



United Nations Global Compact

Communication on Progress 2011

We shape a better world

ARUP

United National Global Compact:
Communication on Progress 2011

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Introduction

Our ref RC/sc

ARUP

For the attention of:
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21 July 2011

Dear Sir

UN Global Compact Communication on Progress

I am pleased to confirm our continued commitment to the ten principles of the UN Global Compact regarding human rights, labour, environment and anti-corruption. We also support engagement in collaborative projects which advance the broader development goals of the UN.

As a firm we have a strong culture – in 1970 Ove Arup, our founder, provided us with an enduring set of values and aims. These include being a humane organisation; straight and honourable dealings; social usefulness, and maintaining good reputation and influence. These have become integral to our culture, our thinking and behaviours. As a result we attract people to join us who share these values.

While these values have a strong resonance with the Principles set out in the UN Global Compact, we have set our purpose as “to shape a better world”.

Often this is through projects, where we are applying sustainable design principles, and encouraging corporate social responsibility, but it also carries into how we work and who we work with.

This year, for example, one of my colleagues is leading a team to improve our Diversity, complementing a recent survey of our employee’s opinions. Equally, I have been appointed by the Arup Board as Director responsible for Ethics. We have reinforced our policy and procedures through introducing a specific e-learning training module, with the aim that this is completed by all staff. These will be further demonstrated in our next Communication on Progress in 2012.

Yours faithfully

Robert Care
Chair UK Middle East and Africa

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Registered Number: 952468 | Registered Address: 13 Fitzroy Street London W1T 4BQ

ARUP



A Introduction

We are an independent firm of designers, planners, engineers, consultants and technical specialists offering a broad range of professional services. Through our work, we make a positive difference in the world. We shape a better world.

As part of the requirements of the UN Global Compact, we are required to submit an annual Communication on Progress.

We have approached our response in relation to four key areas - Human Rights, Labour, Environment and Anti-Corruption, and separate chapters have been created for each of these. In line with the UN's criteria we have set out our response in terms of Arup's commitment, systems, activities and indicators, and supporting documentation is appended.

As a firm, we have in place a sustainability strategy that sets out our sustainability and corporate social responsibility expectations from the top level. This strategy defines our approach and enables us to maintain leadership in this area. Our sustainability strategy is split into four areas: our business, our people, our facilities and our external relationships.

Our Corporate Report - which comprises Arup Group's performance in finance as well as sustainability - shares our progress with our external stakeholders. Published annually, the report includes our performance against the Global Sustainability KPIs and the targets that have been set going forward.

The indicators used in this Communication on Progress are those that we report on in our corporate report. As a result of the UNGC we have included additional indicators over and above our corporate reporting requirements.

Introduction to Arup

Arup is the creative force at the heart of many of the world's most prominent projects in the built environment.

- Nearly 10,000 people
- over 60 years
- 70 countries in five regions
- 11,000 concurrent projects
- 4 market sectors
- £800m turnover
- Trust ownership

We view our challenge as 'Shaping a Better World'. At the heart of this is a deep understanding of the issues driving the world's growing urban environments - from the effects of climate change to meeting the needs of a growing population.

Experience in cities is well established and growing - from icons like Sydney Opera House to Chinese eco cities, and is the strategic advisor to the C40 - 40 world cities committed to tackling climate change.

In 2011, Arup's influence on the built environment goes far beyond engineering. Our global, multi-disciplinary consultancy practice delivers everything from traditional management consultancy, to environmental impact assessment, master-planning, and energy strategy services.

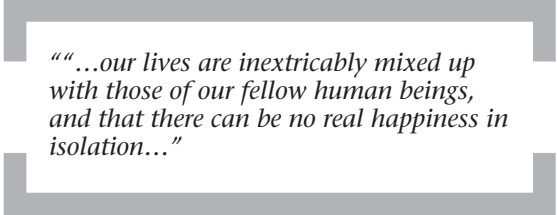
Our clients range from city governments, to major corporations, international NGOs, utility companies, property developers and architects, and we have been helping local governance organisations across England deliver sustainable development and regeneration for over 60 years.

A better Way

The power to influence the future of the built environment carries with it a weighty responsibility.

Many of Arup's projects leave a legacy to subsequent generations: a legacy that outlasts any one individual. With 10,000 projects going on at any one time, Arup is doing the best possible job for current and future generations. Putting sustainability at the heart of its work is one of the ways in which Arup exerts a positive influence on the wider world. Put simply, Arup people are driven to find a better way.

Arup's independent ownership structure gives conviction a place in its decision-making, alongside the needs of clients and commercial imperatives. The result is clear-sighted, thoughtful decisions about its priorities as a business and as a member of society.



"...our lives are inextricably mixed up with those of our fellow human beings, and that there can be no real happiness in isolation..."

Sir Ove Arup, November 1970

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B Human Rights

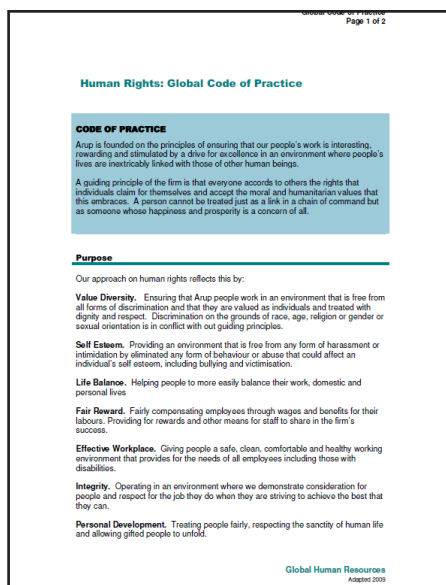
In this section:

- **Principle 1:** Business should support and respect the protection of internationally proclaimed human rights
- **Principle 2:** Business should make sure that they are not complicit in human rights abuses.

Human Rights

Principle 1: Business should support and respect the protection of internationally proclaimed human rights
Principle 2: Business should make sure that they are not complicit in human rights abuses

Commitment



Arup supports and respects the protection of internationally proclaimed human rights and ensures that it is not complicit in human rights abuses.

Our Global Human Rights Code of Practice, states that:

Arup is founded on the principles of ensuring that our people's work is interesting, rewarding and stimulated by a drive for excellence in an environment where people's lives are inextricably linked with those of other human beings.

A guiding principle of the firm is that everyone accords to others the rights that individuals claim for themselves and accept the moral and

humanitarian values that this embraces. A person cannot be treated just as a link in a chain of command but as someone whose happiness and prosperity is a concern of all.

Our approach to human rights covers the following areas:

- Diversity
- Self Esteem
- Life Balance
- Fair Reward
- Effective Workplace
- Integrity
- Personal Development
- Acting Honourably
- Social Responsibility
- Respect

Our mission statement

“ To shape a better world”.

- To enhance prosperity and the quality of life
- To deliver real value
- To have the freedom to be creative and learn

Systems

- **Key Speech:**

A speech written and delivered by our founder Sir Ove Arup in 1970, that defines who we are, and sets out our core values and guiding principles. The Key Speech is the high-level framework that guides appropriate behaviour within the firm. The speech sets out the firm's humanitarian attitude which "leads to the creation of an organisation which is human and friendly in spite of being large and efficient...this attitude also dictates that we should act honourably in our dealings with our own and other people...Humanitarianism also implies a social conscience, a wish to do socially useful work, and to join hands with others fighting for the same values" All employees receive a copy of the key speech as part of their induction. For a copy of the key speech, please see attachment 2.

- **Global Human Rights Code of Practice:**

Arup's Global Human Rights Code of Practice sets out the firm's expectation and approach on human rights. It is available to all staff via the company intranet. Please see attachment 1 for a copy of the global human rights code of practice.

- **Global Harrassment Code of Practice:**

Arup believes that all employees have a right to be treated with dignity and respect while at work and when representing the company outside work. The Global Harrassment Code of Practice informs employees of the type of behaviour that is not acceptable and provides employees who are subjected to harrassment with a means of redress without fear of reprisal. For a copy of the Global Harrassment Code of Practice please see attachment 3.

- **Global Health & Safety Policy:**

Arup promotes the health and safety at work of all employees including temporary and contract staff, and of other persons affected by our actions. The firm has set objectives to provide

health and safety training, specialist advice, information instruction and supervision as may be necessary to personnel at all levels. The firm operates within a management system that is registered as meeting the requirements of OHSAS 18001 or equivalent. Please see attachment 4 for a copy of our Global Health & Safety Policy



- **Disciplinary Procedure:**

The disciplinary procedure is designed to be supportive and to encourage improvements in individual conduct and performance. Disciplinary action follows for individuals who abuse Arup's policies and procedures, including the Global Human Rights Code of Practice, and for any "actions which undermine working relationships with colleagues and / or other organisations or which may compromise our integrity as a firm and our honourable dealings with people.

- **Sustainable Procurement:**

Arup's commitment to Human Rights in its procurement is managed through the sustainable procurement plan which feeds into Arup's sustainability strategies. The plan is built on six themes which are:

- Environmental Management
- Supplier equality and diversity

- Support of fair practices in our supply base
- Ethical Trading
- Promoting fair employment practices
- Community benefits

The plan contains specific categories of goods and services that are defined as priority areas through a sustainability risk assessment incorporating these themes. These priority areas are then managed through individual category plans developed to solely focus on improving the sustainable procurement of the goods and services. The category plans are used to embed our sustainability requirements in our processes for supplier selection, goods/ services specifications, contracts and contract management.

The supplier's sustainability ethos is a key feature within Arup's tendering process to select responsible suppliers. Furthermore, Arup works to engage its suppliers in working together to deliver improved sustainability performance.

Activities

- **Communication of Policies and Procedures**

All employees are made aware of Arup's policies and procedures with respect to human rights. All policies are available on Arup's employee intranet.

Sustainable Procurement Activities

Sustainable procurement activities differ depending on the particular features of the goods and/or services purchased within each category. Examples of our activities in this area include:

- Working with our catering supplier to source and purchase fair traded catering items such as tea and coffee and verifying the authenticity of the stated certification.
- Ensuring the application of the London Living Wage for contracts

with our suppliers of on-site services such as catering, cleaning and security.

- Purchase of 100% renewable CCL exempt electricity.
- Investment and purchase of reporting tool Credit 360 to improve our environmental reporting.
- Reviewing occurrences of anti-competitive practice within our supply base.

Indicators

- LA6: We have a pro-active UKMEA Health & Safety Committee which meets every three months with 28 representatives from across the region and business groups.
- LA8: We have provided asbestos awareness training to 251 people so far this calendar year.
- Accident Incident Rate: 0.70 per 1000 employees.
- Accident Frequency Rate: 0.028 per 100000 employee hours.

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C Labour

In this section:

- **Principle 3:** Business should uphold the freedom of association and the effective recognition of the right to collective bargaining
- **Principle 4:** Business should uphold the elimination of all forms of forced and compulsory labour
- **Principle 5:** Business should uphold the effective abolition of child labour
- **Principle 6:** Business should uphold the elimination of discrimination in respect of employment and occupation.

Labour

Principle 3: Business should uphold the freedom of association and the effective recognition of the right to collective bargaining

Principle 4: Business should uphold the elimination of all forms of forced and compulsory labour

Principle 5: Business should uphold the effective abolition of child labour.

Principle 6: Business should uphold the elimination of discrimination in respect of employment and occupation

Committment

Arup is committed to the principles listed above. We recognise that to produce work of high quality, to maintain our reputation for innovation and creativity and to understand and delight our clients we need to fully embrace the skills, talents and knowledge that only a diverse workforce can offer.

We work to ensure that everyone feels that their contribution is valued and their successes are celebrated through our process and through our training and development, which will encourage knowledge sharing, intellectual growth and stimulation.

Subject to the relevant laws in the countries where we operate, we fully respect the right of our people to freedom of association and representation.

We aim to ensure that our people have satisfactory wages and working conditions and that there is no exploitation of labour.

We do not employ individuals that are younger than the legal school leaving age.

We ensure that Arup people work in an environment that is free from all forms of discrimination - gender, race, origin, background, religion, marital status, sexual orientation, disability or age - and that they are valued as individuals and treated with dignity and respect.

Addressing gender imbalance in Arup is our priority in a wider diversity drive. We believe improving gender balance will help us to nurture creativity and innovation, tap hidden capacity for growth and improved competitiveness, and positively impact financial performance. Our Diversity Champion signed the UKRC CEO charter and our Chairman has signed the UN Global Compact CEO Statement of Support for Women's Empowering Principles.

Our mission statement

“ To shape a better world”.

- To enhance prosperity and the quality of life
- To deliver real value
- To have the freedom to be creative and learn

Systems

- **Key Speech:**

A speech written and delivered by our founder Sir Ove Arup in 1970, that defines who we are, and sets our core values and guiding principles. The Key Speech is the high-level framework that guides appropriate behaviour within the firm. One of the six core principles is a “humane organisation” which should result in satisfied members. All employees receive a copy of the key speech as part of their induction. For a copy of the key speech, please see attachment 2.

- **Freedom of Association and Representation:**

Arups terms and conditions are not governed by a collective agreement.

In 1977, the founder of the firm, Sir Ove Arup, gifted the firm to itself, creating a visionary arrangement based on trusts, which are responsible for the long-term custodianship of the firm for the benefit of past, present and future employees. Membership of the trusts includes past and current employees. As a self-owning organization, we have no external shareholders, which is fundamental to the way we are organized and how we operate.

We have developed peer - to - peer communications channels and we have effective formal and informal channels between management and staff. We also have in place ‘Airtime’ a UK forum for communication and consultation. Airtime provides the opportunity for us to influence and shape our internal world, recognise the diversity of our staff and enable them to develop holistic, innovative and creative approaches to all challenges, and work together to provide an environment which ultimately addresses all aspirations - in both personal and professional terms. Meetings are held between leadership and elected staff representatives twice yearly. Airtime has a number of key principles:

- Enable leadership and elected staff representatives to exchange information and consult on possible changes and draft policies of significance.
- Enable ideas to be harvested from the body of the firm through the staff representatives for the leadership to consider in making decisions on issues that significantly affect our professional lives
- Improve the flow of information between all members of staff.

- **Corporate Report 2010:**

Pages 10 and 11 of our corporate report are related to our people. Our people are essential to us creating a sustainable business. By making our work environments stimulating, and by running our business in an equitable and rewarding way, we create the space for staff to innovate and lead in new areas - for the benefit of us and our clients. For a copy of the Corporate Report 2010, please see attachment 7.

- **Equal Opportunities Procedure:**

Global and regional equal opportunities procedures exist to ensure that employment practices are applied fairly and equally. These procedures cover: recruitment, training, career development and promotion, pay, selection for redundancy, grievance and monitoring. Every member of Arup has a responsibility to uphold our equal opportunities codes of practice in order to ensure that everyone with whom we work is treated equally and honourably. The leaders have a particular responsibility to ensure that grievances are investigated, that confidentiality is maintained and that appropriate action is taken.

- **Diversity and Inclusion: Code of Practice**

Arup's global Diversity and Inclusion Code of Practice sets out its aim to “recognise and respect each others’ differences and strive to build a working environment where our different values and perspectives are actively harnessed to

create the best solutions for our equally diverse client base". The diversity and inclusiveness of our workforce is supported by our ethics on Sustainability and Human Rights. Arup's principles of Diversity and Inclusion extend to our clients, our suppliers and all those with whom we choose to work. For a copy of our global Diversity and Inclusion Code of Practice please see attachment 8.

- **Disciplinary Procedure:**

The firm takes its commitment to equal opportunities very seriously. Any acts of discrimination by its members will result in disciplinary action, including termination of employment if appropriate, in accordance with the firm's disciplinary procedures.

- **Harassment Procedure:**

Global and local harassment procedures are in place. Any complaint of harassment will be taken seriously and the necessary resources deployed to investigate and resolve the matter and take appropriate action.

- **Grievance: Code of Practice:**

Arup believes that all its members should have the opportunity to discuss any matter of concern with the person to whom they report. In most cases employment related matters are likely to be resolved informally in this way. If, however, the outcome of informal discussions is unsatisfactory then the issue can be addressed through the grievance procedure. For a copy of our global Grievance Code of Practice please see attachment 9.

