Kier Group plc is a leading construction, services and property group specialising in building and civil engineering, support services, commercial property development & structured property financing and private & affordable housing. With the recent acquisition of Norwich-based May Gurney, the newly expanded Group now employs over 16,000 people and has an annual revenue of £2.8bn.

**Group highlights**

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue (£m)</td>
<td>£1,983</td>
<td>£2,069</td>
<td>£2,179</td>
</tr>
<tr>
<td>Profit before tax* (£m)</td>
<td>£63.4</td>
<td>£70.0</td>
<td>£68.9</td>
</tr>
<tr>
<td>Earnings per share* (p)</td>
<td>136.2</td>
<td>156.8</td>
<td>148.4</td>
</tr>
<tr>
<td>Dividend per share (p)</td>
<td>68.0</td>
<td>66.0</td>
<td>64.0</td>
</tr>
</tbody>
</table>

**Our divisions**

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kier Construction revenue (£m)</td>
<td>£1,308</td>
<td>£1,384</td>
<td>£1,445</td>
</tr>
<tr>
<td>Kier Services revenue (£m)</td>
<td>£437</td>
<td>£445</td>
<td>£484</td>
</tr>
<tr>
<td>Kier Property revenue (£m)</td>
<td>£238</td>
<td>£241</td>
<td>£250</td>
</tr>
</tbody>
</table>

* Underlying operating profits and margins, pre-tax profits and EPS are stated before amortisation of intangible assets relating to contract rights of £3.4m (2012: £3.4m) and exceptional items totalling £17.0m (2012: £3.6m). Reported operating profit was £49.3m (2012: £67.4m), reported pre-tax profit was £43.0m (2012: £63.0m) and reported EPS was 95.8p (2012: 142.6p).

Our Corporate Responsibility

Our vision is to be the most highly respected company in the industry. To get there, we know we have to build, maintain, protect and enhance our reputation among all our stakeholders, especially within the communities where we live and work. There is no room for complacency and the need to act responsibly at all times is paramount if we are to stay ahead. We involve our key shareholders and ask them what they need from our CR report. By taking action, making ourselves accountable, setting realistic targets to improve and doing as much as we can to meet them, we believe we are positioning ourselves to make good progress as a corporately responsible business.

Cover:
The ‘Kiermandos’ from Kier’s Western & Wales office pictured taking on the Royal Marine Commando Challenge on Woodbury Common near Exeter. The team finished in a very respectable eighth position out of 38 teams raising £1,467 for the Devon Air Ambulance Trust and the Royal Marines.
Corporate Responsibility

Taking responsibility

Foreword by Kier Group chief executive
Paul Sheffield

Last year’s CR report referred to Kier’s 10,000 employees. Our acquisition of May Gurney in July 2013 has seen this figure grow to 16,000. We are currently undergoing an integration process to ensure our new employees are attuned to the Kier way of life – and of course corporate responsibility, along with all its strands, has a large and important part to play in this exercise.

With our newly reinforced Kier team, we have greater potential than ever before to make a really positive difference for the benefit of thousands of people within our areas of operation and beyond. Kier people are the very essence of our business and we are aware that it is their attitude and behaviours that determine our success. Testament to the attitude of Kier people is our newly acquired status as a Platinum Big Tick business, having achieved a 95% score in the 2013 BITC CR Index, up from 90% in 2012 (Gold status).

Our corporate responsibility mission is to deliver a brighter future for our communities

We have again opted to have KPMG Audit Plc provide an ISAE 3000 independent assurance report that can be found on page 18. Our measuring, reporting and monitoring is based on the Business in the Community Corporate Responsibility Index (BITC CR Index) and, in addition, our full report meets the Global Reporting Initiative’s guidelines at C+ level.

Never before have companies been scrutinised so rigorously in terms of their CR performance. We are only too aware of the role that CR now plays in our ability to win new work, and the economic benefits of a sound investment in CR are clear. We are pleased therefore that our all-important health & safety performance has remained well above the industry average, our carbon emissions have reduced, we’ve achieved our half waste to landfill target and our training and development programme has been awarded Training Initiative of the Year for its Developing Leaders scheme. Our positive community impact has been stepped up yet again with over 44 Considerate Constructors Scheme National Awards – significantly more than any other company in our sector.

During the year Kier employees have been busy raising funds for The Kier Foundation, an independent, registered charity established by Kier in 2011. To date, the total funds raised on behalf of Kier Group’s corporate charity partner, Barnardo’s, stands at over £190,000. Alongside this, our people have been supporting many other charities of their choice supported by Kier match funding. Once again, they have shown real enthusiasm by taking part in all manner of activities to raise funds for good causes and many have become involved in community projects in their spare time. Barnardo’s are delighted with our fundraising performance, and so am I.

I am very proud of the commitment shown by Kier employees in making a difference to other people’s lives and long may it continue.

Kier remains in good shape – better than many in our sector – and it is important that we remain poised to benefit from emerging opportunities and market changes. Some things we have little control over and while we have no option but to await signs of an economic recovery, we can take positive action in terms of our contribution to society. This helps to make a real difference to the way we are perceived as a business, our status as an employer and as a partner in the local community.

Paul Sheffield
Chairman
Corporate Responsibility Steering Committee
We are committed to improving our CR performance year-on-year and firmly believe that demonstrating good practice in all aspects of CR has a significant role to play in our ability to win new work.

Our CR programme is reported and based on the broad framework of the BITC CR Index alongside the requirements of the industry-specific Considerate Constructors Scheme. This report has been externally assured by KPMG Audit Plc and our full report is online and can be downloaded from www.kier.co.uk/ar2013/cr and complies with the GRI guidelines at application level G+.

A fully integrated approach

We recognise that a robust approach to all aspects of CR plays an important role in building a good reputation. Everything we say, everything we do and what others say about us influences our stakeholder groups. Our need to be recognised as a corporately responsible business must be maintained as part of our vision to be the most highly respected company in the industry.

Managing responsibility

Senior management with clearly defined roles are responsible and accountable to the Kier Board for ensuring that all aspects of our corporate responsibility, our brand, business risks, governance, ethics and finances are managed responsibly.

Delivering quality

As part of our bid to continuously improve we canvass our clients regularly and take action whenever appropriate to improve what we do and how we do it. Our aim is to exceed client expectations across our full range of services.

Stakeholder relationships

We are proactive in engaging with our shareholders to promote an understanding of how we operate. (See ‘relations with shareholders’ on page 57 of our Annual Report & Accounts). We engage with our employees through roadshows and biennial surveys* to encourage feedback; our customers through satisfaction surveys (pages 3, 5 and 7) and our communities through the Considerate Constructors Scheme, The Kier Foundation, BITC and numerous charities (pages 5, 14, 15, 16 and 17). We do not make any political donations (see Directors’ report on page 48 of our Annual Report & Accounts).

CR Steering Committee

During the year ended 30 June 2013 directors were eligible to receive a bonus, a proportion of which was payable if corporate responsibility and health & safety performance targets, which are considered to be key non-financial measures for the Group, were achieved. (See Directors’ remuneration report on page 59 of our Annual Report & Accounts).

The CR Steering Committee reports quarterly to the main Board, bringing to their attention issues that require addressing at the highest level. Such issues are listed below.

Chaired by Kier Group chief executive Paul Sheffield, the CR Steering Committee comprises senior representatives from all parts of the Group and convenes at least once a quarter.

