 'value chains' with our customers, partners, suppliers, and sub-contractors. We are committed to ethical and responsible business practice and expect the same from our partners in our supply chains. We are committed to meeting the growing demands and expectations of our customers by delivering superior ethical, social, safety, and environmental standards. We will ensure that the same high standards we expect of ourselves are also requested of our

suppliers in our procurement practice, and all companies or persons doing business with Jarvis will receive a copy of our Corporate Responsibility Principles. We will seek to assist willing suppliers or sub-contractors when their performance is found to be of poor quality. We will stop working with any supplier or sub-contractor that consistently fails to improve their social and environmental performance.

Principle 6: Community engagement

We will work with and in our communities as part of the service we deliver to support their growth and development.

We are committed to improving the quality of life of the communities in which we operate. We recognise the social impacts of our business, and believe in consultation with local communities about our activities and about the safety and environmental implications of our operations. We are aware that some of our work is in deprived areas, and we are sensitive to the need to promote social inclusion through our local community projects. We are committed to social responsibility, and believe the success of our business is contingent on the quality of the relationships we build with our communities and legitimate public interest groups.

Principle 7: Continuous improvement in Health and Safety

Safety is our number one priority for employees, users and sub-contractors. We will do all we reasonably can to design, build and manage safe projects and services.

The health and safety of our employees, customers and communities, and sub-contractors, is our number one priority. We view legal requirements as the minimum standard for minimising the risk of injury, ill health, and damage and loss to property arising from our work activities or equipment. We are committed to making continued investments in safety training, monitoring, and awareness building across our businesses. We will report on our progress. We view operational safety and accident awareness as a responsibility of us all.

Principle 8: Our ecological footprint

We view continuous improvement in our environmental performance as an integral

part of the services and facilities that we deliver. We will do this in accordance with recognised environmental management systems.

We believe improvements to our environmental performance can make a difference to society and to the efficiency of our core business practices. We are committed to assessing the impacts of our operations on land, water, air, and biodiversity, and to managing our waste in all of its forms by reusing and recycling it, wherever appropriate. We seek to minimise the adverse environmental impacts caused by our work and the services we provide. We will work actively to prevent leaks and spillages, manage any accidents responsibly and to reduce our use of energy and materials. We will manage and improve our environmental performance in accordance with evolving legal requirements and international standards. We are also committed to the continuing certification and improvement of our environmental management systems in key areas of our business.

Principle 9: Innovation and risks review

We will use innovation and robust risk management tools to reduce risk, promote opportunities and improve the services and products that we deliver to our customers and users.

We are committed to continuous innovation in all aspects of our business and to maintaining an effective and robust risk management programme in relation to our operations, services and products. We are committed to understanding the needs of our customers. We will apply technological and management innovation to improve the efficiency and quality of our service provision, extend our market penetration and to manage risk and opportunity responsibly.

Progress against the Principles

Principle 1

The recent history of the Group has been documented over recent annual reports. Over recent years the Group has fought hard to provide Shareholder value in difficult circumstances and recognition for the survival of the Group over this period

has to be given to the improved levels of Corporate Governance and accountability within the business. In 2004 at the time many of the problems of the Group were emerging, the Board established a new sub committee of the Board to review Corporate Governance. The first task of this Committee was to review the levels of transparency within the business and the Committee continues to monitor the improvements in process that were required.

Principle 2

The improved transparency that arises from clearer and simpler process delivery enables the Board to maintain the integrity of the business. The Board has established clear policies in respect of employment, procurement, finance and many other areas and these are monitored within the business. As part of the independent monitoring the Group has established a whistleblowing process which enables any employee to identify a breach of any policy or to raise any concerns they might have with the Non-Executive members of the board via telephone and email hotlines.

Principle 3

As the Group has reduced in size over recent years a major focus has been on protecting the rights of our employees by means of minimising the requirement for compulsory redundancy, ensuring protection of their rights on transfer where businesses have been sold and retraining and redeploying staff wherever possible. We operate in a unionised environment and have worked closely with the appropriate trade unions for the benefit of our people. We continue to operate training and retraining programmes to ensure effective working practices and provide for career development. We have adopted policies to encourage diversity and opportunity and to prevent discrimination on the basis of disability, gender, age, sexual orientation marital status ethnicity or religious belief.

Principle 4

The Group continues to execute its contracts in partnerships with all stakeholders through, among other mechanisms, Integrated Management Teams with its customers. Company Executive management, on a monthly basis, reviews the performance

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of these partnerships. As part of the Group's strategy, business development is focused on long-term framework agreements enabling sustainable continuous improvements.

Principle 5

Jarvis has an active supplier reduction programme, and a mission to move to fewer better suppliers in its supply chain. Critical to any new arrangements that are made are assessments of a supplier's safety, social and environmental standards. Measurement of supplier's performance is essential in our quest for continuous improvement.

New additions to the Jarvis Supply Chain undergo a rigorous accreditation selection process, which takes into account a broad range of criteria to ensure best practice safety, environmental and commercial performance in the execution of their duties.

