

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.

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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 insist on the same level of commitment to safety from our sub-contractors and suppliers. 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

Providing Shareholder value and maintaining high standards of Corporate Governance remain fundamental to the Group's operations. Despite the Group's recent history, which has been documented in previous annual reports, the Group has continued to strive hard to deliver Shareholder value in what, over the years, have been difficult circumstances. The continuing recovery of the Group is testament to its determination to achieve this goal. These efforts are underpinned by levels of Corporate Governance and a culture of accountability and transparency which have improved significantly since the inception of the Corporate Governance Committee in 2004 and continue to improve following the Committee's responsibilities being incorporated into those of the Audit Committee in October 2007.

Principle 2

The Board continues to maintain and promote integrity and ethics in the Group's dealings with all its stakeholders. The improved transparency stemming from clear and simple process delivery underpins its ability to do this. The Board has put in place clear policies across the business covering areas such as employment, finance and

procurement. These have been strengthened during the period under review with the implementation of a new Corporate Contracting Manual and a new Group Finance Manual both of which have been actively monitored in terms of effectiveness and ongoing compliance. In addition, as part of an independent monitoring process the Group's established whistleblowing policy has continued to operate throughout the period. This 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

Our employees are key to the success of our business. We operate training, retraining and further development programmes to ensure effective working practices and provide for career development. We have adopted policies to prevent discrimination on the basis of disability, gender, age, sexual orientation marital status, ethnicity or religious belief and to encourage diversity and opportunity. We operate in a unionised environment and have worked closely with the appropriate trade unions for the benefit of our employees. Over recent years, however, we recognise that the Group has reduced in size and 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.

Principle 4

The Group continues to execute its contracts in partnerships with all stakeholders. The use of Integrated Management Teams with its customers is a prime example of the collaborative working arrangements, during the period, which seek to add value not only to the Group but also to its partners. Work under these arrangements was reviewed on a monthly basis as part of the Monthly Operating Reviews. As part of its business development strategy the Group focuses on long-term framework agreements which enable sustainable continuous improvements.

Principle 5

Jarvis has a supplier reduction programme in place which aims to move to fewer better suppliers in its supply chain. Whilst some progress has been made during the period,

the opportunity remains to reduce suppliers further in 2008-09. 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.

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

Principle 6

In our Rail and Plant businesses we try to ensure that all communities affected by our engineering works are fully briefed in advance. We 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 of railway infrastructure and consequences of railway crime.

Our Accommodation Services business faces directly into the communities in many deprived areas offering leisure facilities in our buildings for use by community groups. In addition, our employees across the business have participated in many fundraising projects and Jarvis Training Management Limited currently delivers NVQ training to around 1,000 non-teaching staff in schools covering the 'Every Child Matters' and 'Healthy Eating' initiatives.

Principle 7

Safety remains our number one priority and we insist on the same level of commitment to safety from our sub-contractors and suppliers. In terms of our supply chain, we actively promote this through our supplier accreditation scheme and by holding regular safety forums with our suppliers throughout the year.

Network Rail recognised the exceptional safety performance in Scotland where the strc team achieved an outstanding 1,000 days RIDDOR free working. Elsewhere, the Ballast Cleaner (MOBC) contract, and Darlington and Peterborough Track Renewals depots were recognised for achieving 730 days RIDDOR free working.

A programme to encourage and promote the reporting of every 'near miss' has been undertaken in the year in the Rail and Plant businesses. This was instigated as 'near miss' reporting enables the business to learn from these events and deal with the underlying issues. A similar reporting system is now in place within Accommodation Services. All the businesses within the Group monitor achievements and improvements against an annual Safety and Improvement Plan.

Within the period a Driver SPAD Management Strategy Document was developed and issued to staff and the Rail business successfully complied with Network Rail's Welfare Standard, as well as bettering the target for hours worked on track in a Green Zone environment.

A revised audit programme has now been prepared offering a continued improvement over previous years and will result in a more detailed look at those parts of the business exposed to greatest risk.

During the period the Group participated in the Rail Safety and Standards Board's ROGS Industry Liaison Group. This liaison group published the 'Guide to ROGS requirements for duty of co-operation between transport operators' which has now been adopted as part of Fastline's ROGS Safety Management System. A review was also undertaken of Fastline's 'train operations risk profile' which confirmed that the existing control arrangements remained adequate.

The business continues to look at innovative ways to reduce risk and increase safety. These include the development of an automatic lifting beam to reduce the need for people to work at height.

Following the implementation of a more rigorous internal safety tour and briefing process the Accident Frequency Rate in Accommodation Services has almost halved compared to the previous year and the division saw a huge reduction in the frequency of minor accidents.

Principle 8

Jarvis Rail and Fastline continue to operate an externally accredited environment management system to meet their legal and contractual obligations and to understand and provide effective management for environmental impacts and risks that arise through their activities.

Environmental Management System

We are committed to the continual improvement of our environmental performance under the Jarvis environmental management system 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.

Progress on 2007 Environmental Objectives

Satisfactory progress has been made on all objectives with particular success in reducing the number and volume of oil spills.