The committee is responsible for establishing policies, measuring and maintaining the Group’s CR impact and ensuring that all aspects of our responsibility to society are addressed, communicated and acted upon throughout all parts of the business. Subjected tabled for discussion during the year include:

- CR Report
- KPMG assurance work
- Apprenticeships
- Feedback from major investors
- KPMG CR audit
- BITC CR Index survey results
- Equality & diversity
- The Kier Foundation
- Carbon disclosure project
- Smartwaste
- Considerate Constructors Scheme
- Research into impact of CR on winning new work
- Employee engagement

With a newly enlarged workforce of 16,000, Kier has greater potential than ever to make a significant difference to people’s lives and environments, both through its core activities and the strong emphasis it places on corporate responsibility.

* May Gurney has also undertaken regular employee engagement surveys and Kier will be working on combining the two sets of data as part of the integration process in readiness for next year’s survey.
Corporate responsibility
Benchmark activities

**Marketplace: Customers and supply chain**
Our discerning customers seek to work with companies whose activities they can respect. Regular customer surveys help us to measure how we’re doing as a business in terms of our corporate reputation and our approach to CR.

**Environment and climate change**
Our mission to further reduce our carbon emissions and waste to landfill is delivering results for Kier. Our commitment to sharing best practice extends to our suppliers and subcontractors.

**Workplace: Health and safety**
Our above-average AIR rate reflects our commitment to create safer working environments through strong leadership and a determination not to become complacent.

---

### Perfect scores* (2012: 26.76%)

<p>| | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>19.20%</td>
<td>77.42%</td>
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</table>

### Results exceeding 80%* (2012: 79.55%)

<p>| | |</p>
<table>
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<tbody>
<tr>
<td>69,964t</td>
<td>80</td>
</tr>
</tbody>
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**Biogen, Kier's 50:50 joint venture with Bedfordia, has gained Kier entry into the anaerobic digestion market and has presented some exciting opportunities for both parties.**

**Kier had a double victory at the 2013 National Recycling Awards, taking home Construction Recycler of the Year and, for Biogen, Kier's 50:50 joint venture with Bedfordia, Recycling and Waste Management Business of the Year – SME.**

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**Workplace: Employees and training**
Kier’s 16,000** employees are vital to the success of our business and all should have the opportunity to grow and develop as far as they can. We are keen to keep our workforce engaged and encourage their feedback to enable us to improve as an employer.

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### Community engagement
The widespread UK coverage of our businesses provides excellent potential to deliver our CR vision for the benefit of thousands of people wherever we operate by integrating with local communities to make a positive difference.

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### Considerate Constructors Scheme
Kier joined as an Associate Member of the Considerate Constructors Scheme five years ago. Since then, we have maintained consistently high scores compared with the industry average and this year have won 44 national CCS awards.

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### Average Group scores

<p>| | |</p>
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Six months to 1 January 2013</td>
<td>Industry average* (2012: 33.04)</td>
</tr>
<tr>
<td>Scheme monthly score out of 40* (2012: 35.09)</td>
<td>35.12</td>
</tr>
<tr>
<td>Six months to 30 June 2013</td>
<td>Industry average* (2012: 35.24)</td>
</tr>
<tr>
<td>Scheme monthly score out of 50*</td>
<td>38.17</td>
</tr>
</tbody>
</table>

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* Included within KPMG’s scope of assurance. The KPIs that have been referred to in this report are defined in the Company's reporting guidelines which can be found on our website www.kier.co.uk/rg.

** Data for 2013 based on 10,000 Kier employees prior to adding 6,000 May Gurney staff in July 2013.
Corporate responsibility
How we’re doing

We are pleased to report that our Accident Incident Rate (AIR) v manpower rating remains well below the industry average but we know that we cannot be complacent and will remain focused on reducing our AIR rate still further.

We’ve achieved our halving waste to landfill target in the allotted time; our Scope 1 and 2 carbon emissions have reduced and our company car emissions are down too.

Our Considerate Constructors Scheme (CCS) scores have been consistently above average and indeed reflect our best ever performance to date. We were delighted to learn that we had won eight Green Apple Awards for a variety of environmental best practice initiatives by our businesses and two (Gold) awards for the Built Environment and Architectural Heritage. Our new colleagues at May Gurney also won seven Green Apple Awards.

Following our participation in the BITC CR Index Survey 2013, we are proud of our new status as a Platinum Big Tick company, having achieved a score of 95%, up from 90% in 2012 (Gold status).

* Included within KPMG’s scope of assurance. The KPIs that have been referred to in this report are defined in the Company’s reporting guidelines which can be found on our website www.kier.co.uk/rg.

† Our carbon emissions have been restated for the years 2009 to 2012 to take account of material changes to the conversion factors provided by Defra for company reporting purposes.
Customer satisfaction scores

Kier Construction 12-month rolling average scores

<table>
<thead>
<tr>
<th>Year</th>
<th>June 2012</th>
<th>June 2013</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product</td>
<td>9.2</td>
<td>9.0</td>
<td>9.0</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>8.8</td>
<td>8.6</td>
<td>8.6</td>
</tr>
<tr>
<td>Service</td>
<td>8.4</td>
<td>8.2</td>
<td>8.2</td>
</tr>
<tr>
<td>Perception</td>
<td>8.0</td>
<td>7.8</td>
<td>7.8</td>
</tr>
<tr>
<td>Defects</td>
<td>7.8</td>
<td>7.6</td>
<td>7.6</td>
</tr>
</tbody>
</table>

Carbon intensity

Kier Group UK operations Scope 1 and 2 emissions:

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Scope 1 &amp; 2 emissions total CO₂ emissions (tonnes)</th>
<th>Intensity total CO₂ emissions/£m turnover (tonnes)</th>
<th>Intensity total CO₂ emissions/employee (tonnes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009†</td>
<td>71,434</td>
<td>35.6</td>
<td>6.97</td>
</tr>
<tr>
<td>2010‡</td>
<td>74,069</td>
<td>34.2</td>
<td>7.30</td>
</tr>
<tr>
<td>2011‡</td>
<td>70,763</td>
<td>34.4</td>
<td>6.96</td>
</tr>
<tr>
<td>2012‡</td>
<td>69,964*</td>
<td>35.0</td>
<td>7.40</td>
</tr>
</tbody>
</table>

Company car emissions

Average CO₂ emissions rating of company car fleet (g/km)

<table>
<thead>
<tr>
<th>Year</th>
<th>Average CO₂ emissions rating of company car fleet (g/km)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>118.00</td>
</tr>
<tr>
<td>2012</td>
<td>125.61</td>
</tr>
<tr>
<td>2011</td>
<td>134.59</td>
</tr>
<tr>
<td>2010</td>
<td>145.89</td>
</tr>
</tbody>
</table>

Waste management

Data from SMARTWASTE for all businesses’ construction, demolition and excavation waste.