- **Young Workers:**

There are special UK laws to protect the employment rights of young workers (aged 16 to 18) which Arup adheres to. These concern health and safety, what jobs they can do, when they can work, and how many hours to work. Arup does not employ young people under the age of 16 in line with legislation

Activities

- **Diversity Strategy:**

In 2010, the UKMEA Board approved the region's Diversity Strategy. This is regularly reviewed at board meetings and informs our approach to promotions, communications and training. The Diversity Strategy is communicated internally through a variety of channels, including: film, intranet, internal publications, Airtime (our staff forum for communications and consultation) and your.ideas@arup.com (staff emails to the chairman). Replies to [your.ideas](mailto:your.ideas@arup.com) are published anonymously to encourage further communication

- **Airtime**

Airtime meetings are held twice yearly as a forum for elected staff representatives to discuss internal changes. A record of each meeting is issued to all staff in the form of the Airtime Broadcasts. The broadcasts are intended to engage staff and show them what issues are being considered. Staff can raise any concerns or issues they have with their elected regional representative.

- **SET Fair Standards**

This year staff were invited to respond to the SET Fair Standards survey. The results of this will contribute to our understanding of the current status and inform our Diversity Strategy for 2012-2014.

- **Sustainable Procurement Vision:**

Our sustainable procurement vision includes creating diversity as an objective. We communicate this to new suppliers at tendering stage and have revised our sourcing practices, supplier questionnaires, tender scoring criteria and supplier contracts. We hold supplier conferences to inform SME and BME's about Arup's sustainability vision and objectives, and to share best practice.

- **ConnectWomen:**

ConnectWomen is an internal network that improves the opportunities for women in Arup, to enable them to maximise their valued contribution to the firm, our clients and our industry. The ConnectWomen Network is open to all Arup employees (regardless of profession, position or sex) who support our aim of improving opportunities for women within our industry.

Indicators

- EC5: Arup does not pay below the minimum wage.
- LA13: % of women employed at Management and other grades in the UKMEA.

Grade 7	Grade 8	Grade 9	All leaders	All grades
17%	10%	6%	13%	28%

- Operating in the traditionally male-orientated industry, 28% of our UKMEA workforce are women.
- In 2010, we had four women on our UKMEA Board.
- In 2010 our female graduate intake was 37%, up from 31% in 2009 and against an industry average of 23%.
- In 2010, 13% of management positions (Grades 7-9) were made up of women.

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D Environment

In this section:

- **Principle 7:** Business should support a precautionary approach to environmental challenges
- **Principle 8:** Business should undertake initiatives to promote greater environmental responsibility
- **Principle 9:** Business should encourage the development and diffusion of environmentally friendly technologies.

Environment

Principle 7: Business should support a precautionary approach to environmental challenges

Principle 8: Business should undertake initiatives to promote greater environmental responsibility

Principle 9: Business should encourage the development and diffusion of environmentally friendly technologies.

Commitment

Sustainability is fundamental to our thinking at Arup, helping us to deliver on our mission ‘to shape a better world’. We are taking steps to minimise the carbon emissions associated with our operations and will endeavour to prevent pollution within the scope of our activities. Our offices are the second biggest contributor to Arup’s carbon footprint, after travel. We are committed to taking a resource efficient, sustainable approach to the way we run our offices.

Our Foresight and Innovation team is dedicated to managing the firm’s global innovation programme, gathering and taking views on emerging technologies, and sharing these experiences with Arup offices and our clients around the world. Every year we invest a percentage of our profits to fund this research.

As a firm of consultants, the biggest impact we can have on the environment is through our work with clients. We try to embed sustainability in everything that we do - in the way we run our business, our projects, and our physical impacts on the external environment. We help our clients to face the challenges of sustainability by investing in our passion for turning ideas into tangible tools and methodologies.

We extend our influence at every level, from individual buildings and large portfolio owners to cities and Governments. Through our many partnerships and committee memberships we disseminate best practice sustainable design. We strive to deliver better solutions for our clients and create a lasting and positive legacy for future generations.

Our mission statement

“ To shape a better world”.

- To enhance prosperity and the quality of life
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Systems

- **Key Speech:**

A speech written and delivered by our founder Sir Ove Arup in 1970, that defines who we are, and sets our core values and guiding principles. The Key Speech is the high-level framework that guides appropriate behaviour within the firm. Sir Ove Arup, established the firm over 60 years ago with the principles of ‘total design’ very much at the fore - the integration of the design process and the interdependence of all the professions. He also championed the social value of innovation and the humanitarian purpose of good design. Today we understand this as a commitment to sustainability. For a copy of the key speech, please see attachment 2.

Human Rights

Labour

Environment

Anti Corruption

- **Global Sustainability Strategy**

Our Sustainability Strategy offers a framework that sets out our sustainability expectations from the top levels of the firm. It defines our approach, and it enables us to maintain our position of leadership in this area.

- **Corporate Report**

In the 2010 Corporate Report, which is the first since we introduced our Sustainability Strategy, we celebrate some of the achievements from the calendar year 2010 under the framework provided by our Sustainability Policy: Our Business, Our People, Our Facilities and Our External Relationships. Each section contains a chart reporting on our performance against the key performance indicators in our Strategy collated from all our regions. Where we measured it, we have included historical data to demonstrate our trend in performance. For a copy of the Corporate Report 2010 please see attachment 7.

- **Environmental Management System (EMS)**

A strategic approach has been taken to the implementation of EMS within Arup. Implementation occurs at the group level, with our offices seeking certification locally to the requirements of ISO 14001:2004.

- **Risk assessment**

Whilst all of the environmental impacts of our activities require management, the assessment of each activity and consequent impact is used as a guide to prioritise action through the environmental management system. This assessment results in a significant rating, calculated by considering the likelihood, severity and legal implications.

- **Audits and reviews of sustainability performance**

We carry out annual internal system audits, regular project audits and an annual management review to ensure compliance with our internal processes and management of our environmental aspects. Our environmental audit process contributes to ongoing monitoring

and improvement of environmentally sustainable performance.

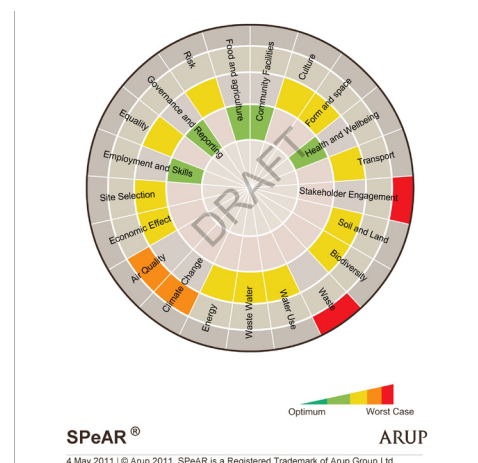
- **SPeAR®**

Our global Sustainable Project Appraisal Routine software tool SPeAR® has undergone significant improvements. The latest developments to the tool make it more flexible and internationally-applicable, and update SPeAR® to take account of emerging sustainability issues. The software now also takes into account indicators such as those from the Organisation for Economic Co-operation and Development and rating tools including LEED®, BREEAM and CEEQUAL.

SPeAR® was developed by Arup's software and sustainability experts to help the firm support clients' sustainability goals. The tool appraises projects based on key themes such as transport, biodiversity, culture, employment and skills. Results are presented graphically on the unique SPeAR® diagram – a traffic light system indicates performance in each area. The software also generates a tabulated summary of the input data so the process is robust and auditable.

SPeAR® output is available in a range of languages including Chinese, German, Italian, Polish and Spanish.

The software can be used throughout a project where sustainability appraisal is required, from initial design to operation.



- **Sustainability Policy Statement**
Arup's Sustainability Policy states that the firm will implement practices that promote economic security, social betterment and environmental stewardship and will strive for continuous improvement of performance in these areas. For a copy of the sustainability policy statement please see attachment 11.
- **SusNet**

SusNet is Arup's intranet site for the Sustainability Skills, guidelines, tools and technologies. The site is an 'umbrella' or gateway for all skills in Arup that relate to sustainability. It provides access to information across a range of other sites to cover all aspects of sustainability at a business and project level. It also has a forum where people can ask sustainability / environmental questions and quickly get a response from an expert within Arup.



- **OvaGreen**

OvaGreen is a global network of environmental volunteers in Arup's offices. They coordinate environmental initiatives within our offices, including: recycling waste, reducing energy, reviewing our purchase of products and improving our use of transport.

- **Sustainable Procurement Vision**

Arup's Sustainable Procurement Vision aims to improve the environmental, social and ethical performance of its

business by addressing these areas in the procurement of its goods and services. We communicate this to new suppliers at tendering stage and have revised our sourcing practices, supplier questionnaires, tender scoring criteria and supplier contracts. We hold supplier conferences to inform SME and BME's about Arup's sustainability vision and objectives, and to share best practice. For a copy of Arup's Sustainable Procurement Vision Statement please see attachment 10.

- **Arup Management System**

As a result of management review, the Arup Management System (AMS) is evolving from the previous Combined Management System (CMS), becoming a more robust and fully integrated management system (IMS). The Arup Management Systems embrace Health and Safety, Quality and Environmental Management. This provides all staff with appropriate procedures, processes and the accompanying documentation and forms in a single source. As a result some documentation still refers to the CMS and others have been produced as part of the new AMS. Arup has an implementation programme covering this change which will be fully implemented by April 2012, and includes achieving a "single certificate" to ISO 9001, ISO 14001 and OHSAS 18001 covering all UK offices.

Activities

- **Global Sustainability Strategy**

In 2010, our new Global Sustainability Strategy was launched. The Global Sustainability Strategy and Key Performance Indicators (KPIs) act as an overall barometer of how we are performing as a firm, and is a useful tool for communicating our progress both internally and externally. These KPIs are cascaded to regional plans. Our Sustainability Strategy is split into four areas: our business, our people, our facilities and our external relationships.

- **AssetMap**

Our building retrofitting services are underpinned by our proprietary software tool AssetMap, which brings together architectural, engineering and financial risk analysis in one place to enable us to quickly analyse the economic potential and potential to improve the environmental performance of a client's building or property portfolio. It helps us to advise clients on where they might focus any physical interventions.



- **Existing buildings**

With 40% of the UK's energy usage and 50% of GHG emissions being attributed to existing buildings, Arup is committed to working to reduce the impact these assets have on the communities in which they are located. Arup has extensive experience of assisting the property sector to embrace sustainability and transform their property portfolios. Our expertise covers the complete property lifecycle from the design of new green buildings and guidance on property acquisitions, to the retrofitting of existing assets and development of strategies to reduce energy use and change behaviours. Looking to the future we are already considering how issues like new legislation, Responsible Property Investing and net zero will impact the property market and are working to help our clients around the world be ready to meet these challenges and avoid the risk of asset obsolescence.



- **Climate Change Adaptation Framework (CCAF)**

Due to the increasing prominence of climate change, there is a growing need to carry out a general 'climate change appraisal' for projects, be they a single building or master plan. Arup has developed a framework that guides the user through a structured appraisal process. This takes into account all the factors that are deemed to be important and relevant. It then provides an objective 'score' and displays the information graphically. The framework divides the issues into two groups, mitigation and adaptation, which are then broken down into a number of 'sectors' shown as segments of a circle. Mitigation concerns 'carbon management', which is the reduction of greenhouse gas emissions that cause climate change. Adaptation concerns the provision of increased physical resilience to anticipated climate changes.

- **New Central London Office**

Our new central London office opened at 8 Fitzroy Street, allowing us to consolidate 1400 staff from eight other sites into one world-class building. Environmental features include a chilled-beam heating and cooling system, solar heated hot-water supply, rainwater collection, daylight sensors and significant sub-metering allowing us to monitor and control energy use. The energy consumption is displayed in the reception area as part of our intention to monitor and reduce our environmental impact.

- **Shaping the Sustainability Agenda**

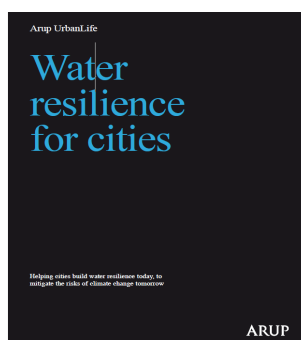
All around the world, Arup people are actively involved in external organisations that promote and progress sustainability. This is a two-way activity, as they are also able to bring knowledge back into the firm, ensuring we are at the forefront of the latest thinking on sustainability.

- **Helping cities tackle climate change**

As the sole strategic advisor to the C40, a group of 40 of the world's largest cities committed to climate change, we are working with six member cities to deliver action-orientated UrbanLife workshops. By taking a multidisciplinary approach and fusing the practical with the political, we are helping deliver robust, realistic solutions to a specific challenge facing each city.

- **UrbanLife Report**

Arup's UrbanLife reports capture the strategic and practical interventions cities can make to tackle climate change. The first 'Water Resilience for Cities' is based on the recommendations made to Ho Chi Minh City on water resources and flood management as part of Arup and the C40 Cities Group's UrbanLife workshops, but tackles the common issues faced by cities across the world.



- **Sustainable office environments**

Arup promotes multiple sustainability initiatives within the office environment focusing on reuse, recycling, energy consumption and behavioural change. We encourage our staff to consider their environmental impact and how we can work together sustainably.

- **Video Conferencing:** Since 2001, we have invested in, and make extensive use of, video conferencing and teleconferencing in our work. Meetings take place across locations, and often globally, with connections to multiple locations. For larger meetings, we use:

“See and Share” for remote viewing of presentations with larger audiences.

Video recording, which is then made available throughout the firm by intranet.

These technologies have enabled effective communication whilst reducing the need for excessive travel.

- **Uniflow printing:** In the UK, Arup's photocopiers have been installed with Uniflow print management software. Instead of directly printing a document, it is sent to a print queue and staff then retrieve their prints by swiping their ID badge. This has helped reduce wasted prints by automatically deleting those not collected within 24 hours. By April 2010, 30% of prints had not been collected, which translates to a saving of around £60k in printing and paper costs. An additional feature allows the collection of prints from other copiers e.g. in another building (follow-me-printing). The uniflow solution picked up a green procurement award.



- **Nightwatchman:** A power management solution that controls power schemes and shuts down connected desktop computers at a scheduled time, so that any computers still on after staff have left will not consume power all night.
- **Bicycle facilities:** Arup has cycle storage with cyclist changing rooms and showers at all main offices in London. There is an active employee community of 347 registered cyclists called BUG (Bicycle User Group).

- **Recycling – London offices:** Arup's waste management system is set up to segregate and maximise recycling a number of waste streams. For general waste, a number of waste collection options have been implemented.
- **Procurement:** Arup has achieved the Major of London's green procurement code Gold standard for the last two years, Arup was also this year's winner of Best Large Corporation.
- **Stationery from "green / core" products:** Arup has a core list of stationary and office supplies from recycled, environmentally friendly and sustainable materials, which encourages the business to identify with the economic and environmental sustainability pillars.
- **Waste elimination:** Arup use Vivreau water bottles on our London estate and don't procure bottled water, eliminating "empty bottle" waste from meetings and events.
- **Coffee packaging:** In conjunction with our supplier, we have changed coffee packaging eliminating 2 tonnes of cardboard and aluminium waste per year.
- **Paint:** We have specified a harder wearing paint to be more cleanable with the intention that it will extend periods between decorating.
- **Pocket Habitat:** Pocket Habitat is a unique modular vegetation system specifically designed to promote biodiversity on roofs or brownfield sites set aside for future development. Each module or pocket is an independent unit containint different textured and coloured recycled substrates and wildflower seed.

- **Other:** Further environmentally responsible initiatives include using FSC or equivalent sourced materials (e.g. furniture), fair trade or equivalent on coffee, tea, sugar, and rainwater harvesting in our recently renovated offices.

Indicators

- In 2009-2010, 23% of projects set sustainability objectives.
- 41% of staff have received relevant sustainability training.
- 70% of arup staff are working in offices with an EMS certified to ISO1 4001.
- Carbon emissions per full-time employee per year (tonnes CO₂) was 3.4.
- Total wastes generated per full-time employee per year (kg) was 116.



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E Anti Corruption

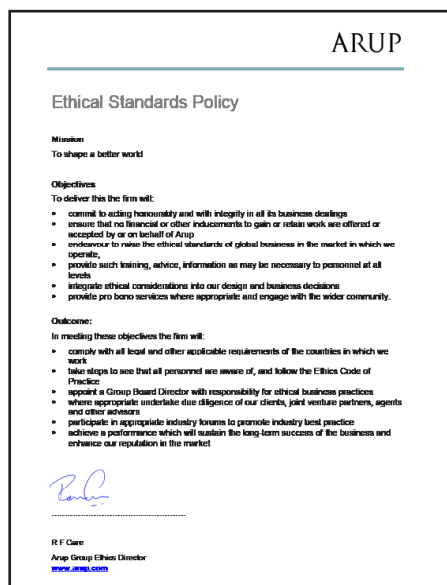
In this section:

- **Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

Anti Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

Committment



Our Ethical Standards Policy, defines our core objectives as to:

- commit to acting honourably and with integrity in all its business dealings
- ensure that no financial or other inducements to gain or retain work are offered or accepted by or on behalf of Arup
- endeavour to raise the ethical standards of global business in the market in which we operate
- provide such training, advice, information as may be necessary to personnel at all levels
- integrate ethical considerations into our design and business decisions
- provide pro bono services where appropriate and engage with the wider community.