Jarvis applies these same principals to its own business to meet and exceed its customers' expectations, now and in the future.

Principle 6

Our employees across the business have participated in many fundraising projects and we have continued with our support for Rainer, a charity which helps under-supported young people and young adults to reach their full potential. In addition, our Accommodation Services business faces directly into the communities in many deprived areas offering leisure facilities in our buildings for use by community groups. Through Jarvis Training Management we provide opportunities for unemployed youth to undertake basic training in a variety of areas.

In our Rail and Plant businesses we try to ensure that all communities affected by our engineering works are fully briefed in advance. The team are involved in school safety talks alongside Network Rail and the British Transport Police as part of the 'Track Off' campaign to educate people, especially young people, about the dangers and consequences of the railway and railway crime.

Principle 7

Safety continues to be the number one priority for our employees, sub-contractors and those affected by our operations.

In recognition of the change in legislation resulting from the introduction of the Railways and Other Guided Transport (ROGS) Regulations Fastline have been granted a certificate by the Office of Rail Regulation to confirm that their safety management system meets the regulatory requirements necessary for safe operation as a train operator on main line railways.

All businesses have developed and issued Safety and Environment improvement plans and are monitoring the achievement of challenging but realistic targets set for improvement.

All businesses have introduced a programme to actively promote the importance of 'near miss' events, allowing intervention action to be taken on the root causes of accidents before harm can occur.

The audit management systems have been upgraded to ensure that there is visibility of areas for improvement and accountability for their resolution.

Jarvis Rail and Fastline continue to develop and introduce to the market innovative applications of technology that reduces health and safety risk while maintaining or increasing levels of productivity. Examples include the introduction of Slinger® 5 and hydraulic lifting beams that reduce the need for people to work at height, reduce the number of people needed to operate the process and reduce the quantity of supporting vehicle movements.

A particular emphasis was given to improving safety within the Roads business with spectacular effects during Jarvis ownership. An Annual Frequency Rate (AFR) of 1.4 was reduced to less than 0.65. This was achieved by focusing on targeted actions and working on improving the culture within the organisation.

A similar focus is being applied to the safety performance of JAS FM and safety continues to improve in Jarvis Fastline, the trackside AFR has now reduced to 0.23 and the all accident AFR rate has steadily reduced to 0.47.

Principle 8

Jarvis Rail and Fastline continue to operate an externally accredited Environment Management System to meet its legal and contractual obligations and to understand and provide effective management for environmental impacts and risks that arise through its activities.

Environmental Management System

We are committed to the continual improvement of our environmental performance under the Jarvis Environmental Management System (EMS) and during the period under review have continued to build on our achievements to date as audited by Lloyds against the International Standard ISO 14001:2004.

Fastline Freight

In June 2006 Fastline Freight began full commercial operations transporting containers between Thamesport and the North East – via Doncaster Railport terminal. Fastline Freight is now transporting containers using its fleet of three Class 56 locomotives and 60ft flat wagons. The service is operational five days a week and there are already plans to add additional routes in the near future. As part of the service the team are now able to arrange onward road transportation to the final destination.

Jarvis Rail and Fastline Group Managing Director Mike Houghton said, "I am delighted that Fastline Freight has begun operations as planned and with a steady stream of customers. The launch of the service is the culmination of many months of hard work by the Fastline team to bring a new, efficient and cost-effective service to the market targeting customers who currently use road haulage, I am confident that haulage customers will see the environmental and business benefits of using rail rather than road freight services."

The contribution that this business has made to reduce environmental pollution is assessed as removing the transport of some 3,500 containers from road haulage saving some 67,625 gallons of fuel and 181,235kg of Carbon Dioxide emissions.

Strc reduces carbon footprint with 100 Trees for Life

Scotland's magnificent Caledonian forest now has 100 new trees thanks to the environmentally conscious actions of Scotland Track Renewals Company (strc) following its successful completion of the 18 month Glasgow North and South Electrics project. Strc is the first rail company to become involved in Trees for Life's 'Be Carbon Conscious' programme and it is hoped that other companies from within the rail industry will follow.

Mindful of the carbon footprint created by this latest project, strc decided to forge links with the registered charity Trees for Life, a Scottish organisation which aims to restore the Caledonian Forest as a fully functioning, healthy ecosystem. Strc decided to contribute 100 trees; a significant donation in relation to the CO2 the project emitted.

A spokesperson for Trees for Life said, "We are really grateful for strc's donation. We have pledged to plant 100,000 trees this year as part of the United Nations Environment Programme's 'Billion Tree' campaign, and continued support from strc will help us to make it a reality."

Alistair Porter, Senior Project Manager (Electrical Projects) for strc, commented, "This is a small but important step in demonstrating our awareness of the environmental challenges that face the rail industry."

Trees for Life runs the initiative 'Be Carbon Conscious' in which the charity seeks to raise awareness of the issues around carbon offsetting. In addition to restoring the native forest in the Highlands, which has been reduced to just one per cent of its former extent, they offer general guidelines on how companies can assess the carbon footprints they create and suggest ways they can lower their environmental impact.