<table>
<thead>
<tr>
<th>Year to 30 June 2010</th>
<th>27.6%</th>
<th>44.8%</th>
<th>15.7%</th>
<th>10.9%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>26.3%</td>
<td>37.3%</td>
<td>23.1%</td>
<td>13.3%</td>
</tr>
<tr>
<td>Year to 30 June 2012</td>
<td>27.0%</td>
<td>37.2%</td>
<td>23.1%</td>
<td>13.0%</td>
</tr>
<tr>
<td></td>
<td>29.4%</td>
<td>39.4%</td>
<td>18.2%</td>
<td>13.0%</td>
</tr>
</tbody>
</table>

Environmental best practice

Green Apple Awards for Environmental Best Practice 2013*

1. Kier Construction Central: Spreading Best Practice, Offcuts, an Environmental Newsletter
2. Kier Construction Eastern: Tempsford Hall Refurbishment
3. Kier Construction Western: Travel the “Wood Fuel Journey” in a day
5. Kier Construction Northern: A Resume of Environmental Projects
6. Kier North Tyneside: Electrical Goods Re-use and Recycle Scheme
7. Kier Mining: Bridging the Gap at Greenburn Surface Mine
8. Kier Mining: Conservation Management at Greenburn Surface Mine

Our new colleagues at May Gurney also won seven awards

Green Apple Awards for the Built Environment & Architectural Heritage 2013*

1. Kier Major Projects: Green Wall, King’s Cross Development – Gold Award
2. Kier Construction Eastern: City Academy, Norwich – Gold Award

GRI Index performance

GRI Index C+

Our full CR Report is assured to comply with application level C+ of the GRI Index.

GRI Index contents table level C+ can be found in our full CR Report at:
www.kier.co.uk/ar2013/crr
Our increasingly discerning customers in both the public and private sectors expect the best quality and value possible from the contracts they award. Our proactive approach to improving every aspect of our corporate responsibilities goes a long way towards providing the reassurance our clients need to work confidently with Kier. And in turn, Kier as a client itself, seeks similar reassurance from its supply chain.

We are only too aware of the need to work within the localism agenda and our network of offices throughout the UK means we can be truly local for both our customers and supply chain. Backed by our financial strength and national resources, the Kier offering is a network of businesses that can work together or independently to deliver real, local value to our communities.

A strong emphasis on customer service and adding value for the customer is essential for any company wishing to stay successful and grow strong client relationships that yield a healthy level of repeat business. We aim to do this by offering our experience in such areas as capital procurement or other Kier business processes to help in the delivery of their business plans. We work with many of our customers to help them meet the Strategic Forum for Construction Clients’ Commitments and involve them in seminars, workshops and educational talks, often with our supply chain.

We are a founder member of the Supply Chain Sustainability School (SCSS), the aim of which is to raise awareness of sustainability issues within our industry and to improve skills and competence. It does this through a number of mechanisms, including a free online self-assessment tool, which allows organisations to assess current sustainability strengths and identify areas in need of improvement. The SCSS also provides a series of e-learning modules, covering topics such as waste and carbon emissions. A series of supplier days to introduce supply chain members to the school were held in 2012/13 at various locations across the country and over 500 members of our supply chain have attended one of the supplier days.

At these events our supply chain members were able to discover the variety of free and practical support the school provides, identify the business benefits and opportunities that the sustainability agenda offers and attend workshops on topics such as responsible sourcing and resource efficiency. Since it was launched in June 2012, 800 members of our supply chain have joined the school.

In addition to encouraging our supply chain to attend one of the supplier days, we also provided, for a number of the events, chairmen, speakers and members of the panel for the question and answer sessions. Further workshops and supplier days covering a variety of sustainability and environmental topics will be held throughout 2013/14.

The commitment of supply chain members to the school is now recognised through the award of bronze, silver and gold membership status with a number of Kier’s suppliers, including Protec.

Kier is a member of the Constructing Excellence Sustainability Task Group which has produced a booklet* entitled ‘Constructing Excellence’ as a simple way to create more understanding of the broader ideas of sustainable construction within SMEs. It is also intended to enable SMES to engage with the sustainability agenda through construction, identify business benefits and opportunities and raise standards in the construction industry. The guide is aimed at small building and construction businesses.

Topics covered include environmental, health and safety, climate change, sustainability and associated industry-related issues, in a bid to provide better project outcomes.

Seventy per cent of our works are delivered through an established supply chain. As a client ourselves, we know the importance of understanding, defining, meeting - and wherever possible - exceeding client expectations. We value client feedback and regular customer satisfaction surveys are carried out at various project stages of our projects to highlight areas for improvement.

As a client ourselves, we know the importance of understanding, defining, meeting - and wherever possible - exceeding client expectations.

Kier is a founder member of the Supply Chain Sustainability School. A series of supplier days were held at various locations across the country during the year to introduce supply chain members to the school.

At the recent CIPS Supply Management Awards, the school was awarded Best Contribution to Corporate Responsibility, beating a long list of household names.

The school was then awarded Best Overall Entry out of all the category winners on the night. The judges commented: "What was impressive was the level of collaboration across so many stakeholders, with an investment in education that will have a long-term impact on the sector.”
Our ISO14001-certified environmental management system governs our processes and helps drive further improvement.

Kier is pleased to be working with The Manufacturing Advice Service (MAS) to help SMEs gain CE marking for fabricated steelwork in compliance with the Construction Products Regulations which become mandatory from 1 July 2014.

Over 130 of our supply chain members have been invited to join the programme which will see MAS offer consultative assistance and financial assistance with the implementation of the necessary procedures.

Kier is independently audited annually by Achilles and has just been awarded level 5 compliance under the Building Confidence supplier evaluation programme.

Business ethics

The Group has a zero tolerance policy to bribery and corruption and in 2011 undertook a Group-wide training programme to raise awareness of the Bribery Act 2010. In September 2012, a poster campaign to maintain awareness of our whistleblowing hotline was launched. Work to produce an online induction is in progress and this will cover the subject of business ethics. Our business ethics policy can be viewed by visiting kier.co.uk/about/group-policies.aspx

On the recently completed National Composite Centre (NCC) project in Bristol, we were contractually obliged to produce a building design that would generate 127,000 kWh of electricity from renewable sources per year. This was achieved by installing 600 solar photovoltaic (PV) panels.

The PV panels meet a large percentage of the NCC’s annual electricity needs, helping to significantly reduce running costs, while saving more than 70 tonnes of carbon dioxide emissions a year. Peter Chivers, Chief Executive of the Centre said: “We have been delighted with the performance of the PV system and look forward to many more years of efficient energy supply.”

Memberships of Supply Chain Sustainability School by contractor*

* Source: Action Sustainability

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We are always looking for innovative solutions to help clients reduce their carbon emissions and energy bills. At the City Academy school project in Norwich, we, through our relationship with the adjacent University of East Anglia, able to heat the school utilising surplus output from the University’s biomass fuelled Combined Cooling, Heat and Power Plant.
Our CR framework
Environment and climate change

The year has seen Kier reduce its carbon emissions, achieve its halving waste to landfill target and make huge strides in reducing waste and energy consumption.

We are pleased to report that we have seen our carbon footprint reduce in its absolute emissions in the last year, our total scope 1 and 2 CO₂ emissions being 69,964t (2012: 70,763t). We are proud of the fact that we have been regularly commended by the Carbon Disclosure Project (CDP) for our approach to the disclosure of climate change information and in 2012 achieved a CDP score of 80, making Kier the highest scoring FTSE 250 construction company in the CDP.