Our mission statement

“ To shape a better world”.

- To enhance propriety and the quality of life
- To deliver real value
- To have the freedom to be creative and learn

Systems

Our mission statement

“ To shape a better world”.

- **Key Speech:**

A speech written and delivered by our founder Sir Ove Arup in 1970, that defines who we are, and sets our core values and guiding principles. The Key Speech is the high-level framework that guides appropriate behaviour within the firm. One of the six core principles is “straight and honorable dealings”. Our global codes of practice support this and appropriate policy level statements are supported by local procedures as necessary. All employees receive a copy of the key speech as part of their induction. For a copy of the key speech, please see attachment 2.

- **Ovocode:**

Which sets our conditions of employment for all staff employed by Arup. This reinforces our global conduct and performance - code of practice and ethical standards policy.

- **Global conduct and performance - code of practice.**

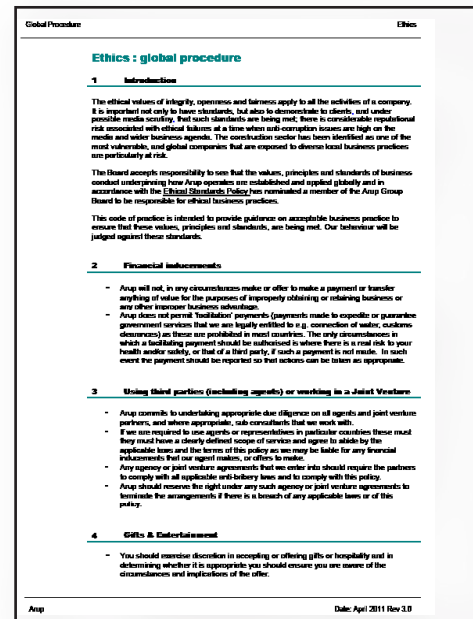
“All members of Arup are expected to act in a professional and competent manner in all aspects of their work. In support of this, the firm’s role shall, wherever practicable, be to give advice and guidance in accordance with its disciplinary procedure”. Please see attachment 13 for a copy of the global conduct and performance code of practice.

- **Ethical Standards Policy:**

This sets our ethical objectives as a firm (as listed previously under the commitment heading).

- **Ethics Global Code of Practice and Procedure:**

This sets out our ethical values and is intended to provide guidance on acceptable business practice to ensure that these values, principles and standards are being met across a range of areas including: financial inducements, third parties, gifts and entertainment, competition, confidentiality, conduct and performance at work, client activity, conflict of interest, political contributions and asking questions and raising concerns. Please see attachment 12 for a copy of this procedure.



- **Disciplinary Procedure:**

The disciplinary procedure is designed to be supportive and to encourage improvements in individual conduct and performance. Disciplinary action follows for individuals who abuse Arup’s policies and procedures, including the Ethical Standards Policy, and for any “actions which undermine working relationships with colleagues and / or other organisations or which may compromise our integrity as a firm and our honourable dealings with people. Please see attachment 6 for a copy of our disciplinary procedure.

Activities

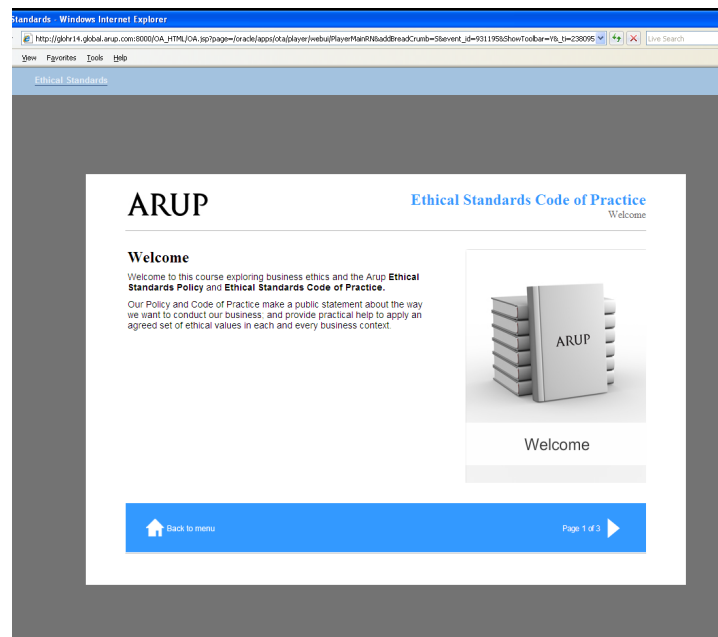
- **Global Board representative / champion:**

Robert Care, Chair of the UKMEA Board has recently been appointed as the firm’s global champion for ethics. He works with others across the firm to create and approve policies and procedures and to

continue the ongoing communications and education in this area.

- **Increased Communications**

Since his nomination as global board champion for ethics, Robert has released regular email communications, video guidance and updates, and created, launched and communicated a dedicated intranet area for ethics, which is kept up to date with the latest relevant policies and procedures.



- **Global Ethics Code of Practice and Procedure**

As previously mentioned, this new procedure provides practical guidance on acceptable behaviour across a range of areas.

- **Training and Development**

A training programme has been developed for all staff. It underlines the importance attached to high standards in all our business activities. The training is compulsory for all staff. Training is delivered via an e-learning course.

Indicators

- Zero offences for corruption or bribery in the firm.
- 100% of new employees received the key speech, setting out our guiding values and principles.

Human Rights	Labour	Environment	Anti Corruption
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Partnerships

Partnerships

Our open approach encourages collaboration between our staff, clients and partners, as well as community stakeholders.

Yorkshire Water JV

A joint venture with Yorkshire Water to investigate the energy consumption associated with advanced wastewater treatment. By implementing the results of our research, Yorkshire Water is reducing its site operational costs by 15%, which equates to a potential reduction of over 16,000 tonnes of CO₂ each year and a £1.2m cost saving.

Harvard University

Measuring and reporting of sustainability-related performance is relatively new. A white paper we authored with Harvard University puts forward a new methodology that could transform the way companies report on green issues. It provides a simple and cost effective way of reporting to allow companies to focus on what matters most.

European Commission

The emerging technology of carbon capture and storage takes CO₂ emissions from sources such as coal-fired power stations and stores them underground. Arup has undertaken a joint study with Scottish Carbon Capture showing for the first time on a Europe-wide scale, the network of pipes that will be required to transport CO₂ across the continent to make carbon capture and storage a reality.

Rockefeller Foundation

Our International Development team has agreed a three-year grant with the Rockefeller Foundation, building on the role we have played with them on the Asian Cities Climate Change Resilience Network (ACCCRN). ACCCRN is a network of ten cities across India, Vietnam, Thailand and Indonesia working together to generate practical examples of how cities in fast-urbanising, low and middle-income countries, can build urban resilience to the various impacts of climate change.

Wind Power Ltd

We are collaborating with Wind Power Limited to develop an innovative new 10 MW offshore wind turbine. The transformational design of the AerogeneratorX is half the height of an equivalent horizontal-axis turbine with the weight concentrated at the base, reducing fatigue in the blades and making wind energy more cost-effective.

Optimal Energy

Electric vehicles (EVs) are evolving rapidly, and Arup is leading the way through a number of partnerships and advisory roles. In South Africa, we are working with Optimal Energy to develop a new manufacturing facility for South Africa's own EV, the Joule.

UK Central Government

In the UK we are providing strategic advice to central government as the delivery partner for the Office for Low Emissions Vehicles' infrastructure programme, Plugged-In Places, and adviser to the Technology Strategy Board (CABLED) and Energy Technologies Institute.

Milton Keynes

On a local level, we are advising Milton Keynes on the procurement and installation of EV infrastructure. In order to stay at the forefront of technology development, we have co-founded HaloIPT, a company which provides wireless charging for EVs and which may be the future of charging technology.

UNOPS

We have undertaken an Australian Youth Ambassadors for Development (AYAD) Program with the United Nations Office for Project Services (UNOPS) Kenya Operations Centre (KEOC). The AYAD will work with team members to facilitate the adoption of new project tools and processes and mainstream these into the existing processes. The assignment also entails the documentation of lessons learned and feedback mechanisms to inform future programming.

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Attachment:

- Global Human Rights Code of Practice

Human Rights: Global Code of Practice

CODE OF PRACTICE

Arup is founded on the principles of ensuring that our people's work is interesting, rewarding and stimulated by a drive for excellence in an environment where people's lives are inextricably linked with those of other human beings.

A guiding principle of the firm is that everyone accords to others the rights that individuals claim for themselves and accept the moral and humanitarian values that this embraces. A person cannot be treated just as a link in a chain of command but as someone whose happiness and prosperity is a concern of all.

Purpose

Our approach on human rights reflects this by:

Value Diversity. Ensuring that Arup people work in an environment that is free from all forms of discrimination and that they are valued as individuals and treated with dignity and respect. Discrimination on the grounds of race, age, religion or gender or sexual orientation is in conflict with our guiding principles.

Self Esteem. Providing an environment that is free from any form of harassment or intimidation by eliminating any form of behaviour or abuse that could affect an individual's self esteem, including bullying and victimisation.

Life Balance. Helping people to more easily balance their work, domestic and personal lives

Fair Reward. Fairly compensating employees through wages and benefits for their labours. Providing for rewards and other means for staff to share in the firm's success.

Effective Workplace. Giving people a safe, clean, comfortable and healthy working environment that provides for the needs of all employees including those with disabilities.

Integrity. Operating in an environment where we demonstrate consideration for people and respect for the job they do when they are striving to achieve the best that they can.

Personal Development. Treating people fairly, respecting the sanctity of human life and allowing gifted people to unfold.

Acting Honourably. Acting honourably in our dealings with our own and other people

Social Responsibility. Being aware of our social responsibility, striving to do socially useful work and joining hands with others who are working to achieve these values

Respect. Ensuring that no-one is subjected to arbitrary interference in their privacy, home or family or attacks on their honour or reputation.

Effective Date

1 January 2009

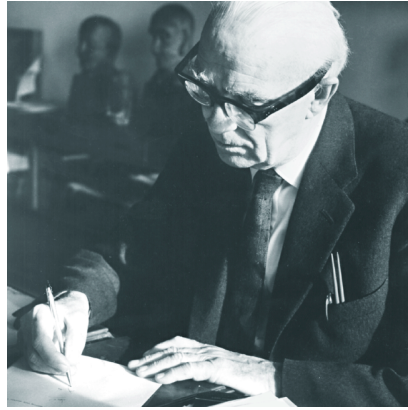
Applicability

All employees working for Arup worldwide and other third parties who are permitted access to the firm's electronic communications systems, including temporary staff, people who are hired on contract, contractors, joint venture partners and clients.

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Attachment

- The Key Speech



The Key Speech

Sir Ove Arup

ARUP

On 9 July 1970 Ove Arup spoke to a meeting at Winchester of his partners from the practices around the world bearing the Arup name. His talk was in response to the collective desire to continue working together, despite the changes that would take place as the founding partners progressively retired and gave up ownership, handing over control to the successors they would choose for these practices.

The pre-natal name of 'key-speech' for this talk has endured, in recognition of the fact that in it Ove both states the aims of our firm and analyses in his very distinctive way the principles through which they may be achieved. From time to time we have asked ourselves whether what he said in 1970 remains valid for us, despite the fact that inevitably some specifics about the firm's organisation and individuals' roles therein to which he refers in passing have changed over the years. On each occasion we have found that it does, and thereby reaffirmed our commitment to these principles.

The Key Speech is required reading for each person who joins Arup or who wants to be reminded of what we are all about, and for those who want to learn about us.

In its pre-natal stage, this talk has been honoured with the name of 'key speech'. It is doubtful whether it can live up to this name. What is it supposed to be the key to? The future of the firm? The philosophy? The aims? At the moment, sitting in my garden and waiting for inspiration, I would be more inclined to call it: 'Musings of an old gentleman in a garden' - and leave it at that.

I have written before a piece called 'Aims and Means' for a conference of Senior and Executive Partners in London on 7 July 1969. It did not manage to deal much with means, however, and it is of course difficult to generalise about means, for they must vary with circumstances. The first part of this paper was published in *Newsletter* 37, November 1969. This you may have read - but I will shortly summarise the aims of the firm as I see them.

There are two ways of looking at the work you do to earn a living:

One is the way propounded by the late Henry Ford: Work is a necessary evil, but modern technology will reduce it to a minimum. Your life is your leisure lived in your 'free' time.

The other is:

To make your work interesting and rewarding. You enjoy both your work and your leisure.

We opt uncompromisingly for the second way.

There are also two ways of looking at the pursuit of happiness:

One is to go straight for the things you fancy without restraints, that is, without considering anybody else besides yourself.

The other is:

to recognise that no man is an island, that our lives are inextricably mixed up with those of our fellow human beings, and that there can be no real happiness in isolation. Which leads to an attitude which would accord to others the rights claimed for oneself, which would accept certain moral or humanitarian restraints.

We, again, opt for the second way.

These two general principles are not in dispute. I will elaborate them a little further:

The first means that our work should be interesting and rewarding. Only a job done well, as well as we can do it - and as well as it can be done - is that. We must therefore strive for quality in what we do, and never be satisfied with the second-rate. There are many kinds of quality. In our work as structural engineers we had - and have - to satisfy the criteria for a sound, lasting and economical structure. We add to that the claim that it should be pleasing aesthetically, for without that quality it doesn't really give satisfaction to us or to others. And then we come up against the fact that a structure is generally a part of a larger unit, and we are frustrated because to strive for quality in only a part is almost useless if the whole is undistinguished, unless the structure is large enough to make an impact on its own. We are led to seek overall quality, fitness for purpose, as well as satisfying or significant forms and economy of construction. To this must be added harmony with the surroundings and the overall plan. We are then led to the ideal of 'Total Architecture', in collaboration with other like minded firms or, still better, on our own. This means expanding our field of activity into adjoining fields - architecture, planning, ground engineering, environmental engineering, computer programming, etc. and the planning and organisation of the work on site.

It is not the wish to expand, but the quest for quality which has brought us to this position, for we have realised that only intimate integration of the various parts or the various disciplines will produce the desired result.

The term 'Total Architecture' implies that all relevant design decisions have been considered together and have been integrated into a whole by a well organised team empowered to fix priorities. This is an ideal which can never - or only very rarely - be fully realised in practice, but which is well worth striving for, for artistic wholeness or excellence depends on it, and for our own sake we need the stimulation produced by excellence.

The humanitarian attitude

The other general principle, the humanitarian attitude, leads to the creation of an organisation which is human and friendly in spite of being large and efficient. Where every member is treated not only as a link in a chain of command, not only as a wheel in a bureaucratic machine, but as a human being whose happiness is the concern of all, who is treated not only as a means but as an end.

Of course it is always sound business to keep your collaborators happy - just as any farmer must keep his cattle in good health. But there is - or should be - more in it than that. (We know what happens to cattle.) If we want our work to be interesting and rewarding, then we must try to make it so for all our people and that is obviously much more difficult, not to say impossible. It is again an ideal, unattainable in full, but worth striving for. It leads to the wish to make everybody aware of, and interested in, our aims and to make the environment and working conditions as pleasant as possible within the available means.

This attitude also dictates that we should act honourably in our dealings with our own and other people. We should justify the trust of our clients by giving their interest first priority in the work we do for them. Internally, we should eschew nepotism or discrimination on the basis of nationality, religion, race, colour or sex - basing such discrimination as there must be on ability and character.

Humanitarianism also implies a social conscience, a wish to do socially useful work, and to join hands with others fighting for the same values. Our pursuit of quality should in itself be useful. If we in isolated cases can show how our environment can be improved, this is likely to have a much greater effect than mere propaganda.

There is a third aim besides the search for quality of work and the right human relationships, namely prosperity for all our members. Most people would say that this is our main aim, this is why we are in business. But it would be wrong to look at it as our main aim. We should rather look at it as an essential pre-requisite for even the partial fulfilment of any of our aims. For it is an aim which, if over-emphasised, easily gets out of

hand and becomes very dangerous for our harmony, unity and very existence.