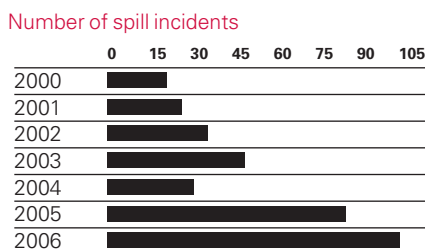
Progress on 2006 environmental objectives

Satisfactory progress has been made on all objectives with particular success with two objectives

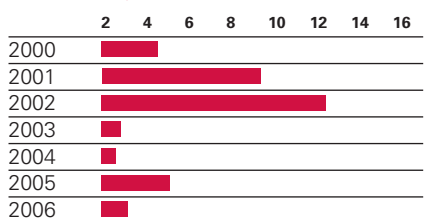
10% reduction in OTM hydraulic oil spills (See Table 1).

There was a small increase in the number of spills in 2006 compared with 2005, but a reduction of over 60 per cent in the amount of oil spilled with nearly half the amount of oil lost per spill incident.

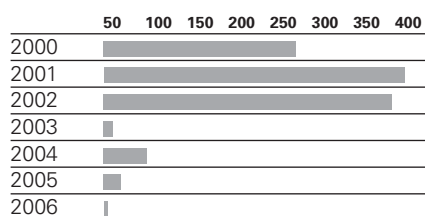
Table 1 – 2006 OTM hydraulic oil spills



Amount of hydraulic oil lost in litres (000)



Average oil lost in litres/number of spills



Fastline have converted all of its On Track Machine (OTM) fleet to biodegradable hydraulic oil and have introduced a new specification of hoses. This together with an increased preventative maintenance inspection programme has helped Fastline reduce the amounts of hydraulic oil lost per spill.

Although the actual number of spill incidents has increased, the average oil lost in litres per spill has reduced significantly to the lowest since records began.

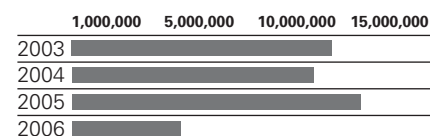
Future data will normalise the number of spills and amounts lost against engine hours of machine worked, which will give a clearer picture of number of spills taking into account the machine's productivity.

10% reduction in fuel consumption (See Table 2).

Reduced consumption of 8,322,576 litres of fuel used in 2005-06 compared with 2004-05 (nearly 40 per cent).

Reduced Carbon Dioxide Emissions of 22,304,504 kg in 2005-06 compared with 2004-05.

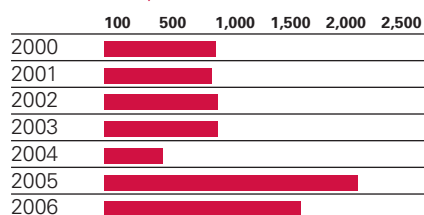
Table 2 – Fuel Consumption
Fuel use (Litres)



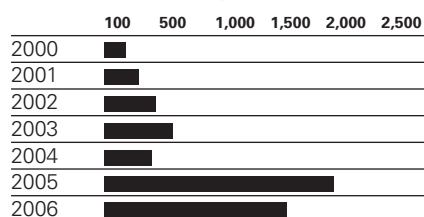
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Road Vehicle Small Plant and OTM CO2 emissions 2000-06

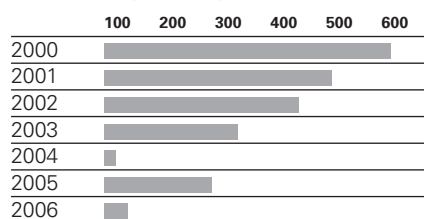
Number of cars/machines



Number with diesel engines



Number with petrol engines



CO2 emissions (Tonnes per M/c/pa)



Conversion factors used from DEFRA web site.

Notes

- 1 All road vehicles and small plant data included from 2005.
- 2 On Track Machines data added from 2006.

Environmental objectives for 2007

New environmental objectives have been set for 2007 including the delivery of further reductions in the consumption of fuel, carbon dioxide emissions and use of energy.

Principle 9

As well as formal risk reviews undertaken as a normal part of the commercial process we analyse both industry and company data on performance and causation of failure or accident. This enables our teams to clearly identify areas for performance improvement and to focus our development efforts. We are currently working on several projects which we believe will significantly change the way in which our industry works.

Our major customer has expressed a wish to be able to operate a seven day railway, where weekend engineering possessions are minimised with major work being undertaken in overnight possessions. This will require significant changes to current methodologies. We already have a good track record in this area having designed and introduced the first Track Renewal Train into the UK in 1999-2000 and more recently delivered the Accutrack® process which uses our innovative and patented Slinger® and Mole plant. We have recently introduced a new methodology for the installation of switch and crossings which enabled our teams working with Network Rail to install five point ends in a single weekend possession. There are significant developments in the final stages of design which we believe will further revolutionise the way in which engineering is carried out on the UK rail network and which will help deliver the ambition of seven day rail operations as the norm.