We have developed, in conjunction with specialist carbon consultant Energise, an online system capable of monitoring our energy use in real time on all our permanent and temporary sites. Energise will be working with Kier in 2013/14 to identify excessive or abnormal usage of energy, and advise on remedial action. At the 2012 Energy Awards, we were runners up in the Excellence in Carbon Reduction category. Our entry looked at reducing site energy use and was highly commended by the judges.

Kier also makes a significant contribution to helping our clients meet their own carbon reduction targets through the delivery of sustainable, low carbon, new and refurbished buildings. We are currently undertaking detailed post occupancy evaluations on a number of our recently completed projects, including Estover Community College, Plymouth, Sainsbury's, Bath and the National Composite Centre, Bristol. The two-year study is part of the Technology Strategy Board’s ‘Low Impact Buildings Innovation Platform’ and its programme of Building Performance Evaluations, which includes looking at energy use and will help establish which of the energy saving measures installed are the most efficient.

Our award-winning 2012 Wood Fuel Day raised our clients’ awareness of the environmental benefits and economic viability of biomass boilers as a means of meeting a building’s heating and hot water needs, and the importance of sourcing locally produced wood fuel.

Waste reduction for Kier is a particular priority, whether it is managing our own or that of our clients. In managing our own waste streams we will follow the Waste Hierarchy, setting targets to reduce waste on a site-by-site basis, taking into account the size and type of the project. We were an early signatory to the WRAP Half Waste to Landfill initiative and our Construction division has increased the percentage of construction, demolition and excavation diverted from landfill from 56% in 2008 to 81% in 2012, meeting our halving waste to landfill target.

Kier’s established partnering agreement with the National Community Wood Recycling Project (NCWRP) goes from strength to strength and over the past 12 months alone 477t of waste wood from our sites has either been recycled or re-used.

Kier continues to help support the aim of CIRIA (The Construction Industry Research and Information Association) which is to provide knowledge sharing and best practice within the industry. We are an active member of the Biodiversity Interest Group (BIG) which is currently running a series of events in 2013 to show the industry what it can do to help the Government meet its Biodiversity 2020 targets for England, which includes halting the overall loss of England’s biodiversity by 2020.

During the year we began working with the UCL/Bat Conservation Trust to research biodiversity in the built environment and we continue to build on our partnership with the RSPB.
Monitoring our energy

Kier Group UK operations Total Energy/Fuel used in 2012 in GWh

<table>
<thead>
<tr>
<th>Fuel</th>
<th>Amount (GWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>17.7</td>
</tr>
<tr>
<td>Gas</td>
<td>13.5</td>
</tr>
<tr>
<td>Gas oil</td>
<td>35.1</td>
</tr>
<tr>
<td>Petrol/diesel</td>
<td>35.1</td>
</tr>
<tr>
<td>Total</td>
<td>278.0</td>
</tr>
</tbody>
</table>

Our ‘Wood Fuel Day’ (top image), combined visits to HMP Guys Marsh, Dorset biomass energy centre and a local wood harvesting operation, with talks by those responsible for the design, installation and operation of the biomass energy centre.

The day attracted 78 attendees representing hospitals, councils, police forces, prisons, universities and industry. They were able to hear from those with practical experience and knowledge about the benefits and challenges of installing and operating a biomass energy centre. This included the economic as well as the environmental arguments, wood fuel being able to compete on price with fossil fuel alternatives.

Of particular interest was the fact that the new boiler has cut in half heating costs at the prison (the cost savings are £250,000 per annum), as well as saving 2,700 tonnes of carbon a year.

Kier’s mining business won a Green Apple Award for Conservation Management at Greenburn Surface Mine and another for construction of the Greenburn river bridge (pictured above) – two of eight Green Apple Awards for Environmental Best Practice won by Kier companies. We also received two Green Apple Awards for the Built Environment and Architectural Heritage 2013 and our new colleagues from May Gurney won seven Green Apple Awards too.
Our health and safety vision is for zero harm to our workforce, to carry out our operations with minimum impact to the environment and to be seen as leaders in safety, health and environmental performance.

Through strong leadership, employee engagement and effective risk management, we remain focused on eliminating workplace injuries, better protecting our environment and increasing awareness of occupational health and wellbeing. Our Accident Incident Rate (AIR) remains well below the Health & Safety Executive’s benchmark of 589.

The Positive Safety Leadership (PSL) programme has delivered over 50,000 conversations recognising both positive and challenging aspects of SHE performance. These are a powerful means of engaging with our staff and further developing the positive safety leadership culture throughout the Group. We remain intent on sharing best practice wherever possible and over 60% of delegates attending the SUSA workshops this year came from our supply chain colleagues who recognise the importance of collaborative working in delivering top quartile SHE performance.

We remain committed to ensuring that all our site supervisors are competent and hold the Construction Skills Site Supervisors Training Scheme (SSSTS) certificates or equivalent. During the year, Kier-accredited trainers delivered 24 specialist courses for 60 Kier and 186 supply chain supervisors.

Our Occupational Health Department supports the business in its aim to raise the awareness of well-being and the elimination of workplace injuries and incidents. Several health focus events were held throughout the country, which were well received by both Kier and its supply chain. We have also conducted health and well-being promotion days with voluntary health checks for staff as well as a number of workshops on specific health awareness issues which were attended by over 1,000 Kier and supply chain members.

An essential part of SHE assurance is the external verification of our SHE performance and independent assessment of our SHE management system. This year Kier has received 23 ROSPA awards, 13 BSC awards, 44 Considerate Constructor Scheme National Awards, 10 Green Apple Awards, winner of the National Recycling Award and the National House Building Council Health & Safety Awards for the second consecutive year. We also achieved 95% (Platinum Big Tick status) in our 2013 CR Index (2012: 90% Gold status). Our current SHE Management System also passed the annual audit conducted by BSI without any major non-conformances.

The recent acquisition of the May Gurney business presents an excellent opportunity to further review and strengthen our SHE Management System. The best SHE processes and procedures from both businesses will be integrated to produce a robust SHE management system that is fit for purpose both now and in future.

“During the year, Kier-accredited trainers delivered 24 specialist courses for 60 Kier and 186 supply chain supervisors.”
Kier Partnership Homes won UK’s safest site: The company was awarded National Best Site in the Medium Builder category at the NHBC (National House Building Council) Health & Safety Awards for the second consecutive year. The winning site, Owens Croft in Birmingham, is overseen by site manager Andy Chisholme (pictured) and features 23 affordable homes with a further 26 homes for open market sale. Six Kier Homes sites and managers were also commended.

Kier’s Positive Safety Leadership programme was highly commended in the 2012 Inspiring Safety Awards.

Behavioural safety advisor Karanjit Kaur (left) and safety training and behavioural safety advisor Clare Davey are pictured with the award.

Our performance commentary

Site Supervisors Safety Training Scheme (SSSTS) (Continued through the year)

Courses held (by Kier accredited SHE trainers) (2012: 31)

24

Trained and qualified (employees) (2012: 67)

70

Trained and qualified (supply chain supervisors) (2012: 227)

197

Delegates attending workshops (2012: 1,210)

647

SUSA conversations held (2012: 50,000)

50,000

Kier and supply chain personnel attended events (2012: 1,200)

1,042

Employees trained and risk assessed through Ergowize (2012: 1,400)

410

Our critical operating targets (COTS)

> Actively manage the implementation and suitability of Kier safety, health & environment management systems (SHEMS)
> Improve the quality of SHE information available to decision makers at all levels
> Minimise the risk to our workforce by the strict application of ‘Set To Work’ protocols
> Train, support and motivate personnel to deliver a step change in behavioural safety
> Identify changes and reinforce the SHE function to support Kier’s current and future operating models.