It costs money to produce quality, especially when we expand into fields where we have no contractual obligations and can expect no pay for our efforts. We may even antagonise people by poaching on their domain or by upsetting and criticising traditional procedures.

It also costs money to 'coddle' the staff with generosity and welfare, or to lose lucrative commissions by refusing to bribe a minister in a developing country, or to take our duty too seriously if nobody is looking.

Money spent on these 'aims' may be wisely spent in the long term, and may cause the leaders of the firm a certain satisfaction - but if so spent it is not available for immediate distribution among the members, whether partners or staff. So aim No. 3 conflicts to that extent with aims 1 and 2. Moreover, if money is made the main aim - if we are more greedy than is reasonable - it will accentuate the natural conflict about how the profit should be distributed between our members - the partners and staff or the different grades of staff.

The trouble with money is that it is a dividing force, not a uniting force, as is the quest for quality or a humanitarian outlook. If we let it divide us, we are sunk as an organisation - at least as a force for good.

So much for our aims. As aims, they are not in dispute. What is debatable, is how vigorously each shall be pursued - which is the most important; how to balance long term against short term aims. Let us first see what these aims imply.

Obviously, to do work of quality, we must have people of quality. We must be experts at what we undertake to do. Again, there are many kinds of quality, and there are many kinds of job to do, so we must have many kinds of people, each of which can do their own job well. And they must be able to work well together. This presupposes that they agree with our aims, and that they are not only technically capable but acceptable to us from a human point of view, so that they fit into our kind of organisation; and that they are effectively organised, so that the responsibility of each is clearly defined

and accepted. In short, we must be efficient - individually, in all our sub-divisions, and as a world organisation.

I have tried to summarise the foregoing in a number of points. Like all classification, it is arbitrary and rough - but may nevertheless be useful as a help to understanding and discussion, if its imperfections and its incompleteness are borne in mind.

The main aims of the firm are:

Group A

- 1 Quality of work
- 2 Total architecture
- 3 Humane organisation
- 4 Straight and honourable dealings
- 5 Social usefulness
- 6 Reasonable prosperity of members.

If these aims could be realised to a considerable degree, they should result in:

Group B

- 7 Satisfied members
- 8 Satisfied clients
- 9 Good reputation and influence.

But this will need:

Group C

- 10 A membership of quality
- 11 Efficient organisation
- 12 Solvency
- 13 Unity and enthusiasm.

Of course there is not really any strict demarcation between aims (*Group A*) and means (*Group C*) and the results (*Group B*) flowing from the whole or partial fulfilment of the aims in A. And it is not absolutely certain that these results are obtained. For instance, A3 and 4 (a humane organisation and straight dealings) can as well be considered as a means, and in fact all the points are to some extent both aims and means, because they reinforce each other. And there will be members who are dissatisfied no matter how good the firm is, and the same may apply to clients, who may not appreciate quality at all. But on the whole, what I said is true. We should keep the six aims in A in view all the time, and concentrate on the means to bring them about.

But before I do this, I will try to explain why I am going on about aims, ideals and moral principles and all that, and

don't get down to brass tacks. I do this simply because I think these aims are very important. I can't see the point in having such a large firm with offices all over the world unless there is something which binds us together. If we were just ordinary consulting engineers carrying on business just as business to make a comfortable living, I can't see why each office couldn't carry on, on its own. The idea of somebody in London 'owning' all these businesses and hiring people to bring in the dough doesn't seem very inspiring. Unless we have a 'mission' - although I don't like the word - but something 'higher' to strive for - and I don't particularly like that expression either - but unless we feel that we have a special contribution to make which our very size and diversity and our whole outlook can help to achieve, I for one am not interested. I suppose that you feel the same, and therefore my words to you may seem superfluous; but it is not enough that you feel it, everybody in the firm should as far as possible be made to feel it, and to believe that we, the leaders of the firm, really believe in it and mean to work for it and not just use it as a flag to put out on Sundays. And they won't believe that unless we do.

On the other hand, who am I to tell you and the firm what you should think and feel in the future when I am gone - or before that, for that matter? It wouldn't be any good my trying to lay down the law, and I haven't the slightest inclination to do so. That is my difficulty. I dislike hard principles, ideologies and the like. They can do more harm than good, they can lead to wholesale murder, as we have seen. And yet we cannot live life entirely without principles. But they have in some way to be flexible, to be adaptable to changing circumstances. 'Thou shalt not lie', 'Thou shalt not kill', are all very well, generally, but do not apply if for instance you are tortured by fanatical Nazis or Communists to reveal the whereabouts of their innocent victims. Then it is your duty to mislead. What these commandments should define is an attitude. To be truthful always, wherever it does no harm to other ideals more important in the context, to respect the sanctity of human life and not to destroy life wantonly. But where to draw the line in border cases depends on who you are, what life has taught you, how strong you are.

In the following 13 points, which I must have jotted down some time ago - I found them in an old file - I am grappling with this question, perhaps not very successfully. I give them to you now:

Principles

- 1 Some people have moral principles.
- 2 The essence of moral principles is that they should be 'lived'.
- 3 But only saints and fanatics do follow moral principles always.
- 4 Which is fortunate.
- 5 Are then moral principles no good?
- 6 It appears we can't do without them.
- 7 It also appears we can't live up to them.
- 8 So what?
- 9 A practical solution is what I call the *star system*.
- 10 The star - or ideal - indicates the course. Obstacles in the way are *circumnavigated but one gets back on the course* after the deviation.
- 11 The system is adopted by the Catholic church. Sins can be forgiven if repented - it doesn't affect the definition of good or evil.
- 12 That this system can degenerate into permanent deviation is obvious.
- 13 One needs a sense of proportion.

Incidentally, they should not be taken as an encouragement to join the Catholic church!

I found also another tag:

'The way out is not the way round but the way through.' That's rather more uncompromising, more heroic. It springs from a different temperament. It's equally useful in the right place. But the man that bangs his head against a wall may learn a thing or two from the reed that bends in the wind.

The trouble with the last maxim is that it says something about the way, but not about the goal. The way must be adapted to the circumstances - the goal is much more dependent on what sort of person you are. I admit that the last maxim also says a good deal about the man who propounds it, a man of courage, of action, perhaps not given too much to reflection, perhaps not a very wise man. The wise man will

consider whether this way is possible, whether it leads to the desired result. Unless of course his goal is to go through, not to arrive anywhere, like the man in the sports car. But this only shows that it is the goal which is important, whatever it is.

The *star system* is an attempt to soften the rigidity of moral principles. But it doesn't really solve this dilemma. It is a little more flexible than moral precepts as to the way, but surely the 'stars' must be fixed - for if they can be changed *ad lib* the whole thing wobbles. And that in a way is what it does - I can't do anything about that. I should have loved to present you with a strictly logical build-up, deducing the aims for the firm from unassailable first principles. Or perhaps this is an exaggeration - for I know very well that this can't be done. All I can do is to try to make the members of the firm like the aims I have mentioned. I would like to persuade them that they are good and reasonable and not too impossible aims, possessing an inner cohesion, reinforcing each other by being not only aims but means to each other's fulfilment.

'Stars' like goodness, beauty, justice have been powerful forces in the history of mankind - but they so often are obscured by a mental fog - or perhaps I should say the opposite - they are created by a mental fog, and when the fog lifts, they are seen to have been illusions. They are man-made. I do not rate them less for that reason - but they are too remote, too indefinable, to be of much practical use as guide-lines. They sustain or are born of the longings of mankind, and belong to the ideal world of Plato - which is fixed for ever. Rigid ideologies feed on them. Not so practical politics.

Our aims on the other hand are not nearly so remote. We will never succeed in fulfilling them *in toto*, but they can be fulfilled more or less, and the more the better. And they are not grasped arbitrarily out of the sky or wilfully imposed, they are natural and obvious and will, I am sure, be recognised as desirable by all of you: so much so, in fact, that the thing to be explained is not why they are desirable, but why I should waste any words on them.

I do, as I pointed out at the beginning of this argument, because our aims are the only thing which holds us together, and because it is not enough to approve them, we must work for them - and the leaders must be prepared to make sacrifices for them. Temporary diversions there must be, we have to make do with the second best if the best is not within reach, we have to accept expediciencies and from a strict point of view all our activities can be considered as expediciencies, for in theory they could all be better still - but the important thing is that we always get back on the course, that we never lose sight of the aims. Hence the name *star system* derived from comparison with old fashioned navigation. But I propose to abandon this expression, partly because its meaning in the film industry may confuse, especially as it is very opposed to our point of view, which is in favour of teamwork rather than stardom: and also because it suggests star-gazing, which I find uncomfortably near the bone because I might with some justification be accused of it. So I am afraid we have to fall back on 'philosophy'. Having dabbled in this subject in my youth I have been averse to seeing the term degraded by talk about the philosophy of pile-driving or hair-dressing, but it is of course useless to fight against the tide. The word has come to stay - and in 'the philosophy of the firm', it is not used quite so badly. So that's what I have been giving you a dose of.

I will now discuss what we have to do in order to live up to our philosophy. And I will do it under the four headings 10 to 13 in my list of aims and means:

- 10 Quality staff
- 11 Efficiency
- 12 Solvency
- 13 Unity and enthusiasm.

But it will of course be necessary to mix them up to some extent.

Quality of Staff

How do we ensure that our staff is of the right quality, or the best possible quality?

We all realise, of course, that this is a key question. The whole success of our venture depends on our staff. But what can we do about it? We have the staff we have - we must make do with

them, of course (and I think we have a larger proportion of really good people than any other firm of our kind). And when we take on new people - the choice is limited. Again we have to take the best we can get. We cannot pay them a much higher salary than our average scale, because that would upset our solvency and sink the boat. Naturally our method of selection is important, and what we can do to educate our staff and give them opportunities to develop is important, but I can't go into details here. All I can say is that staff getting and staff 'treating' must not degenerate into a bureaucratic routine matter, but must be on a personal level. When we come across a really good man, grab him, even if we have no immediate use for him, and then see to it that he stays with us.

The last is the really important point, which in the long run will be decisive. Why should a really good man, a man - or woman - who can get a job anywhere or who could possibly start out on his own, why should he or she choose to stay with us? If there is a convincing and positive answer to that, then we are on the right way.

Presumably a good man comes to us in the first instance because he likes the work we do, and shares or is converted to our philosophy. If he doesn't, he is not much good to us anyhow. He is not mainly attracted by the salary we can offer, although that is of course an important point - but by the opportunity to do interesting and rewarding work, where he can use his creative ability, be fully extended, can grow and be given responsibility. If he finds after a while that he is frustrated by red tape or by having someone breathing down his neck, someone for whom he has scant respect, if he has little influence on decisions which affect his work and which he may not agree with, then he will pack up and go. And so he should. It is up to us, therefore, to create an organisation which will allow gifted individuals to unfold. This is not easy, because there appears to be a fundamental contradiction between organisation and freedom. Strong-willed individuals may not take easily to directions from above. But our work is teamwork and teamwork - except possibly in very small teams - needs to be organised, otherwise we have chaos. And the greater the unit, the

more it needs to be organised. Most strong men, if they are also wise, will accept that. Somebody must have authority to take decisions, the responsibility of each member must be clearly defined, understood and accepted by all. The authority should also be spread downwards as far as possible, and the whole pattern should be flexible and open to revision.

We know all this, and we have such an organisation: we have both macro, micro and infra-structure. It has been developed, been improved, and it could undoubtedly be improved still further. We are of course trying to do that all the time. The organisation will naturally be related to some sort of hierarchy, which should as far as possible be based on function, and there must be some way of fixing remuneration, for to share the available profit equally between all from senior partner to office-boy would not be reasonable, nor would it work. And all this is very tricky, as you know, because, as soon as money and status come into the picture, greed and envy and intrigue are not far behind. One difficulty is particularly knotty, the question of ownership, which is connected with 'partnership'. There is dissatisfaction amongst some of those who in fact carry out the functions of a partner - dealing with clients, taking decisions binding on the firm, etc - because they cannot legally call themselves partners but are 'executive' partners - or have some other title. I have discussed this problem in my paper Aims and Means. If some viable way could be found to make 100 partners, I wouldn't mind, but I can't think of any.

In the Ove Arup Partnership we have all but eliminated ownership - the senior partners only act as owners during their tenure of office - because someone has to, according to the laws of the country. And I wish that system could be extended to all our partnerships. It no doubt irks some people that the money invested in the firm may one day (with some contriving) fall into the turban of people who have done nothing to earn it - but what can we do? The money is needed for the stability of the firm, it makes it possible for us to earn our living and to work for a good cause, so why worry?

It may be possible to devise a different and better arrangement than the one we have now, more 'democratic', more fair: it may be possible to build in some defences against the leaders misbehaving and developing boss-complexes and pomposity - and forgetting that they are just as much servants in a good cause as everybody else - only more so. This is partly a legal question depending on the laws of the country. But I have neither the ability nor the time to deal with all that here. What I want to stress is the obvious fact that no matter how wonderful an organisation we can devise, its success depends on the people working in it - and for it. And *if* all our members really and sincerely believed in the aims which I have enumerated, if they felt some enthusiasm for them, the battle would be nearly won. For they imply a humanitarian attitude, respect and consideration for persons, fair dealings, and the rest, which all tend to smooth human relationships. And anyone having the same attitude who comes into an atmosphere like that, is at least more likely to feel at home in it. And if the right kind of people feel at home with us, they will bring in other people of their kind, and this again will attract a good type of client and this will make our work more interesting and rewarding and we will turn out better work, our reputation and influence will grow, and the enthusiasm of our members will grow - it is this enthusiasm which must start the process in the first place.

And they all lived happily ever after?

Yes, it sounds like a fairy tale, and perhaps it is. But there is something in it. It is a kind of vicious circle - except that it isn't vicious, but benevolent, a lucky circle. And I believe that we have made a beginning in getting onto this lucky circle. I believe that our fantastic growth has something to do with our philosophy. And I believe our philosophy is forward looking, that it is what is needed today, is in tune with the new spirit stirring in our time. But of course there are many other and dangerous spirits about and too much growth may awaken them. Too much growth may also mean too little fruit.

My advice would be:

'Stadig over de klippen',

or if you prefer:

'Take it easy!'

'More haste less speed!'

'Hâtez-vous lentement!'

'Eile mit weile!'

'Hastvaerk er lastvaerk!'

It's the fruit that matters. I have a lingering doubt about trying to gain a foothold in various exotic places. Might we not say instead: Thank God that we have not been invited to do a job in Timbuctoo - think of all the trouble we are avoiding. It's different with the work we do in Saudi Arabia, Tehran and Kuwait¹. There we are invited in at the top, working with good architects, doing exciting work. We are not hammering at the door from outside. But as a rule, grab and run jobs are not so useful for our purpose. I think the Overseas Department agrees with this in principle, if not in practice.

It's also different with civil engineering work, provided we have control - complete control - over the design and are not 'sharing' the job or having a quantity surveyor or 'agent', etc, imposed on it preventing us from doing the job our way. The general rule should be: if we can do a job we will be proud of afterwards, well and good - but we will do it our way. In the long run this attitude pays, as it has already done in the case of Arup Associates. And incidentally, the control of such jobs should be where our expertise resides.

To export Arup Associates' jobs is much more difficult, for whilst we may be able to build a bridge or radio tower in a foreign locality, good architecture presupposes a much more intimate knowledge of the country. Long distance architecture generally fails. But that does not mean that the ideal of Total Architecture is irrelevant to our purely engineering partnerships or divisions. In fact they have been founded on the idea of integrating structure with architecture and construction, and in Scotland for instance they are trying to give architects a service which will unite these domains².

Coming back to my main theme, I realise that when I have been talking about quality, about interesting and rewarding work, about Total Architecture, and attracting people of

calibre, you may accuse me of leaving reality behind. 'As you said yourself', you may say, 'our work is teamwork. And most of this work is pretty dull. It is designing endless reinforced concrete floors, taking down tedious letters about the missing bolts, changing some details for the nth time, attending site meetings dealing with trivialities, taking messages, making tea - what is exciting about that? You are discriminating in favour of an elite, it's undemocratic. What about the people who have to do the dull work?'

Equality of opportunity

You have certainly a point there. Of course I am discriminating in favour of quality, and I would do anything to enable our bright people to use their talents. You cannot equate excellence with mediocrity, you cannot pretend they are the same. We would be sunk if we did that. We need to produce works of quality, and we need those who can produce them. One perfect job is more important for the morale of the firm, for our reputation for producing enthusiasm, than 10 ordinary jobs, and enthusiasm is like the fire that keeps the steam-engine going. Likewise one outstanding man is worth 10 men who are only half good. This is a fact of life we cannot change. It is no good pretending that all are equal - they aren't. There should be equality before the law, and as far as possible equality of opportunity, of course. But the fact that you are good at something is something you should be grateful for, not something to be conceited about. It doesn't mean that you are better as a human being. And there are probably many other things you are hopeless at.