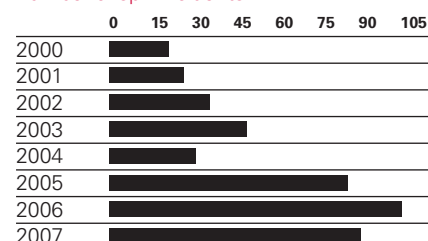
22% Reduction in Volume of Hydraulic Oil Spills (See Table 1).

We continuously aim to improve our environmental performance as an integral part of the services and facilities we deliver as we believe that just a small improvement can make a difference, not only to society but to the efficiency of the business. We take any environmental incident very seriously and can report that during the year there was a further 22 per cent reduction in the total volume of spillages and leaks within Fastline compared to the previous year. Jarvis continues to report all spill incidents, rather than just those that exceed the Environment Agency's reporting requirement of over 20 litres.

There was also a reduction of 13 per cent in the number of spill incidents within Fastline compared with last year. Putting this into context Fastline operated 7,636 OTM shifts last year with 79 spill incidents, some involving less than 0.5 litres and, at an average of ten hours per shift, this equates to nearly 1,000 hours per incident.

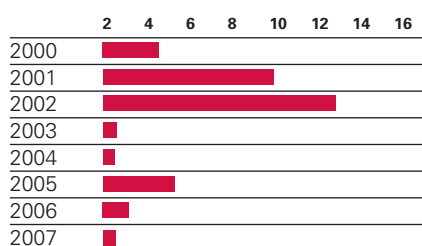
All Fastline OTMs and other vehicles currently carry a 15 litre spill kit, which is adequate for over 80 per cent of all spill incidents. The number of spill kits carried is being increased to two which will contain 90 per cent of all spills.

Table 1 – 2007 OTM Hydraulic Oil Spills
Number of spill incidents

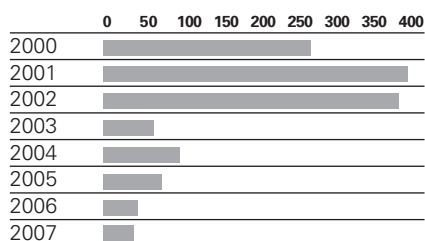


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Amount of hydraulic oil lost in litres (000)



Average oil lost in litres/number of spills



Having converted all of its OTM fleet to biodegradable hydraulic oil and introduced a new specification for hoses, Fastline, through its preventative maintenance inspection programme, has again been able to reduce the amounts of hydraulic oil lost per spill year on year.

The number of spill incidents has decreased when compared with 2006, and the average oil lost in litres against number of spills has reduced, the lowest since spill data records began in 1998.

Fastline has normalised the number of spills and amounts lost in 2007 against engine hours of machine worked. This gives a clearer picture of the number of spills against the machines' productivity – effectively 175 hours per spill.

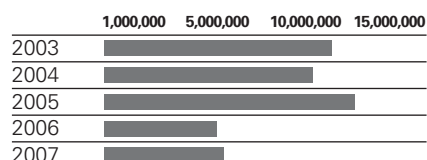
Fuel Consumption

(See Table 2)

Fuel consumption in the year has increased marginally reflecting increased activity within the business.

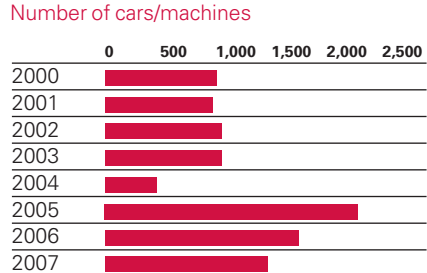
Table 2 – Fuel Consumption

Fuel use (Litres)

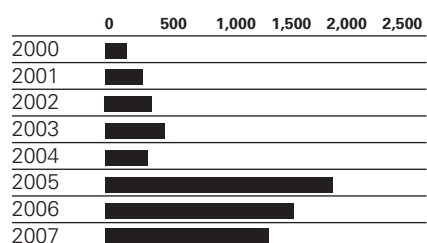


Road Vehicle Small Plant and OTM CO2 Emissions 2000-07

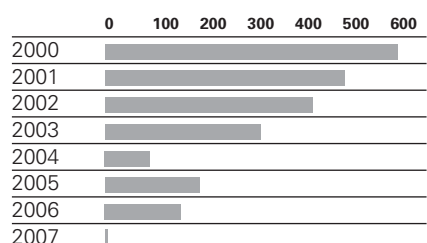
Number of cars/machines



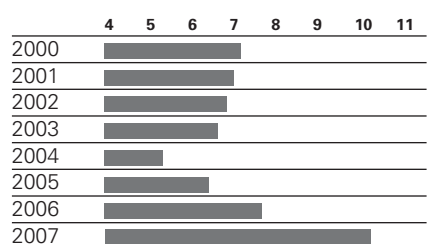
Number with diesel engines



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 2008

New environmental objectives have been set for 2008 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 continue to analyse both industry and company data in respect of performance and the causation of failures, accidents and incidents. This enables our teams to clearly identify areas for performance improvement and focus our efforts. The Group has a history of innovation having designed and introduced the first generation track renewal system, Slinger[®], into the UK in 1999-2000 and more recently delivered the combined track renewal process, Accutrack[®], which uses both the track renewal system, Slinger[®], and rapid ballast excavator, Mole[™]. Innovation continues to be a strength and work has continued during the period on several projects which we believe will significantly change the way in which our industry works.