Key performance indicators

Accident Incidence Rate

<table>
<thead>
<tr>
<th>Staff (Kier) per 100,000*</th>
<th>Staff (HSE) per 100,000*</th>
</tr>
</thead>
<tbody>
<tr>
<td>333 (+10.6%)</td>
<td>589 (+9.9%)</td>
</tr>
</tbody>
</table>

RoSPA/British Safety Council Awards

<table>
<thead>
<tr>
<th>Award</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>RoSPA President’s Award</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>RoSPA Gold Medal</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>RoSPA Gold</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>RoSPA Silver</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>RoSPA Bronze</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>British Safety Council National Award</td>
<td>13</td>
<td>12</td>
</tr>
</tbody>
</table>

* Included within KPMG’s scope of assurance. The KPIs that have been referred to in this report are defined in the Company’s reporting guidelines which can be found on our website www.kier.co.uk/rg.
Our CR framework
Workplace: Employees and training

“This year we have continued to roll out new programmes and initiatives to further improve and expand our training and development offering to cater for our diverse workforce. We believe that we have in place a comprehensive career development programme to accommodate everyone from new entrant trainee to executive development level.

The year saw Kier recognised for its development programmes receiving the Construction News Training Award for 2012. The judges commented that Kier had “… a visionary programme, based on a clear and well-understood set of values, driven and supported by clear leadership. If all organisations did this, they could change the construction industry.”

The key achievements that won over the judges were

The Construction Team Leader Apprenticeship scheme
> A programme developed by Kier to train new entrants into site supervisors. The apprenticeship runs over a three-year period taking each apprentice through level 2 and 3 NVQ, with the opportunity to progress further on to the Kier Foundation Degree. We have recruited over 50 apprentices on the programme with more joining in autumn 2013.

The Kier Foundation Degree programme
> Another programme developed by Kier and run at Sheffield Hallam University. There are around 120 employees currently enrolled on the course. It takes four-and-a-half years to complete the Foundation Degree and the full BSc Hons top up.

Our Graduate Development programme
> This comprises a suite of technical and management programmes designed to develop our graduate recruits into future leaders.

We have around 250 graduates on the programme which lasts for four years.

A Kier cohort on the Management Skills Development programme, the leading people module delivered at the Royal Military Academy, Sandhurst. This programme is delivered in three two-day modules over a 12-month period for those who are new to line management.

In addition to the off-site modules there are eight workbooks to supplement the development. The aim is to develop the skills, knowledge and behaviours of newly appointed managers.
**The Kier Leadership Charter**

We launched the Kier Leadership Charter in 2012. This development programme has been delivered to the most senior 250 leaders within Kier, including all of the Executive Board. The Charter sets out the expectations of daily standards of leadership behaviour that Kier places on its leaders. In developing the charter the Executive Board recognised that high quality leadership will drive improvements in business performance and will help to create a sustainable organisation of which we can all be proud.

All attendees voluntarily sign up to the Charter with a personal commitment that they agree to do their best to be a proud leader for Kier every day, to support those around them and to make the organisation one to be proud of.

The first cohort of students on the Kier Construction Management Foundation Degree programme graduated in November 2012. A total of 29 students graduated, many of whom now mentor other staff in the programme, passing on their skills and experience. The Foundation Degree programme is so popular now that there were 148 employees on the programme in 2012, compared with 31 in 2008.

In developing the Kier Leadership Charter, the company recognises how high-quality leadership drives economic success as a by-product of a loyal and skilled workforce.

Further enhancements of our new entrant programmes introduced during the year saw over 1,300 employees engaged in structured development initiatives.

In support of our aim to equip our site supervisors of the future with an in-depth understanding of the trades, the Kier Construction Team Leader Apprenticeship, a pilot scheme developed in conjunction with the National Construction College in Bircham Newton, Norfolk, progressed into its second year. A new level 3 advanced apprenticeship has been developed as a progression route for our apprentices to successfully achieve their level 2 qualification.

We were pleased to see a continued use of national occupational standards with more than 800 staff undertaking vocational qualifications during the year.

We remain committed to attracting youngsters into the profession and have continued to recruit apprentices this year into our Group-wide programmes.

As part of a collaborative bid we were successful in obtaining funding from the Department for Business, Innovation and Skills (BIS) to enhance our training programmes and to work with industry partners to develop programmes that meet the needs of the industry now and in future. These programmes will cover areas such as sustainability, the Green Deal, BIM and encourage the development of new recruits into our industry.

The need to keep our people motivated and keen to develop within their roles will be a constant focus for Kier, and the creation of environments within which all employees are able to provide feedback on Kier as a business and as an employer has been given a high priority. A series of roadshows, regular managing director presentations and employee surveys are now supporting this aim. In-depth employee engagement surveys are carried out every two years and we are currently working to ensure that our new employees from the May Gurney acquisition are included in the next employee engagement survey.

We embrace new methods of delivery for our training initiatives with a mix of classroom learning, coaching, experiential learning and e-learning delivery. Kier remains committed to giving its employees at all levels access to excellent training opportunities, enabling them to develop and grow as part of our 16,000-strong team.

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**Number of employees in registered development programmes**

<table>
<thead>
<tr>
<th>Programme</th>
<th>2013*</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Day release/further education</td>
<td>137</td>
<td>213</td>
<td>154</td>
</tr>
<tr>
<td>Trade apprentices</td>
<td>230</td>
<td>248</td>
<td>261</td>
</tr>
<tr>
<td>Foundation Degree programmes</td>
<td>148</td>
<td>132</td>
<td>99</td>
</tr>
<tr>
<td>NVQs – operatives</td>
<td>505</td>
<td>796</td>
<td>26</td>
</tr>
<tr>
<td>NVQ – supervisory and management</td>
<td>61</td>
<td>48</td>
<td>64</td>
</tr>
<tr>
<td>Undergraduates/sponsored students</td>
<td>45</td>
<td>66</td>
<td>56</td>
</tr>
<tr>
<td>Graduate schemes</td>
<td>251</td>
<td>271</td>
<td>219</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1377</strong></td>
<td><strong>1774</strong></td>
<td><strong>879</strong></td>
</tr>
</tbody>
</table>

* Included within KPMG’s scope of assurance. The KPIs that have been referred to in this report are defined in the Company’s reporting guidelines which can be found on our website www.kier.co.uk/rg.

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After just two months on Kier Partnership Homes’ Balaam Wood Site in Birmingham, apprentice Masimba Matapo came third in the heats of the Dulux Decorators Centres’ 2013 apprentice of the year competition. He then won a regional heat of the Johnstones Young Painter of the Year competition.
Kier is always keen to make a positive difference within the communities local to its projects and offices. Not only does this mean carrying out our core business as safely and professionally as possible, but also it involves getting involved in community matters and integrating as part of the community wherever we can to make a real difference to people’s lives.

We are therefore glad to report an increase in the number of man-hours we have donated for community work. This can involve anything from conducting a site visit for local schoolchildren to a garden clearance exercise. There has been a remarkable amount of voluntary community work undertaken by Kier people, including the Kier Board and other senior executives, during the period.