No man should be despised or feel ashamed because of the work he does, as long as he does it as well as he can. What we should aim at, naturally, is to put each man on to the work he can do. And, fortunately, there is nearly always something he can do well. We will have square pegs in round holes, we shall have frustrated people, unfortunately - those who are not frustrated one way or another are in the minority. But fortunately people vary, as jobs vary, and few would want to do the job another calls interesting if they are not good at it.

1. In 1970 Arup was carrying out a good deal of work in the Middle East.

2. In 1970 Arup's Scottish practice had just begun to offer a multidisciplinary engineering service for buildings.

If we can reach a stage where each man or woman is respected for the job they do, and is doing his or her best because the atmosphere is right, because they are proud of what we are and do and share in the general enthusiasm, then we are home. And each job is important. Secretaries, for instance. They could have a tremendously civilising influence on our staff. They could teach them to write English, for instance, a most important and necessary job. But secretaries who can do that are of course at a premium. We must try to find them. It is even more important than that they are good-looking - and nobody could accuse me of being indifferent to that.

Our messengers and cleaners - how important it is that they are reliable and likeable, human, with a sense of humour. A cheerful remark can brighten the day. All our people are part of us, part of our 'image', create the atmosphere we live in.

But it doesn't alter the fact that the services of a messenger are less valuable to the firm than those of a gifted designer or an imaginative mechanical engineer, a fact that even the messenger will understand.

But there are of course people we cannot employ usefully. Masses of them, in fact. Those we should not take on, obviously, except on a strictly temporary basis. But sometimes they are found inside the firm. They may have been good once, but are on the way down. I am a case in point myself. But their loyal service, their place in the hierarchy, makes it difficult to de-grade them. To deal with them requires much tact, and is embarrassing. But they should not be allowed to pretend to do jobs they are no good at. They must not prevent the good ones from functioning. It's a problem all firms have, it's one of the cases where humanity and efficiency clash. To resolve it tactfully may be expensive, not to resolve it is fatal.

So far I haven't said much about solvency. Stuart Irons³ can tell you something about that. I compare it to stability in engineering structures - without it the whole thing collapses but if you have much more money than you need the usefulness of it declines until it becomes distracting and dangerous. That danger need not

worry us for the time being. At the moment the need for solvency is restricting, and is the most frequent cause of having to compromise. That we may have to do - but let's not do it unnecessarily, and let's get back on course.

And Unity and Enthusiasm, the last item, is in a way what my talk has been about. It is a question of giving the firm an identity. What do we mean, when we speak about the firm, about 'we' or 'us'? Is it the whole collection of people in dozens of offices in different places? Are 'we' all of them or some of them, and which?

I think it is unavoidable that 'we' should mean different things in different contexts. Sometimes what is said is only relevant to the upper layers of management, sometimes it is meant to include everybody. What we must aim at is to make 'we' include as many as possible as often as possible. To increase the number of those who have a contribution to make, however small, who agree wholeheartedly with our aims and want to throw in their lot with us. We might think about them as members of our community; the others, who come and go, might be called staff. Of course there can never be any clear line of demarcation - it is not a question of signing a form or bestowing a title - it is a matter of how each feels and what we feel about them. For it is a two-way business.

But what binds our membership together must be loyalty to our aims. And only as long as the leaders of the firm are loyal to these can they expect and demand loyalty from the members. This speech is too long already, and I have not even touched on what you perhaps expected to be the main subject of my talk, the relationship between the Ove Arup Partnership and the Overseas Partnerships. But from the foregoing my point of view should be clear.

The fact that we have these outposts all over the world is of course an enormous source of strength to us and to you, it helps to establish our reputation and power for good, and opens up opportunities for all our members. This is however only because the leaders in these places are our own people, bound to us by common aims and friendships. But as

the old leaders retire and growth takes place mainly locally, the ties that bind us together may weaken. We should prevent this by forging more ties, forming new friendships, and always being true to our principles. Improve communications - the universal injunction nowadays. Absence does not make the heart grow fonder, unfortunately. There will always be a need for a strong coordinating body - which is at the moment formed by the senior partners - which has the power to interfere if our principles are seriously betrayed. For should that happen, it would be better to cut off the offending limb, less the poison should spread. Our name must not be allowed to cover practices which conflict with our philosophy. But at the moment there is no danger of that, and we can take comfort from what has been achieved. Perhaps that should have been the gist of my talk? But you are seeing it for yourself. I could also have dwelt on how far we have still to go; it would perhaps have accorded more with my star-gazing habits. But my time is up - my speech should have been condensed to one-third - but it is too late now. I hope at any rate that I haven't deserved the warning which the Duke of Albany addressed to Goneril in *King Lear*:

*How far your
eyes may pierce
I cannot tell.
Striving to better,
oft we mar
what's well.*

Arup's core values maintain the vision established by Sir Ove Arup (1895-1988):

- We will ensure that the Arup name is always associated with quality.
- We will act honestly and fairly in dealings with our staff and others.
- We will enhance prosperity for all Arup staff.

Our priorities are:

- our clients and our industry
- our creativity
- our people
- sustainable development.

We shape a better world:

- to enhance prosperity and the quality of life
- to deliver real value
- to have the freedom to be creative and to learn.

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United National Global Compact:
Communications on Progress 2011

Attachment:

- Global Harrassment Code of Practice

Harassment : code of practice

Purpose

Arup believes that all employees have a right to be treated with dignity and respect while at work and when representing the company outside of work. The following code of practice informs employees of the type of behaviour that is not acceptable and provides employees who are subjected to harassment with a means of redress without fear of reprisal.

CODE OF PRACTICE

Arup identifies that employees have a right to be treated with dignity and respect. Harassment is harmful, unlawful and can reduce the effectiveness of the organisation by undermining the confidence of employees and creating a threatening environment. Employees have a right to work in an environment, which is free from harassment of any kind.

The organisation will take positive action to prevent its occurrence. Any complaint will be taken seriously and the necessary resources deployed to investigate and resolve the matter.

Effective date

1 May 2001

Applicability

All employees working for Arup worldwide.

United National Global Compact:
Communications on Progress 2011

Attachment:

- Global Health & Safety Policy

Global Health and Safety Policy

ARUP

Mission

To shape a better world

Objectives

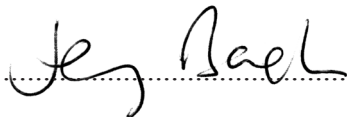
To deliver this, the firm will:

- promote the health and safety at work of all our employees including temporary and contract staff, and of other persons affected by our actions;
- provide such health and safety training, specialist advice, information, instruction and supervision as may be necessary to personnel at all levels;
- set measurable performance targets;
- monitor our performance in complying with this policy and strive for continual improvement; and
- operate within a management system that is registered as meeting the requirements of OHSAS 18001 or equivalent.

Outcome

In meeting these objectives, the firm will:

- comply with applicable legal and other requirements;
- maintain a high standard of health and safety awareness by training and developing our staff;
- develop and record health and safety competencies for key staff; and
- achieve a performance which will sustain the long-term success of the business.



Jenny Baster

Arup Group Health and Safety Director

Leader for

www.arup.com

..... group/office

United National Global Compact:
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Attachment:

- OHSAS 18001:2007



CERTIFICATE OF APPROVAL

This is to certify that the Occupational Health & Safety Management System
of:

**Ove Arup & Partners Ltd
Legal Group London
United Kingdom**

has been approved by Lloyd's Register Quality Assurance
to the following specification:

OHSAS 18001:2007

The Occupational Health & Safety Management System is applicable to:

**Provision of multi-disciplinary design
and consultancy services.**

This certificate is valid only in association with the certificate schedule bearing the same
number on which the locations applicable to this approval are listed.

Approval
Certificate No: LRQ 4003789

Original Approval: 2 April 2008

Current Certificate: 2 April 2011

Certificate Expiry: 1 April 2014

A handwritten signature in dark ink, appearing to read 'M. Alah', positioned above a horizontal line.

Issued by: Lloyd's Register Quality Assurance Limited



001

This document is subject to the provision on the reverse

71 Fenchurch Street, London EC3M 4BS United Kingdom. Registration number 1879370

This approval is carried out in accordance with the LRQA assessment and certification procedures and monitored by LRQA.

The use of the UKAS Accreditation Mark indicates Accreditation in respect of those activities covered by the Accreditation Certificate Number 001

CERTIFICATE SCHEDULE

Ove Arup & Partners Ltd Legal Group London United Kingdom

Head Office

Legal Group, 13 Fitzroy Street, London

Activities

Provision of multi-disciplinary design and consultancy services.

Locations

London and South East

19 Fitzroy Street, London
Winchester, Hampshire

Activities

Provision of multi-disciplinary design and consultancy services

North West and Yorkshire

Leeds, West Yorkshire
Sheffield, South Yorkshire
Liverpool, Merseyside
Manchester

Provision of multi-disciplinary design and consultancy services.

West

Belfast
Bristol
Cardiff

Provision of multi-disciplinary design and consultancy services.

Scotland and North East

Glasgow
Newcastle Upon Tyne
South Queensferry, West Lothian

Provision of multi-disciplinary design and consultancy services.

Midlands

Midlands Campus, Solihull
Nottingham

Provision of multi-disciplinary design and consultancy services.

Approval

Certificate No: LRQ 4003789

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Page 1 of 1



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Macro Revision 13

United National Global Compact:
Communications on Progress 2011

Attachment:

- UK Disciplinary Procedure

Conduct & Performance : UK disciplinary procedure

1 Applicability

This procedure applies to all members of Arup in the UK, and to UK members seconded temporarily to work with the UK Partnership, outside the UK. Employees with less than six consecutive months' service with Arup will be subject to a modified procedure as outlined below in section 4.

2 Introduction

The disciplinary procedure is designed to be supportive and to encourage improvements in individual conduct and performance. It provides clear guidelines on the standard of conduct and performance which is expected, whilst also offering support to those who experience difficulty in meeting the standard.

Where there are no improvements in conduct/performance, sanctions may be imposed.

Particularly in the case of performance issues, the action may be to consider suitable alternative work within the firm or suitable training which may improve the situation.

Conduct:

The following list of examples of conduct which may result in disciplinary action is a guide and is not exhaustive. Unsatisfactory conduct could lead to disciplinary action such as the issue of a warning and/or the imposition of sanctions.

Unsatisfactory conduct includes such things as:

- poor time-keeping
- abuse of Arup's policies and procedures
- wilful refusal to carry out reasonable instructions given by someone in authority or other acts of unjustifiable insubordination
- persistent or unauthorised absences
- actions which undermine working relationships with colleagues and/or other organisations or which may compromise our integrity as a firm and our honourable dealings with people.

Some behaviour is completely unacceptable and could result in summary dismissal with no warnings being given. Such behaviour, termed gross misconduct, includes:

- misappropriation or abuse of the firm's property, including electronic property, or wilful damage to it
- instances of harassment or discrimination
- any kind of physical assault, threatened or actual, during employment or whilst using premises provided by the firm
- breaches of Arup's health and safety practices, or any action which endangers people's health or safety
- incapacity to work through being under the influence of alcohol or illegal drugs
- theft, attempted theft, fraud, misuse, or any other act intended to deprive the firm of its finances or property, including intellectual property and software; timesheet and expense claim falsifications are included
- serious breach of confidentiality, for whatever reason, except where specifically allowed by relevant UK legislation
- distribution by any means, including electronic, of material of an offensive, libellous, sexual, or racist nature.

Performance:

Before commencing any role within Arup employees should be aware of the performance standards expected. Where those standards are not met, the firm's disciplinary procedure will be used to agree the action required to rectify the situation.

3 The procedure

Wherever appropriate, an informal discussion will be held between you and the person to whom you directly report to discuss a case of poor performance or conduct. A written record will be made of this discussion, a copy given to you and a copy kept on your personnel file. If this discussion does not lead to the agreed improvement, the disciplinary procedure as outlined below will be used and this informal record of your discussion will be taken into account in subsequent disciplinary meetings with you.

Where the situation is more serious the formal disciplinary procedure will be used straight away.

There are four formal stages to the procedure, the fourth stage being dismissal. Serious breaches of conduct or repetitions of unsatisfactory conduct/performance may result directly in an appropriate warning, not necessarily at the first stage. Cases of gross misconduct could result directly in the fourth stage, dismissal. In this case dismissal will be summary, ie with no notice.

3.1 First stage warning (verbal warning)

- If conduct/performance does not meet expected standards you will be invited, in writing, to attend a discussion with the person to whom you directly report to talk about the issue and agree action to improve the situation. The letter you receive will give you at least 48 hours' notice of the meeting and will include: the reason for the meeting; who will be present and your right to be accompanied by a colleague from within Arup.
- The person to whom you directly report will investigate the circumstances of the incident. He/she may do this by taking statements from any available witnesses which will be available to you. You will be asked during the meeting to present any other relevant information.
- The meeting should cover clearly:
 - a brief description of the conduct/performance to be addressed
 - reasons for the unsatisfactory conduct/performance
 - the improvement required
 - the action agreed with you to achieve this
 - the timescale within which the improvement is required to take place
 - the consequences of not achieving the necessary improvement.
- No travel costs will be paid in connection with a colleague of your choice attending the meeting with you. During the meeting your colleague may clarify points, request clarification and take notes but, may not answer questions on your behalf.
- The person to whom you report will conduct the meeting and your Administrator may be there to take notes.
- If it is decided that there is a case for disciplinary action, after the meeting you will be sent a note confirming the items discussed in the meeting. You will be required to sign and return a copy of it to confirm receipt and that copy will be held in your personnel file for the period specified in the note. The more serious the matter the longer the warning remains in your personnel file. The warning might include sanctions such as demotion or a salary freeze, depending on the severity of the matter. Your employment record with the Partnership will be taken into account in determining any such sanctions.

3.2 Second stage warning (written warning)

- If there is no improvement within the agreed timescale or there is another instance of the unsatisfactory conduct/performance (or similar), another meeting will be held. This second stage will

follow the same format as the first stage. The person to whom you report directly may also take into account any previous warnings you have received for whatever reason and which are still current.

- Your Group Leader or equivalent may decide to attend along with, or instead of, the person to whom you report directly.
- After that meeting you may be issued with a second stage warning and/or sanctions as for a first stage warning. This will also be put in your personnel file for the duration specified in the warning.

3.3 Third stage warning (final written warning)

- If there is still no satisfactory improvement in your conduct/performance, or there is another instance of the unsatisfactory conduct/performance (or similar) or an instance of a more serious nature, a meeting will be called as for the first stage. Your Group Leader or equivalent may decide to attend along with, or instead of, the person to whom you report directly. In some instances, an appropriate member of the Human Resources Group may attend in place of either the person to whom you report directly or your Group Leader.
- If the issue to be addressed is a serious conduct issue and you are on assignment or secondment away from your home Group, you may be required to return to your home Group for the meeting. In this case, your reasonable travel expenses in doing so will be reimbursed, providing they are authorised in the usual way. The meeting will be held with your home Group Leader or equivalent.

If the meeting results in a warning being issued, your assignment may be ended with immediate effect.

After this meeting you may be issued with a third stage warning and/or sanctions as for a first stage warning. This will also be put in your personnel file for the duration specified in the warning.

3.4 Fourth stage (dismissal)

- If there is still no satisfactory improvement in your conduct/performance, or there is another instance of the unsatisfactory conduct/performance (or similar) or an instance of gross misconduct, a meeting will be called as for the first stage. Because of the serious nature of the fourth stage, your Group Leader or equivalent will be expected to attend this meeting rather than the person to whom you report directly, along with a senior member of the Human Resources Group.
- In serious cases, particularly of gross misconduct, you may be suspended on full pay whilst circumstances are investigated. This period should not exceed 10 working days.
- If you are on assignment or secondment away from your home Group, you may be required to return to your home Group for the meeting. In this case, your reasonable travel expenses in doing so will be reimbursed providing they are authorised in the usual way. The meeting will be held with your home Group Leader or equivalent.
- The decision to end your employment is made jointly between your Group Leader, or equivalent, and the Human Resources Group. You will be given a letter confirming the date of dismissal, the reasons for dismissal and details of your right to appeal.
- If it is decided that the matter is one of gross misconduct, then you may be summarily dismissed, ie without notice. You will be given a letter confirming the date of dismissal, the reasons for dismissal, and details of your right to appeal.