Our employees have donated 185,486 man hours (2012: 161,254) to support community related initiatives during the year impacting on over 70,599 individuals (2012: 58,114). We have provided 1,377 people with learning and development opportunities and continue to offer careers advice, training and workplace experiences through NEET programmes and other initiatives.

The Kier Foundation, which was formed in November 2011 (but which didn’t launch and begin fundraising until February 2012) has seen its first full financial year of fundraising through which Kier employees have raised £113,028.11 for Barnardo’s, the Group’s corporate charity partner. Alongside this, Kier employees are encouraged to raise funds for their own nominated charities, backed by support funding from The Kier Foundation of £100 per employee per year. Due to the success of The Kier Foundation and the enthusiasm of Kier employees, this number was increased to £200 per employee per year with effect from September 2013.

The boards of Kier businesses have also made significant contributions by staging a variety of events including quiz nights, a calamity kitchen cookery school and even company car washes. A good share of the funds raised are as a result of many gruelling physical challenges for which so many Kier employees have an appetite.

These include cycling extreme distances, running marathons, tackling assault courses and climbing mountains. Indeed chief executive Paul Sheffield was amongst one of the 12 Kier teams taking part in the Three Peaks Challenge, raising significant funds for The Kier Foundation and for Barnardo’s with at least £40,000 pledged.

Our targets for the year were to exceed Barnardo’s fundraising expectations for the second year, to encourage more employee participation through support funding and to generate more opportunities for community involvement. We believe that, thanks to the attitude of Kier people, we have achieved all three. Certainly Barnardo’s are delighted with Kier’s involvement to date, our support funding applications are steadily increasing and there is an abundance of community work by Kier going on at any one time to upgrade community facilities, working with NEETS to provide training in construction skills and generally trying to put something back as part of our normal operations.

We use i-Connecting, a web-based tool, to gather and evaluate our CR activities. This enables us to measure the positive impact we make within communities affected by our operations to ensure we stay on track to deliver a brighter future for our local communities.

“Our employees have donated 185,486 man hours to support community related initiatives during the year impacting on over 70,599 individuals.”

Nine members of Kier’s legal team donated a day of gardening for the St John’s Hospice in Moggerhanger, Bedfordshire, over a chilly weekend in December. Their garden needed “putting to bed” for the winter which involved levelling lawns, cutting back trees and shrubs, clearing borders and raking up leaves.
### Key performance indicators

<table>
<thead>
<tr>
<th>Performance Indicator</th>
<th>2013</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money donated to Barnardo’s by The Kier Foundation and employees in the year to 30 June 2013</td>
<td>£113,028.11</td>
<td>+180%</td>
</tr>
<tr>
<td>Time given for community engagement (man hours)</td>
<td>185,486</td>
<td>+15%</td>
</tr>
<tr>
<td>Equivalent value of man hours</td>
<td>£3.50m</td>
<td>+0.98%</td>
</tr>
<tr>
<td>Number of individuals impacted</td>
<td>70,599</td>
<td>+21.5%*</td>
</tr>
<tr>
<td>Direct cash donations for charities</td>
<td>£58,000</td>
<td>-65%*</td>
</tr>
<tr>
<td>Total monies raised and value of man hours</td>
<td>£4.20m</td>
<td>+4.7%*</td>
</tr>
</tbody>
</table>

*Included within KPMG’s scope of assurance.

The KPIs that have been referred to in this report are defined in the Company’s reporting guidelines which can be found on our website kier.co.uk/rg

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Kier entered 12 teams in the Three Peaks Challenge this year to raise funds for The Kier Foundation and Barnardo’s. All the teams were named after famous toy brands. Pictured at the finish is Team Meccano comprising (l-r) Paul Sheffield, Gavin Judd, Jamie Hillier, Simon Andrews, Nigel Quelch and Gerry Fallon.

Some of the 67 charities supported by The Kier Foundation and Kier employees during the year to 30 June 2013

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Kier became an Associate Member of the Considerate Constructors Scheme (CCS) in 2008 and has since been using this national initiative as a means of measuring its project-based CR performance against the industry average as well as helping to raise standards in the key areas assessed under the Scheme.

CCS introduced a change to the scoring system with effect from 1 January 2013 which meant that the scores from that date were marked out of a maximum of 50 points (previously 40) against a 5-point code of considerate practice: appearance, safety, community, workforce and environment (previously 8-point code).

We are pleased that our targets set for last year were met, one of which was to maintain above industry average performance. Throughout the period, Kier has performed at least two points above the industry average each month. This consistent outperformance of the industry average is a reflection of our commitment to use the Scheme as a benchmark to continuously improve.

Another target we are pleased to have achieved is to involve and influence more of our supply chain members. Through the Associate Members’ Working Group 1, we are encouraging certain members of our supply chain to take up membership of the CCS themselves as a means of reaching out to small contractors.

Our scores are shared widely throughout the business and two half-year performance reviews are produced each year which contain detailed analyses of our businesses’ performance. The publication includes useful tips and advice, examples of best practice and messages of support from senior executives. These reviews are sent to CCS representatives from each business stream and they in turn share them with the project teams. Monthly reports are also produced and posted on the company intranet showing key performance data. These two reporting mechanisms are also posted on the Kier Group website.

We are pleased that safety is once again the highest scoring category of those assessed by the scheme. The health and safety of all Kier stakeholders is of the utmost importance and these regular assessments of our sites and projects help to ensure that high standards are being met and maintained.

Kier has continued to feature amongst the industry’s best CCS performers and our businesses have won more CCS awards than any other company with over 20% of our eligible sites receiving recognition. CCS Scheme chairman David Watson, congratulated the winning companies at the CCS National Site Awards, commenting: “Once again, throughout these tough times for our industry, many sites have excelled in not only maintaining standards, but surpassing what has been achieved in previous years. The award ceremonies are an excellent showcase for these sites and give the industry the opportunity to reward those site teams that have gone that extra mile.”

With no fewer than 44 CCS National Site Awards received for 2013, it means that over 20% of Kier’s eligible sites have been recognised which is commendable. Projects receiving recognition are widespread geographically as well as by market sector which suggests that the CCS has a far and wide reaching impact on the performance of our businesses in relation to the five areas addressed by the Scheme: workforce, safety, environment, community and appearance.

Our other targets for last year, namely to reinvigorate the Scheme throughout the business and aim to exceed expectations, we believe have been achieved as our outstanding results testify. However, we will always aim to keep the spirit of the CCS Scheme strong on our sites and projects and aim to exceed expectations of all our stakeholders.
Kier Construction has completed the Southend Pier Cultural Centre (above right) which is now open to the public ahead of an official opening this autumn. Built off-site at Tilbury Docks, the placing of the cultural centre onto the 120-year-old cast iron Southend Pier more than a mile out to sea presented the project team with a number of obstacles. The Kier team rose to the challenge with a fantastic result, and the new cultural centre has reinstated Southend’s most famous landmark by creating a vibrant public space on the pier from which to enjoy the landscape of the Thames Estuary.

**Awards won to date:**
- RIBA East Award
- Surface Design Awards – Public Building Exterior Surface category
- Southend-on-Sea Borough Council Star Awards – Innovation Award in the Enterprise, Tourism & Environment category
- Southend-on-Sea Borough Council Design Awards – Highly Commended in the New Build category
- Considerate Constructors Scheme Gold Award

Kier Construction built the Estover Community Campus in Plymouth (right) and struck Gold in the Considerate Constructors Scheme’s National Site Awards 2013. The new campus combined three previously separate schools in one inspirational scheme, on behalf of Plymouth City Council. The challenge was to build the new school around the old building without disrupting the teaching. The citation commented particularly on the care given to environmental factors.

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**Key performance indicators**

<table>
<thead>
<tr>
<th>Overall Group monthly average (out of 40) for the six months to 31 December 2012* (2012: 35.09)</th>
<th>Overall Group monthly average (out of 50) for the six months to 30 June 2013*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>35.12</strong></td>
<td><strong>38.17</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Industry average* for the six months to 31 December 2012 (2012: 33.04)</th>
<th>Industry average* for the six months to 30 June 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>33.23</strong></td>
<td><strong>35.24</strong></td>
</tr>
</tbody>
</table>

| Considerate Constructors Scheme National Industry awards |
|---|---|---|---|---|
| **3** | **12** | **29** | **44** |

* * Included within KPMG’s scope of assurance.
The KPIs that have been referred to in this report are defined in the Company’s reporting guidelines which can be found on our website kier.co.uk/rg
KPMG Audit Plc was engaged by Kier Group plc ("Kier") to provide limited assurance over selected aspects of the Kier Group plc Corporate Responsibility Report for the year ended 30 June 2013 ("the Report"). This independent assurance report is made solely to Kier in accordance with the terms of our engagement. Our work has been undertaken so that we might state to Kier those matters we have been engaged to state within this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Kier for our work, this report, or for the conclusions we have reached.

Responsibilities
The Directors of Kier Group plc are responsible for preparing the Report and the information and statements within it. They are responsible for identification of stakeholders and material issues, for defining objectives and maintaining appropriate performance management and internal control systems from which reported information is derived. Our responsibility is to express our conclusions in relation to the scope set out below.

What was included in the scope of our assurance engagement?
Assurance scope
Reliability of performance data for year ended 30 June 2013 marked with the symbol * on pages 3, 4, 5, 15, 17 and 18 of the Report.

Level of assurance
Limited assurance.

Reporting criteria
Relevant internal reporting guidelines for the selected performance data as set out in www.kier.co.uk/rg

Assurance scope
Kier’s self-declared Global Reporting Initiative (GRI) application level on page 5 of the Report marked with the symbol * in the section of the report entitled How we’re doing.

Level of assurance
Limited assurance.

Reporting criteria
GRI’s G3 Sustainability Reporting Guidelines and application level requirements.

The extent of evidence-gathering procedures for a limited assurance engagement is less than for a reasonable assurance engagement, and therefore a lower level of assurance is provided for the data.

Inherent limitations
Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is important to read the selected corporate responsibility information contained within the Report in the context of Kier’s Reporting Guidelines available on the Kier website www.kier.co.uk/rg.

In particular, inherent limitations affect the conversion of electricity and fuel used to calculate carbon emissions. Conversion of electricity and fuel used to calculate carbon emissions is based upon, inter alia, information and factors derived by independent third parties as explained in Kier’s Reporting Guidelines. Our assurance work has not included examination of the derivation of those factors and other third-party information. Our assurance work has not included challenging the scientific work undertaken by independent third parties when calculating these emissions factors.

Which assurance standard did we use?
We conducted our work in accordance with ISAE 3000, with a team of specialists in auditing environmental information and with experience in similar engagements. This standard requires that we comply with applicable ethical requirements, including independence requirements, and plan and perform the engagement to obtain limited assurance about whether the data is free from material misstatement.

ISAE 3000 requires the practitioner complies with the requirements of Parts A and B of the Code of Ethics for Professional Accountants. This is issued by the International Ethics Standards Board for Accountants (the IESBA Code) which requires, among other requirements, that the members of the assurance team (practitioners) as well as the assurance firm (assurance provider) be independent of the assurance client, including not being involved in writing the Report and plan and perform the engagements to obtain limited assurance about whether data is free from material misstatement. The Code also includes detailed requirements for practitioners regarding integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

KPMG Audit Plc has systems and processes in place to monitor compliance with the Code and to prevent conflicts regarding independence. Our independence with the client is reviewed on an annual basis.

What did we do to reach our conclusions?
We planned and performed our work to obtain all the evidence, information and explanations that we considered necessary in relation to the above scope. Our work was limited to the following procedures using a range of evidence-gathering activities which are further explained below:

- Conducting interviews with management and other personnel at Kier to understand the systems and controls in place during the year ended 30 June 2013;
- An evaluation of the design, existence and operation of the systems and methods used to collect, process and aggregate the selected performance data as well as testing the reliability of underlying data at a risk based selection of businesses/sites, being those at:
  - Kier Services – Maintenance
  - Kier Construction – Kier Infrastructure and Overseas
  - Kier Minerals – Greenburn Surface Mine
  - Kier Group – Tempsford Head Office
- From a Group perspective these businesses/sites represent:
  - 61% of the selected Environment and climate change data;
  - 39% of the selected Workplace data;
  - 100% of the selected Marketplace data;
  - 51% of the selected Community engagement data; and
  - 100% of the selected Considerate Constructors Scheme data.
- Checked on page 19 of the report the description of the requirements for the achievement of GRI application level requirements C+ under the GRI index against the G3 Sustainability Reporting Guidelines;
- Reviewed Kier’s self declaration against GRI application level C+ including their description of the “extent” of reporting.

What are our conclusions?
The following conclusions should be read in conjunction with the work performed and scope of our assurance engagement described above.

- Nothing has come to our attention to suggest that the performance data marked with the symbol *, on pages 3, 4, 5, 15, 17 and 18, are not fairly stated, in all material respects in accordance with the relevant internal reporting guidelines for the selected performance data.
- Nothing has come to our attention to suggest that Kier’s self-declaration of GRI application level C+ on page 5 is not fairly stated, in all material respects in accordance with the G3 Sustainability Reporting Guidelines.

Michael Froom
for and on behalf of KPMG Audit Plc
Chartered Accountants, London
11 September 2013

1 International Standard on Assurance Engagements 3000: Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board.
## GRI Index list

### Contents table for GRI Level C+

<table>
<thead>
<tr>
<th>GRI section No</th>
<th>Standard disclosure</th>
<th>Level reported</th>
<th>Page(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Statement from Chief Executive</td>
<td>Fully</td>
<td>1</td>
</tr>
<tr>
<td>2.1-2.10</td>
<td>Organisational profile</td>
<td>Fully</td>
<td>IFC</td>
</tr>
<tr>
<td>3.1-3.8</td>
<td>Report parameters (profile, boundary and scope)</td>
<td>Fully</td>
<td>1, 2</td>
</tr>
<tr>
<td>3.10-3.12</td>
<td>Report parameters (re-statements)</td>
<td>Fully</td>
<td>3, 4, 16, 17</td>
</tr>
<tr>
<td>4.1-4.4</td>
<td>Governance</td>
<td>Fully</td>
<td>1, 2</td>
</tr>
<tr>
<td>4.14-4.15</td>
<td>Stakeholders</td>
<td>Fully</td>
<td>2</td>
</tr>
</tbody>
</table>

#### Economic

| EC1            | Direct economic value                                                               | Fully          | IFC, 4, 14, 15 |