4 For employees with less than six consecutive months' service with Arup

The firm's principles of fairness and reasonableness will apply to conduct/ performance issues which are raised with you.

During your first six months of service, your performance will be monitored and appropriate training and guidance given where needed.

You should note that you are subject to the firm's Conduct & Performance code of practice and its associated disciplinary procedure, but it will be modified such that there will be three instead of four stages to the disciplinary procedure; the second stage of the procedure will be omitted.

5 Appeal

You may appeal against any measures imposed as a result of the disciplinary procedure. An appeal must be made in writing, outlining your justification for the appeal and sent to your Human Resources Manager. This must be done within five working days of the notification of the measure to be imposed.

Your appeal will be heard within 10 working days of the receipt of the appeal, subject to postponement by mutual agreement. The appeal will be heard by a Group Leader outside the Group in which you are employed. You will be required to attend and present your case and you will be entitled to be accompanied by a colleague from within the firm.

The appeal may be upheld or rejected or an alternative disciplinary measure to that already taken may be substituted. (The decision reached is final - no further appeal will be heard.)

Whilst an appeal against dismissal is pending, the dismissal will continue and the appeal heard afterwards. If the appeal is successful and you are reinstated, your employment with the firm will be deemed to be unbroken by the dismissal and you will receive payment for all salary owed to you.

6 Responsibility of the Human Resources Group

The Human Resources Group is available to provide advice and guidance to all employees involved in issues arising from this code of practice and its associated procedure. Those investigating action under this code of practice are required to keep the Human Resources Group informed of all disciplinary matters. The Human Resources Group is responsible for overseeing any dismissal action meetings (and third stage warning meetings, where appropriate) and for hearing any appeal against measures imposed at any stage of this disciplinary procedure.

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Attachment:

- Corporate Report

Corporate Report 2010



ARUP

A nighttime photograph of the Helix Bridge in Singapore, illuminated with purple lights. The bridge's unique double-helix structure is reflected in the water. In the background, the Marina Bay Sands hotel is visible, lit up with warm yellow lights. The sky is dark, and the overall scene is a vibrant urban nightscape.

*Design is about taking better decisions,
creating better solutions and better results*

Arup is a global firm of designers, planners, engineers, consultants and technical specialists offering a broad range of professional services. We operate in five regions, the Americas, Australasia, East Asia, Europe and the UK, Middle East and Africa (UK-MEA), with our corporate centre based in the UK.

Arup is owned in trust on behalf of its employees. With no shareholders or external investors, we are able to determine our own direction as a business and set our own priorities, independently. We are not obliged to report on our performance in the same way as listed companies. Instead, we have chosen to use our Corporate Report as an opportunity to reflect on the past year and report on our sustainability performance and goals. Our financial results are appended at the end of the report.

Chairman's foreword

The last 12 months has been a period of much turbulence, with many 'western' economies still affected by the world financial crisis, but some developing economies very active and providing plenty of opportunities. Fortunately, Arup's geographic and sector diversity has helped us enormously, and our turnover and resource base will be roughly the same as the previous year, albeit that this conceals some regional variations.

In previous recessions we have always seen one thriving part of our firm helping another less-buoyant part. Today, we operate much more as a true global network, sharing resources and delivering the best skills to appropriate projects no matter where the individuals are based. We are still seeing strong growth in several parts of Asia, especially China, and a healthy economy in Australasia. In the Americas and Europe, including the UK, we have more of a mixed picture, where infrastructure opportunities generally predominate, with property markets beginning to improve in many prime locations.

In April, we set out a fresh Arup Group Strategy focussing on the four themes of Investment, Design, Talent and Operations.

We have a long and successful history of investing for the future, and have now set down our focus areas for the next few years, including geographic and sector priorities as well as extending our collaborative research plans through Memorandum of Understandings with a small number of the best Universities.

At the same time, we continue to see design – providing our clients with innovative joined-up solutions to their complex problems – as a strong differentiator for Arup. Our strength is 'total design', combining our best local, technical and sector knowledge. Our newly-formed Arup Design Council is chaired by Sir John Sorrell, who has joined Arup as Group Advisor, and is focussed on reinforcing a design culture across the firm and promoting Arup as being central to the creative world.

The sustainability of Arup depends upon our ongoing success in attracting new people, and caring for and retaining those who align with our core values. Learning and development has always been at the heart of the firm, and the launch of the Arup University will help us maintain our learning culture for current and new generations.

I am pleased to report that our financial position is stable, and with our Trust ownership we can take long-term decisions free from the need to satisfy shareholders through the usual annual cycle. We have taken advantage of the changing marketplace to move some of our best people, including some key leaders, who then not only bring fresh ideas and experience, but also set-up bonds that strengthen the cohesion of our firm for the years ahead.

I have visited many of our offices throughout the year, and met many of our clients. Their appreciation of the quality of our work, the way it also benefits the communities in which they operate, and the enthusiasm of our people, all give me strong optimism for the future.



Philip Dilley, Chairman

Marina Bay in Singapore exemplifies Arup's 'total design' approach. It integrates Singapore's prestigious waterfront promenade with iconic retail, entertainment and hotel facilities, public spaces and breathtaking city views. Pedestrian access to the resort is via the landmark Helix footbridge inspired by the geometric arrangement of DNA. The Marina Bay Sands Hotel has the world's longest public cantilever, the SkyPark, which is an engineering marvel.



Sustainability at Arup

During these difficult economic times, it would be easy to put sustainability to one side and focus on areas that are more obviously business critical. We feel that to take this approach would be short-sighted, and over the last 18 months have strengthened our understanding of sustainability and worked to articulate more clearly what it means for Arup and our clients.

Sustainability is fundamental to our thinking at Arup, helping us to deliver on our mission to shape a better world. Our founder, Sir Ove Arup, established the firm over 60 years ago with the principle of 'total design' very much at the fore – the integration of the design process and the interdependence of all the professions. He also championed the social value of innovation and the humanitarian purpose of good design. Today we understand this as a commitment to sustainability.

Sustainability relates not just to our environmental performance, emissions and resource use, but to our economic performance, our impact on society, the culture of our firm and every element of our operation. Only by being sustainable in the way we conduct our business can we be successful in our mission to shape a better world.

In 2007, the Group Board formalised our approach by introducing Arup's global Sustainability Policy. As we implement the Policy throughout our operations there are inevitable challenges in embedding and measuring sustainability across our global operations. To address this and support our journey, we launched a Sustainability Strategy in April 2010 to provide a framework for sustainability and provide us with measurable targets.

In this, our first Corporate Report since we introduced our Sustainability Strategy, we celebrate some of the achievements from the calendar year 2010 under the framework provided by our Sustainability Policy: Our Business, Our People, Our Facilities and Our External Relationships. Each section contains a chart reporting on our performance against the key performance indicators (KPIs) in our Strategy, collated from all our regions. Where we measured it, we have included historical data to demonstrate our trend in performance.

The ongoing economic downturn in much of Europe means that land owners are reconsidering their strategies for empty plots that are not required for buildings.

We suggested that our client, Zuidas Development, establish an urban farm on one of its empty plots in central Amsterdam. The farm has a strong community element with neighbourhood schools invited to celebrate the harvest, and is transforming the perception of the future development among local people.

The contents of this report have been selected from across our regions for their contribution to furthering the sustainability agenda for our clients, within Arup and for society. Although we could have included many more, we hope these examples provide insight into our 'total design' thinking.

Our business

As a firm of consultants, the biggest impact we can have on sustainability is through our work with clients. **But we try to embed sustainability in everything that we do** – in the way we run our business, our projects, and our physical impacts on the external environment.

Equipping ourselves to help our clients

We help our clients to face the challenges of sustainability by investing in our passion for turning ideas into tangible tools and methodologies. Every year we invest a percentage of our profits to fund this research. This ensures we are equipped to continue to provide our clients with the best possible solutions.

Some of our awards

Our East Asia Region won the Sustainability Award at the British Business Awards

Arup Associates was named Sustainable Designer of the Year by the UK's Sustainability Awards

The New Acropolis Museum in Athens won the Sustainability Award at the International Lighting Design Awards

The Property Council of Australia Innovation and Excellence Awards gave the Sustainable Development Award to 2 Victoria Avenue, Perth

Stanford Graduate School of Business, California, was named Green Project of the Year by the Silicon Valley/San Jose Business Journal

Beijing Changxindian Low Carbon Community project won the International Society of City and Regional Planners Awards for Excellence

In the maritime industry, for example, sustainability is high on the agenda, with ports obliged to comply with strict regulations under tight financial constraints. To support clients through this complex process, our maritime engineers in Madrid have adapted Arup's established SPeAR® sustainability appraisal tool, to develop **SuPort**, a holistic evaluation and diagnostic tool for assessing sustainability performance in ports and harbours.

In the UK, we have formally incorporated **sustainable business outcomes** into our up-front discussions with clients. In this way, we engage with clients to explore how we might help them achieve their sustainability goals.

Our building retrofitting services are underpinned by our proprietary software tool, **AssetMap**, which brings together architectural, engineering, and financial and risk analysis in one place to enable us to quickly analyse the economic potential of a client's building or property portfolio. It helps us to advise clients on where they might focus any physical interventions, improve value for money and develop and deliver the strategy to take their portfolio forward.



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©Acip/Kevin Chamberlain Photography

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A considered approach

Our work is informed by rigorous testing and analysis, and we are not afraid to challenge established methodologies, where we think there is a better way. And by approaching projects in a holistic way, we can deliver solutions that leave a positive legacy for our clients, the community and the environment.

In Crossrail, a major new railway connection beneath central London, our energy and infrastructure teams saw an opportunity to innovate by applying **geothermal borehole technology** to the tunnels. They approached Crossrail with the idea of embedding cold-water pipes into the tunnel linings which would be heated by the relatively-high ambient temperature of the air in the tunnel. This would then provide warm water to heat local buildings, potentially providing our client with a revenue stream and reducing the cost of operating ventilation fans to cool the tunnels. Crossrail has commissioned us to investigate the feasibility and potential market for this solution.

Hong Kong recently announced its long-awaited plan for tackling climate change which consists of a series of individual strategies for each of its different sectors. We think there is a need for the city to adopt a framework that considers the interactions between these strategies, rather than approaching them in isolation. To stimulate public debate – with the aim of achieving a better end result for Hong Kong – our local office developed a **Carbon Calculator** that considers these interactions. For example, the emission reduction attributed to adopting electric cars will depend on the efficiency of the electricity grid.



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- 1 SuPort
- 2 AssetMap
- 3 9 Hunter Street
- 4 Crossrail
- 5 Beijing

While many buildings lend themselves naturally to the principles of sustainable design, challenges often arise when trying to resolve these design options within the constraints of fire engineering. We are addressing this in Australia with a paper which highlights the need for the **earlier adoption of fire engineering** in projects, particularly those with sustainability objectives. Our refurbishment of 9 Hunter Street achieved a 6 star Green Star rating and illustrates how a balance can be achieved.

In Beijing we have partnered with the Beijing Institute for Urban Planning to **assess the city's carbon emissions** arising from its City Plan, and developing strategies for reducing Beijing's carbon footprint.



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Collaborative working

Our open approach encourages collaboration between our staff, clients and partners, as well as community stakeholders. We bring together teams of people from diverse disciplines and with unique skills on a global scale. This helps us collectively to tackle tough issues and find imaginative solutions to real problems.

One such example is a joint venture with Yorkshire Water to investigate the energy consumption associated with **advanced wastewater treatment**. By implementing the results of our research, Yorkshire Water is reducing its site operational costs by 15%, which equates to a potential reduction of over 16,000 tonnes of CO₂ each year and a £1.2m cost saving.

Measuring and **reporting of sustainability-related performance** is relatively new. A white paper we authored with Harvard University puts forward a new methodology that could transform the way companies report on green issues. It provides a simple and cost-effective way of reporting, and allows US companies to focus on what matters most.

The emerging technology of **carbon capture and storage** takes CO₂ emissions from sources such as coal-fired power stations and stores them underground. We have undertaken a joint

study for the European Commission with Scottish Carbon Capture and Storage, showing for the first time on a Europe-wide scale, the network of pipes that will be required to transport CO₂ across the continent to make carbon capture and storage a reality.

Our International Development team has agreed a three-year grant with the **Rockefeller Foundation**, building on the role we have played over the past two years working with them on the US\$40m Asian Cities Climate Change Resilience Network. ACCCRN is a network of ten cities across India, Vietnam, Thailand and Indonesia working together to generate practical examples of how cities in fast-urbanising, low- and middle-income countries, can build urban resilience to the various impacts of climate change.

We are collaborating with Wind Power Limited to develop an innovative new **10MW offshore wind turbine**. The transformational design of the AerogeneratorX is half the height of



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an equivalent horizontal-axis turbine with the weight concentrated at the base, reducing fatigue in the blades and making wind energy more cost-effective.

Electric vehicles (EVs) are evolving rapidly, and Arup is leading the way through a number of partnerships and advisory roles. In South Africa, we are working with Optimal Energy to develop a new manufacturing facility for South Africa's own EV, the Joule. In the UK we are providing strategic advice to central government as the delivery partner for the Office for Low Emission Vehicles' infrastructure programme, Plugged-In Places, and adviser to the Technology Strategy Board (CABLED) and Energy Technologies Institute. On a local level, we are advising Milton Keynes on the procurement and installation of EV infrastructure. In order to stay at the forefront of technology development, we have co-founded HaloIPT, a company which provides wireless charging for EVs and which may be the future of charging technology.

	09-10	08-09	07-08	06-07	05-06	04-05	Our indicators <i>Trend in performance</i>
Projects setting sustainability objectives (%)	23	23	12	not measured			Aggregated from regional estimates based on Project Plans, Project Quality Plans and various databases. <i>Application of sustainability objectives to projects has been maintained.</i>
Profit (% on turnover)	2.6	8.6	11.2	8.5	7.2	2.9	Profit on turnover (before tax, exceptional items and staff profit share). <i>Level of profitability reflects global economic circumstances.</i>
Investments (% of income)	1.5	2.4	2.7	2.6	1.9	1.7	Investment in the business and its people, necessary for the continued success of the business. <i>Commitment to investment maintained despite global economic circumstances.</i>
Cash at bank (weeks of costs, before profit share)	7.7	7.9	8.1	6.6	6.9	5.3	Cash reserves necessary to meet our working capital demands. <i>Cash reserves have been maintained.</i>
Repeat clients (%)¹	76	58	70	50	50	52	Aggregated from regional client satisfaction surveys and various databases. <i>Level of repeat clients has increased despite challenging economic times.</i>

¹ Results recalculated pre 2009-10 using revised methodology

Better solutions

One of our aims is to do quality work that brings real benefits to our clients and which create a positive legacy for the lives of people and for the environment.

GREEN TOMORROW is a **zero-carbon house** designed for Samsung as a showcase of sustainable design for South Korea. It is the first zero-carbon building in East Asia to achieve a LEED Platinum level. By incorporating the green concepts, Samsung aims to halve energy use in its new apartment developments by 2013. In Mauritius, we are delivering the first project to be rated using an international environmental standard. The BREEAM-rated Mauritius Commercial Bank incorporates a photovoltaic farm, rainwater harvesting and is orientated to eliminate solar gain.



©Samsung G&T

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In Melbourne, commercial buildings are responsible for 48% of greenhouse gas emissions. As part of the City's 1200 Buildings programme to stimulate **retrofit of existing commercial buildings**, we have been commissioned to study Melbourne's building stock and to segment it into those with higher, medium and lower potential for mitigating CO₂ emissions. Our recommendations and database enabled the City Council to break down the large volume of information so it could effectively target building owners and operators.

San Francisco's Laguna Honda Hospital specialises in the long-term care of the city's homeless, elderly and poor, many of whom rely on the hospital for their wellbeing. We incorporated these unique issues into a design to increase patient wellbeing and to ultimately lower the overall cost of care. Features include organic walking trails to help treat Alzheimer's patients, a farm, greenhouse, and communal eating and recreation areas to increase patient interaction. The hospital achieved LEED certification, making Laguna one of the first **'green hospitals'** in the US.



10

- 6 Electric vehicle charging station
- 7 AerogeneratorX
- 8 Yorkshire Water wastewater treatment
- 9 Green Tomorrow
- 10 Laguna Honda Hospital

Our people

Our people are essential to us creating a sustainable business. By making our work environments stimulating, and by running our business in an equitable and rewarding way, **we create the space for staff to innovate and lead in new areas** – for the benefit of us and our clients.



1

Some of our awards

Winners of the Olympic Delivery Authority Diversity Award for Most Improved Organisation

Our Hong Kong office won the Manpower Developer Award for outstanding accomplishments in training and development

Australian National Association for Women in Construction Award for Innovation in Design given to Kathy Franklin

Highest ranked consulting engineers in the Hong Kong Top 100 Graduate Employer List

Engineers Australia Young Inspiring Engineer Award given to Steven Lindsay

UK Women in Construction Awards Professional/Consultant of the Year Award given to Kate Hall

A learning organisation

Learning is at the heart of our organisation, and one of our ongoing aims is to improve standards and provide better coordination for our learning, knowledge sharing and research. To further these aims, we have established the **Arup University**, which acts as an umbrella for much of our learning activities. It will raise standards, ensuring that what we learn meets the firm's needs and is accessible to all staff. Active collaborations with external universities will help to ensure the Arup University's academic independence.

One of the courses on offer is a Masters-level module in Sustainability Leadership, which aims to develop a cadre of people working together to address the broadest and most challenging questions relevant to our business. The module has been designed in partnership with the University of Cambridge, and 23 staff from across our regions enrolled on the course this year.

37%

The proportion of our graduate recruits in the UK-MEA who are women

Shaping the sustainability agenda

All around the world, Arup people are actively involved in external organisations that promote and progress sustainability. This is a two-way activity, as they are also able to bring knowledge back into the firm, ensuring we are at the forefront of the latest thinking on sustainability.

- **Desiree Carolus**, on the Board of Enerkey in South Africa, which improves sustainability through urban energy projects
- **Andrew Chan**, Chairman of the Hong Kong Green Building Council
- **Fiona Cousins**, on the Board of Directors of the New York chapter of the US Green Building Council
- **Bora Kovacevic**, on the Management Board of the Russian Green Building Council
- **Ramón Rodríguez**, Vice-President of the Green Building Council Spain
- **Sara Turnbull**, Council Member and Trustee of the UK Women's Engineering Society
- **Frank Vromans**, on the Board of the Australian Green Infrastructure Council
- **Jeremy Watson**, Chief Scientific Adviser to the UK's Department for Communities and Local Government
- **Jaap Wiedenhoff**, member of the Rotterdam Climate Initiative in the Netherlands

	09-10	08-09	07-08	06-07	05-06	04-05	Our indicators <i>Trend in performance</i>
Women in the firm (all Grades) (%)	30	29	29	30	29	29	Based on staff at all grades. <i>Proportion of women in the firm has been maintained.</i>
Women in management positions (Grades 7-9) (%) ¹	13	13	12	not measured			Based on staff at Grades 7-9. <i>Proportion of women in management has been maintained.</i>
Staff who have received relevant sustainability training (%)	41	17	16	not measured			Based on training records and external accreditation for staff at all Grades. <i>Significant improvement has occurred.</i>

¹ Introduced as a KPI this year



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- 1 Arup University
- 2 OvaGreen Swap Shop
- 3 OvaGreen showcase
- 4 Priscilla Huong

Grassroots sustainability

This November, we celebrated the **tenth anniversary of OvaGreen**, our global network of environmental volunteers in Arup offices. The work of this grassroots network predates the creation of Arup's formal sustainability policy, and was started by a group of passionate staff in 2000. A lot of OvaGreen's early initiatives are now managed by Arup's central systems, such as purchasing departments, IT, facilities management, and through strategies such as the firm's Group Sustainability Strategy. OvaGreen's work is not over, however. Today, OvaGreen is dedicated to making our operational practices more sustainable, and promotes staff awareness of and involvement in sustainability issues, both in the workplace and in the community.

Challenging superstition

In China, superstition holds that it is unlucky for women to enter a tunnel before it is completed. We worked closely with our client and with contractors on the Hong Kong West Drainage Tunnel to break this tradition by placing Priscilla Huong as the resident geologist on the project. She has been accepted in her role and says: "I am honoured to work as one of the **female pioneers** in the tunnelling industry. I will work hard to demonstrate that female engineers can play an equivalent role in this industry, just as male engineers do."

Our facilities

Sustainability is a key consideration for the way we manage our offices, in the resources that we use and the goods and services that we buy.



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Some of our awards

Best Large Corporation in the Mayor of London's Green Procurement Code Awards

Bronze award for the Green Office Management Award from the Hong Kong Green Council

Winner of the Hong Kong and Asian Most Admired Knowledge Enterprise Award

Gold Award from the Intranet Innovation Awards for our Discussion Forums and a Commendation for Arup Projects, our knowledge base of project information

Greening the Arup estate

Our offices are the second biggest contributor to Arup's carbon footprint, after travel. We are committed to taking a resource efficient, sustainable approach to the way we run all our offices, and we aim to achieve the International Organisation for Standardisation's Environmental Management System Certification (**ISO14001**) across 95% of our estate by the end of 2012.

Our offices in Germany, the US and the Gulf have now achieved ISO14001 certification, as have Bristol, Singapore, Istanbul, Bangkok, Beijing, Hong Kong, Shanghai, Shenzhen, Tokyo and Moscow. This brings the proportion of Arup staff working in offices that are ISO14001 certified to 70%.

In the Americas, our Boston and Los Angeles offices received the additional accolade of being awarded Leadership in Energy & Environmental Design (**LEED**) **Silver ratings**. The certificate recognises design features and strategies to improve performance, such as dual

flush toilets, maximum use of daylight and diverting waste materials from the refurbishments from landfill.

Our **new central London office** opened at 8 Fitzroy Street, allowing us to consolidate 1400 staff from eight other sites into one world-class building. Environmental features include a chilled-beam heating and cooling system, solar heated hot-water supply, rainwater collection, daylight sensors and significant sub-metering allowing us to monitor and control energy use. The energy consumption for the building is displayed in the reception area as part of our intention to monitor and reduce our environmental impact.

Our San Francisco office also launched an energy metering and visualisation system. This '**energy dashboard**' shows real-time and historical data feeds of the electricity used by the lighting, server and plug loads of the office. Data can be accessed through various interfaces to increase understanding of energy use.

	09-10	08-09	07-08	06-07	05-06	04-05	Our indicators Trend in performance
Staff working in offices with an EMS certified to ISO14001 (%)	70	70	68	34	43	40	Based on the number of staff working in EMS (ISO14001) certified offices in all regions. <i>Certification of offices to ISO14001 has been maintained.</i>
Carbon emissions per full-time employee per year (tonnes CO₂)	3.4	3.4 ¹	3.1 ¹	not measured			Based on regional estimates of direct and indirect emissions including business travel ² . <i>No trend identified.</i>
Total wastes generated per full-time employee per year (kg)	115	122		not measured			Based on monitoring of waste generation in Australasia, East Asia, Europe and UK-MEA Regions. <i>No trend identified.</i>
Lost time accidents per 100,000 employees ³	99	219	141	107	94	118	Based on regional records of lost time accidents (previously reportable accidents 2003-07). <i>Reduction in the number of lost time accidents.</i>

¹ Recalculated using revised 2009 emission factors and resolving calculation errors

² Using the 'WRI Greenhouse Gas Protocol Corporate Accounting and Reporting' definition of Scopes 1, 2 and 3

³ Recalculated in 2010 following a global review of accident statistics

Sustainability investments begin to pay

In the UK, Arup's photocopiers have been installed with Uniflow **print management software**. Instead of directly printing a document, it is sent to a print queue and staff then retrieve their prints by swiping their ID badge. This has helped reduce wasted prints by automatically deleting those not collected within 24 hours. By April 2010, 30% of prints had not been collected, which translates to a saving of around £60k in printing and paper costs.

We also improved the call quality and user experience of our **video conference** facilities by moving from a single hub located in the UK, which served all our regions, to four hubs across the Americas, Australasia, East Asia and UK-MEA. This has driven the volume of video calls from an average of 300 per month in 2008 to 900 per month in 2010. The value of the investment was clear in April 2010 when the widespread cancellation of flights due to the volcanic ash cloud from Iceland's Eyjafjallajokull volcano resulted in a peak of 1100 calls, the first time that call volume had exceeded 1000.



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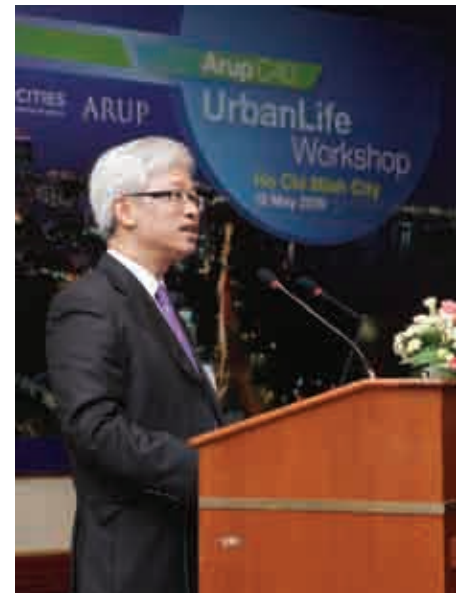
- 1 The Los Angeles office
- 2 8 Fitzroy Street
- 3 Video conferencing
- 4 Eyjafjallajokull volcano

Our relationships

We work hard to develop partnerships that bring about a **genuine exchange of knowledge and ideas**, helping to drive further improvements in sustainability both within and outside Arup. This means **promoting the benefits of sustainability to clients and partners**, providing leadership in our local communities and helping to minimise our environmental impacts on society.



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Helping cities tackle climate change

As the sole strategic advisor to the C40, a group of 40 of the world's largest cities committed to tackling climate change, we are working with six member cities to deliver action-oriented **UrbanLife workshops**. By taking a multidisciplinary approach and fusing the practical with the political, we are helping deliver robust, realistic solutions to a specific challenge facing each city. Our workshops also consider the bureaucratic challenges of delivering far-reaching programmes that cut across the traditional departmental boundaries of city government.

In Toronto, we focused on the challenges of translating the Mayor's energy targets into action at a neighbourhood level. With Melbourne, we explored how the city could use information technology to encourage people to change their behaviour and enable city managers to better understand the impact of their climate policies. São Paulo's workshop explored how a new approach to waste management could create a renewable energy resource, and in Ho Chi Minh City we focussed on how to marry the city's rapid growth with greater resilience to flooding and water shortages. In 2011, we will lead workshops with Addis Ababa and Warsaw.

	09-10	08-09	07-08	06-07	05-06	04-05	Our indicators <i>Trend in performance</i>
Charitable donations (£, to nearest £000) ¹	742	761	410	not measured			Direct charitable donations in all regions, including those from the Ove Arup Charitable Trust. <i>Donations are in line with the target of 1% of management account profit.</i>
Pro bono engagement (£ equivalent staff cost, to nearest £000)	582	715	109	not measured			Based on equivalent cost of pro bono staff engagement in all regions. <i>In the context of ongoing improvements to the consistency of reporting, level of pro bono engagement acceptable given the challenging economic condition.</i>

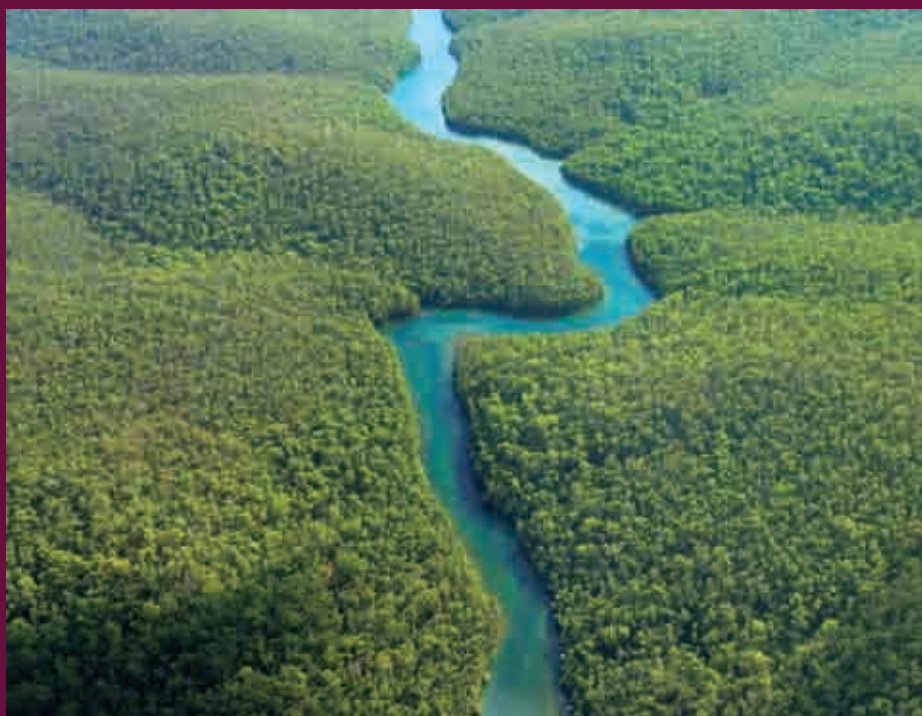
¹ Includes charitable donations through UK charitable trusts

Sustainable insight

Our founding partnership with **Cambridge University's Programme for Sustainability Leadership** continues. We are lead partner in a new programme that aims to encourage companies and governments to recognise that natural capital is a fundamental basis for business value.

We have established a **sustainability hub** within our Brisbane office, bringing together four separate not-for-profit organisations working in the environment and sustainability sector. The hub's central mission is to integrate sustainability more broadly through our major infrastructure projects, buildings and communities. The hub organisations include Brisbane City Council's CitySmart, Green Cross, Australian Green Infrastructure Council, and the Green Building Council of Australia.

Our Relationship with the **World Economic Forum** continued. Following the publication in 2009 of the SlimCity Knowledge Cards which we researched and produced in collaboration with the Forum, this year we produced a SlimCity e-platform. The online tool furthers the aim of the SlimCity programme, to inspire Mayors and the private sector to take committed action towards achieving resource efficiency at a city level. Users can now browse the cards online and leave comments for discussion. An innovative radial diagram maps the connections between the SlimCity topics. To date the cards have been used in workshop events in Tokyo, Toronto, Melbourne, San Francisco and London.



3



4

- 1 UrbanLife workshop in Toronto
- 2 Wilfred Lau in Ho Chi Minh City
- 3 Natural capital
- 4 SlimCity cards

Humanitarian causes

One of the many things that sets Arup apart is its commitment to humanitarian causes. Our founder, Ove Arup, established the firm as ‘an organisation which is human and friendly’ and with ‘a wish to do socially useful work and to join hands with others fighting for the same values.’

We fulfil this commitment through giving, doing and developing, including through our global initiative that seeks to encourage and leverage staff abilities to reduce suffering and improve people’s lives, the **Arup Cause**. We give money and allow our people to give their time; we fund staff to provide technical assistance to humanitarian and development organisations around the world; and we encourage our staff at a grassroots level to undertake networking and education activities on charitable and community issues, under the umbrella of Arup’s **Poverty Action Network**.

Giving

Top ten monetary donations in 2009-10

The Ove Arup Foundation	£139,271
Engineers Without Borders	£46,436
RedR	£40,626
The Climate Group	£25,000
Red Cross	£23,126
The Smith Family	£23,087
Habitat for Humanity	£22,394
Sports Aid	£20,500
The Royal Academy of Engineering	£18,800
Unicef	£15,790
Other (less than £10,000)	£366,970
Total donations	£742,000

Each year, we aim to donate 1% of our profits to charitable causes, and we also contribute staff time. Wherever possible, we try to combine money and time to bring about the greatest impact. We partner with organisations and charities with which Arup can have an ongoing relationship, and community engagement groups in each of our regions allocate donations across a broad range of areas: education, social care, health and welfare, disaster relief and poverty alleviation, local community development, sustainability and the environment, and technology.

Our largest donation is to **The Ove Arup Foundation**, a charitable organisation that aims to promote new thinking in engineering and architectural education. In particular, it aims to build a greater understanding between these different disciplines, and promote a more holistic approach to design. Over 50% of The Foundation’s donations made in 2009-10 were to universities.

Thanks to Arup’s support, the Smith Family has been able to expand initiatives such as an innovative family and child centre in Townsville, and our online mentoring programs were assisted by Arup staff. A generous donation of \$25,000 provided further support to our programs.