#### Environment

| EN3            | Direct energy consumption by primary source                                        | Fully          | 8, 9     |
| EN4            | Indirect energy consumption by primary source                                      | Fully          | 9        |
| EN5            | Total energy saved to reduce energy/increase efficiency                            | Fully          | 8, 9     |
| EN16           | Total greenhouse gas emissions                                                      | Fully          | 5, 8, 9  |
| EN22           | Total amount of waste (hazardous/non hazardous (in tonnes by type) reuse, recycle, recover, compose, incinerate, landfill) | Fully          | 5, 8, 9  |

#### Social

| LA7            | AIR rates (compared with HSE benchmark)                                             | Fully          | 3, 10, 11|
| LA8            | Education/ training programmes                                                      | Fully          | 3, 12, 13|
| S01            | Programmes in place for assessing the impacts of operations on local communities – CCS Scheme, iConnecting, BITC CR Index data | Fully          | 2, 3, 4, 5, 7, 8, 9, 14, 15, 16, 17 |
| S03            | Percentage of employees trained in the company’s anti-corruption policies           | Fully          | 7        |
| S06            | Donations to political parties, politicians                                          | Fully          | 2        |
| PR5            | Results/key conclusions of surveys                                                  | Fully          | 3, 4, 5, 7 |

### GRI Index performance

Our performance has been assured to comply with application level C+ of the GRI Index.

**Performance indicators & sector supplement performance indicators**

- **C**: Report on:
  - 1.1 – 2.10
  - 3.1 – 3.12
  - 4.1 – 4.15
  - 4.14 – 4.15

**Disclosures on management approach**

<table>
<thead>
<tr>
<th>C+</th>
<th>Report externally assured</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>Not required</td>
</tr>
<tr>
<td>B</td>
<td>Report on all criteria listed for Level C plus: 1.2 3.9 3.13 4.5 – 4.13 4.16 – 4.17</td>
</tr>
<tr>
<td>B+</td>
<td>Report on all criteria listed for Level C plus: 1.2 3.9 3.13 4.5 – 4.13 4.16 – 4.17</td>
</tr>
<tr>
<td>A</td>
<td>Report externally assured</td>
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<tr>
<td>A+</td>
<td>Respond on each core and Sector Supplement† indicator with due regard to the materiality principle by either: a) reporting on the indicator or b) explaining the reason for its omission</td>
</tr>
</tbody>
</table>

† Sector supplement in final version

†† Performance indicators may be selected from any finalised sector supplement, but 7 of the 10 must be from the original GRI Guidelines.

††† Performance indicators may be selected from any finalised sector supplement, but 14 of the 20 must be from the original GRI Guidelines.
Pupils got their first peek inside the new Gloucester Academy when the Kier Construction site team opened its doors early. The site team held a number of tours giving students the opportunity to get a real feel for their new school building and learn about the construction methods used.

Around 1,000 pupils in the Harlow area took part in the ‘Crucial Crew’. Kier Harlow sponsored the annual event which this year focused on delivering information around recycling and environmental issues to teach awareness of how to dispose of rubbish in a responsible way.

A team of intrepid walkers from KMI Plus in Wigan took part in the COINS 24 Peak Challenge. The 24-hour test of endurance, stamina and fitness involved conquering 24 peaks in the Lake District, each over 2,400 feet. Not only were they the fastest team, finishing in just 22 hours, but they were also the best fundraisers, collecting over £7,500 for the COINS Foundation.

Kier corporate responsibility co-ordinator Terry Hanlon visited Stockton Riverside College to set a group of bricklaying students the challenge of building a 4m-high pyramid from only wooden sticks and elastic bands. The task highlighted the importance of communication and teamwork within the industry.

A team of Kier Construction employees helped young people regenerate their local community in Bootle, Liverpool, by providing supplies to create a colourful mural.

Eighteen teams of Kier Services employees and their supply chain partners raced their way to raising over £50,000 for The Kier Foundation in an outdoor endurance karting challenge at Daytona Karting, Milton Keynes.

A team of nine from Kier Construction’s Newbury office took on the Clarendon Way Walk to raise funds for Naomi House Children’s Hospice. The ‘Weary Soles’ team has raised over £2,750 and are hoping to reach a total of £3,000.

A team of Kier Homes took on the challenge to clean up part of Millbridge Brook at Gamlingay. To launch Kier Homes’ first ‘Community Action Day’ the team joined forces with Gamlingay Parish Council and local volunteers to clear rubbish from the brook, remove brambles and cut back overgrown hedges along the bank in just one day.

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A 12-strong team from Kier Homes took on the challenge to clean up part of Millbridge Brook at Gamlingay. To launch Kier Homes’ first ‘Community Action Day’ the team joined forces with Gamlingay Parish Council and local volunteers to clear rubbish from the brook, remove brambles and cut back overgrown hedges along the bank in just one day.

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The Kier Foundation offers Kier employees up to £200 in match funding for their personal fundraising activities. Kier Construction graduate civil engineer, Stacey Clifford, received hers when she completed the Bratislava or Bust charity rally.

An estimated 5,000-strong crowd was thrilled by a sparkling fireworks display at Coram’s Fields in King’s Cross once again this year after Kier stepped forward as sponsor and provided funding for the event for the second year running.

Kier Services in partnership with Islington Council and social enterprise Bright Sparks, launched the Ray Walk Recycling Centre after converting 40 disused garages into a workshop, office and recycling storage units. The scheme provides affordable furniture and electrical items to local people and reduces waste from void clearances.

Kier Construction joined more than 20 contractors to participate in Open Doors weekend, a nationwide pilot project from the construction industry that offered people an exclusive opportunity to have a look behind the scenes at construction sites in their area. Kier opened up six sites across the UK.

Kier and Barnardos have given the family of two young carers in Loughborough an early Christmas present by refurbishing their run down home.
Kier Group’s corporate responsibility mission is to deliver a brighter future for our communities. Our approach is to put something back as part of everything we do. This may be in the form of volunteer work in the community, fundraising or providing training in construction and associated trades skills. Wherever we work, we will try to integrate and support our local communities as far as we can.

A significant amount of our core business places our people in the heart of the communities where, as part of their working day, they also play an important role in the delivery of our CR mission. Our construction businesses build community facilities – hospitals, schools, universities, prisons, railway stations, fire stations, police stations, sports centres – and much more – throughout the UK.

A taste of what we do

- Biogen, our joint venture with Bedforidia, processed over 88,000 tonnes of food waste during the year, generating over 32,000 MW/ hr of electricity.
- In the London Borough of Bexley alone we maintain over 630 hectares of green space – that’s about the size of 894 Wembley-sized football pitches.

- Our facilities management team responds to reactive maintenance calls – one every 45 seconds.
- Our environmental team collects waste and recycling from over 2.5m properties and empties over 100,000 bins every week.
- We currently process material for over 380,000 households at our materials recycling facility.

- We maintain 500,000 street lights and illuminated signs.
- We maintain 35,000km of roads.
- We carry out over 750,000 social housing repairs each year.

- We improve and maintain over 2,200 miles of canals and rivers.
- In the London Borough of Bexley alone we maintain over 630 hectares of green space – that’s about the size of 894 Wembley-sized football pitches.

Find more online…

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Kier Group plc
Annual Report and Accounts 2013
www.kier.co.uk/ar2013

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