Damian Foley, General Manager
Queensland, The Smith Family



- 1 SportsAid competition
- 2 Wu Zhi Qiao
- 3 Haiti earthquake

Doing

Each of our five regions has established a small number of **strategic partnerships** with charities that enable us to provide an ongoing programme of support. We want to maximise the impact of these partnerships by aligning our skills, knowledge and interests with each charity's mission, and with their immediate and longer-term needs. As these partnerships develop we believe the enthusiasm of our staff will make a real difference, will improve the personal development of our staff, and help our business to become more closely engaged with the communities in which we work.

The **Smith Family** is an independent children's charity in Australia committed to helping disadvantaged children by providing them with education and learning opportunities. We work together to enable children and their families to access the support they need to have better futures.

In East Asia, we work with the **Wu Zhi Qiao** (Bridge to China) organisation, providing engineering support to teams of university student volunteers on bridge rebuilding projects in remote

areas of China. In June, we launched a global bridge design competition to gather the best ideas from around Arup for a footbridge that provides safe access to schools and the local market for the remote community of Mixia Village in Yunnan Province. Each project is informed by a fusion of modern construction knowledge, and local wisdom and materials.

In partnership with SportsAid, the Construction Youth Trust and the Royal Academy of Engineering, we invited students aged 12-14 from across London to design and submit plans for a **new sports venue**. Over 200 children took part, supported by 60 Arup staff, with 30 entries from 11 schools. Ten finalists competed for the prestigious accolade at a public forum hosted at our offices. Talks are underway with our partners to expand the competition nationwide next year.

The **Haiti earthquake** on 12 January 2010 caused extensive damage and made hundreds of thousands homeless. Through our International Development team, which provides assistance to development and humanitarian agencies

on a not-for-profit basis, we provided technical assistance to a number of non-governmental agencies that are contributing to relief and recovery efforts.

We have been advising Habitat for Humanity on its **transitional shelter programme** in Haiti and in developing its strategic plan to assist communities in re-building their homes. We assessed a pre-earthquake housing programme as a potential benchmark for reconstruction and prepared technical guidance notes on a variety of topics including wind loading, damage assessment and building typologies which have been shared with the UK Shelter Forum and UN Shelter Cluster.

\$65,000

Amount raised for Haiti earthquake relief by staff in the Americas

Developing

In the Ashanti region of Ghana, we continued our relationship with NGO **Ashanti Development** to provide safe and accessible water and better waste management to local communities. We provided two specialists on a 50% voluntary basis, 50% funded as Arup Cause activities. Our work is undertaken alongside villagers and is sustainable in that no village is allowed to become dependent on us.

Eighteen staff members from Cardiff took part in a project to design and build an **orphanage in Uganda**. As well as providing architecture, structure, infrastructure, landscaping and environmental assessment services, they gained planning permission and hired a local workforce to build the Orphanage. Arup Cause funding supported the engineers' travel to Uganda to oversee construction for two week stints.

Arup's **Poverty Action Network** (PAN) originated as a global grassroots community of staff focused on international development and disaster relief work. PAN has since grown into a vehicle for action for our staff – enabling those that have an interest in humanitarian issues, social injustice and sustainable development to take action in the local and wider community. Regular events include monthly talks, 'wear red for RedR' fundraising events in all our regions for the international charity, and volunteering to provide free home repairs to low-income homeowners in Los Angeles through the organisation, Rebuilding Together.



4

3279

Hours of unpaid voluntary time donated by staff to oversee construction of the orphanage in Uganda



5

- 4 Ashanti Development
- 5 Wear red for RedR

531

Global subscribers to Arup's Poverty Action Network Forum

Our indicators

Sustainability Policy Objectives	Key Performance Indicators	2009-10 Final	2011-12 Target
Our business <ul style="list-style-type: none"> provide value to clients by building upon its reputation for integrated design and a holistic approach to projects deliver projects recognised for their sustainability credentials, in line with client expectations evaluate projects with respect to their sustainability risks and opportunities and, where appropriate, discuss these with the client achieve performance that ensures the firm's economic, environmental and financial viability 	Projects setting sustainability objectives (%)	23	50
	Profit (% on turnover)	2.6	– ¹
	Investments (% of income)	1.5	– ¹
	Cash at bank (weeks of costs, before profit share)	7.7	– ¹
	Repeat clients (%)	76	– ¹
Our people <ul style="list-style-type: none"> employ and retain staff who have a high degree of awareness and expertise in sustainability for all disciplines practised provide continual education and training for all staff on sustainability issues relevant to the firm's businesses support innovative approaches to implementation of sustainability strategies on projects 	Women in the firm (all Grades) (%)	30	35
	Women in management positions (Grades 7-9) (%)	13	15
	Staff sustainability training (%)	41	35
Our facilities <ul style="list-style-type: none"> maintain management systems to assist with implementation of sustainability objectives aim to use resources efficiently and to minimise waste, usage of water, energy and other consumables in the office environment develop a strategy to move towards minimising carbon emissions in its operations endeavour to prevent pollution within the scope of its activities develop a strategy for the firm to move towards sustainable procurement of the goods and services used in its operations 	Staff in offices with EMS to ISO14001 (%)	70	95
	Carbon emissions per full-time employee per year (tonnes CO ₂)	3.4	2.9 ²
	Total wastes generated per full-time employee per year (kg)	115 ³	110 ⁴
	Lost time accidents per 100,000 employees	99	186 ²
Our external relationships <ul style="list-style-type: none"> partner with organisations that practise sustainability and that enable the exchange of ideas and the promotion of sustainability leadership across its businesses fund and work on community projects that achieve sustainability goals 	Charitable donations (£, to nearest £000) ⁵	742k (1.1%)	1% of management account profit
	Pro bono engagement (£ equivalent staff cost, to nearest £000)	582k	– ¹

¹ No target set ² 15% reduction on 08-09 outcome ³ Excludes Americas Region

⁴ 10% reduction on 08-09 outcome ⁵ Includes charitable donations through UK charitable trusts

After several years of data collection we are in a position to understand trends in our performance. Our Group Board articulated a set of global targets in 2009 to measure delivery of our Sustainability Strategy. These targets identify performance to be achieved by the end of the 2011-12 financial year. At that time, the Strategy will be reviewed and

opportunities for further improvement will be identified and implemented.

The table above shows a summary of our 2009-10 performance against our sustainability targets. In this first year of implementing our Group Sustainability Strategy, it is too early to draw conclusions from our progress. However,

it is apparent that in some areas planned improvement will take significant effort to attain, that other activity areas should achieve their target by 2012, and some we already comfortably achieve.

We will be guided by this review of our performance in setting and modifying our sustainability delivery plans for 2011.

Financial Statements 2010

Arup Group Ltd (Consolidated)



ARUP

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Directors' report

The directors present their report together with the financial statements for the year ended 31 March 2010 which were approved by the Board of Directors on 22 October 2010.

The capital of the Company is divided into equity shares, which are held in trust for the benefit of the employees (past and present) of the Group, and voting shares that are held by the Ove Arup Partnership Charitable Trust.

Principal activity

The Company and its subsidiaries practice in the field of consulting engineering services, in architecture and in other related professional skills.

European Union branches

The Group has significant branches operating in the European Union countries of Poland and Romania.

Review of the business and future developments

The Group turnover for the year remained unchanged (2009: increased by 22.5%) and the Group made a total profit before tax, dividends and staff profit share of £104.1m (2009: £76.6m).

The performance and development of the Group is in line with the expectations of the directors.

The directors draw attention to the following matters that have had an impact on the reported performance in the current year:

- The results include the defined benefit pension scheme liabilities and assets as calculated under FRS 17. This shows as a net liability on the balance sheet of £83.4m (2009: £98.9m).
- The closure of the pension scheme and the move from RPI to CPI valuation resulted in two exceptional credits to the profit and loss account of £42.3m and £38.5m.

The principal risks and uncertainties facing the business include foreign exchange risk and risk resulting from the diverse geographical spread of the business and its ability to continue to secure new projects and deliver the performance of existing projects in line with management's objectives. To monitor these, the directors use the following financial key performance indicators (KPIs):

- Turnover and profit per person is a financial KPI used to monitor the continued contribution to the Group. In calculating this measure profit is stated before tax, dividends and profit share. For the year ended 31 March 2010, turnover per person was £90k (2009: £85k) and profit per person was £11k (2009: £8k).
- Staff turnover is a key non-financial measure of business performance. For the year ended 31 March 2010, staff turnover was 12.7% (2009: 10.0%).

Directors and their interests

The directors of Arup Group Ltd during the year were as follows:

J Baster (Appointed 01/11/09)

M D Bear (Appointed 01/10/09)

A J Belfield

R F Care

T G A Carfrae

A K C Chan

P G Dilley

G S Hodgkinson

L M Lui

J C Miles

M Raman

D J Singleton

D A Whittleton

No director has an interest in the shares of the Company (or any other member of the Group) other than through their interest as an employee of the Group in the employee trusts which own the equity shares of the ultimate parent Company.

Auditors

At an extraordinary general meeting of Arup Group Limited held on 7 October 2010, a resolution was passed to appoint PricewaterhouseCoopers LLP for the year ending 31 March 2011 as the Company and Group auditors. A thorough audit tender process was undertaken, considering industry knowledge, audit quality and cost efficiency.

Directors' report (continued)

Charitable donations

During the year the Group made donations to charities and for charitable purposes of £730k (2009: £761k), of which £372k (2009: £551k) was to beneficiaries in the UK.

Employees

The maintenance of a highly skilled workforce is key to the future of the Group. Health and Safety matters are regularly reviewed by the directors and it is their policy to ensure that:

- full and fair consideration is given to all applications for employment made by disabled persons, having regard to their capabilities;
- when existing employees become disabled (whether from illness or accident) every reasonable effort is made to continue to provide suitable employment either in the same, or by training, in an alternative job; and
- disabled persons are given equal consideration for training, career development and opportunities for promotion within the Group.

The Group is active in the field of employee communications and employees are encouraged to express their views on major policy issues. Each year employees are provided with a Chairman's report and financial information. Employees receive the balance of Group profits each year after transfer to reserves.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements for each financial year in accordance with applicable laws and regulations.

The directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- make judgements and estimates that are reasonable and prudent;

- select suitable accounting policies and then apply them consistently;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legislation in the United Kingdom governing the preparation and dissemination of the accounts and the other information included in Annual Reports may differ from legislation in other jurisdictions.

The maintenance and integrity of the Group website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters, and accordingly the auditors accept no responsibility for any changes that may have occurred in the financial statements since they were initially presented on the website.

Audit

So far as the directors are aware, there is no relevant audit information of which the Group's auditors are unaware, and the directors have taken all steps that ought to have been taken as directors in order to make themselves aware of any relevant audit information, and to establish that the Group's auditors are aware of that information.

By Order of the Board



M J Ansley-Young
Company Secretary

22 October 2010

Registered Office: 13 Fitzroy Street, London W1T 4BQ

Independent auditors' report

We have audited the financial statements of Arup Group Limited for the year ended 31 March 2010 which comprise the group profit and loss account, the group and parent company balance sheet, the group cash flow statement, the group statement of total recognised gains and losses and the related notes numbered 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's shareholders, as a body, in accordance with Sections 495 to 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent company's affairs as at 31 March 2010 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

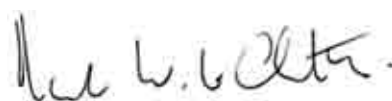
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



David Chitty (Senior Statutory Auditor)
for and on behalf of Crowe Clark Whitehill LLP,
Statutory Auditor
Chartered Accountants

London
9 November 2010

Profit and loss account		2010 £'000	2009 £'000
	Notes		
Turnover	1c & 2	889,212	888,794
Staff costs	3	(487,537)	(502,235)
Exceptional staff costs	3	80,800	-
Other operating charges			
Charges from sub-consultants and other direct project costs		(228,162)	(203,091)
Accommodation		(54,077)	(50,968)
Depreciation	8	(21,450)	(16,778)
Communications and other overheads		(87,441)	(69,798)
		(391,130)	(340,635)
Operating costs		(797,867)	(842,870)
Operating profit	5	91,345	45,924
Dividends received		-	11
Other finance (charges)/income		(7,088)	26
Interest receivable		1,088	2,107
Interest payable	6	(645)	(36)
Profit on ordinary activities before taxation	2	84,700	48,032
Taxation on ordinary activities	1e & 7	(24,705)	(13,531)
Profit for the financial year	17 & 18	59,995	34,501

Statement of total recognised gains and losses		2010 £'000	2009 £'000
Profit for the financial year	17 & 18	59,995	34,501
Exchange translation gain/(loss)	17 & 18	3,582	(2,455)
Actuarial losses recognised in the pension schemes	25	(65,287)	(92,323)
Deferred tax asset movements related to the actuarial losses		18,300	24,886
Total gains/(losses) recognised since last annual report		16,590	(35,391)

The notes on pages 8 to 22 form part of these financial statements.

Balance sheet – Arup Group Ltd and its subsidiary undertakings

		2010 £'000	2009 £'000
	Notes		
Fixed assets			
Tangible assets	8	135,786	71,212
Unlisted investments at cost	10	4	38
		<u>135,790</u>	<u>71,250</u>
Current assets			
Debtors	11	267,090	281,020
Investments	12	422	282
Cash at bank and in hand		<u>102,256</u>	<u>125,673</u>
		<u>369,768</u>	<u>406,975</u>
Creditors:			
Amounts falling due within one year	13	<u>(323,973)</u>	<u>(341,035)</u>
Net current assets		<u>45,795</u>	<u>65,940</u>
Total assets less current liabilities		181,585	137,190
Creditors:			
Amounts falling due after more than one year			
Mortgage		(43,281)	-
Lease incentives		(996)	(729)
Finance leases		(93)	(127)
		<u>(44,370)</u>	<u>(856)</u>
Provision for liabilities and charges			
Deferred taxation	1e	-	(199)
Net assets excluding pension liabilities		137,215	136,135
Pension liabilities	25	<u>(83,359)</u>	<u>(98,869)</u>
Net assets after pension liabilities		<u>53,856</u>	<u>37,266</u>
Capital and reserves			
Share capital	16	120	120
Capital reserve	17	3	3
Profit and loss account	17	52,909	36,319
Revaluation reserve	17	<u>824</u>	<u>824</u>
Shareholders' funds	18	<u>53,856</u>	<u>37,266</u>

Approved and authorised for issue by the Board of Directors on 22 October 2010 and signed on its behalf:



P G Dilley
Chairman

The notes on pages 8 to 22 form part of these financial statements.

Balance sheet – Arup Group Ltd excluding its subsidiary undertakings

		2010	2009
		£'000	£'000
	Notes		
Fixed assets			
Tangible assets	8	2,494	2,557
Investment in subsidiary undertakings	9	131,434	53,626
Unlisted investments at cost	10	4	4
		<u>133,932</u>	<u>56,187</u>
Current assets			
Debtors	11	10,209	36,444
Creditors:			
Amounts falling due within one year	13	<u>(62,042)</u>	<u>(60,187)</u>
Net current liabilities		<u>(51,833)</u>	<u>(23,743)</u>
Total assets less current liabilities		<u>82,099</u>	<u>32,444</u>
Creditors:			
Amounts falling due after more than one year			
Mortgage		<u>(43,281)</u>	<u>-</u>
Net assets		<u>38,818</u>	<u>32,444</u>
Capital and reserves			
Share capital	16	120	120
Profit and loss account	17	<u>38,698</u>	<u>32,324</u>
Shareholders' funds		<u>38,818</u>	<u>32,444</u>

Approved and authorised for issue by the Board of Directors on 22 October 2010 and signed on its behalf:



P G Dilley
Chairman

The notes on pages 8 to 22 form part of these financial statements.

Cashflow statement

	2010 £'000	2009 £'000
Notes		
Net cash inflows from operating activities	29,241	64,540
Returns on investment and servicing of finance		
Interest received	1,088	2,107
Interest paid	(645)	(11)
Interest element of finance lease rental payments	-	(25)
Dividends received	-	11
Net cash inflow on investment and servicing of finance	443	2,082
Taxation		
Corporation tax paid	(10,862)	(16,904)
Capital expenditure and financial investment		
Payments to acquire fixed assets	(85,682)	(28,750)
Receipts from sales of fixed assets	434	671
Payments to acquire investments	(95)	-
Receipts from sales of investments	-	-
Net cash outflow on capital expenditure and financial investment	(85,343)	(28,079)
Financing		
Receipts from long term loan	45,000	-
Repayments of long term loan	(1,719)	-
Net cash inflow from financing	43,281	-
(Decrease)/increase in cash	(23,240)	21,639
Reconciliation of net cashflow to movement in net funds	15	
Net funds at 1 April	125,291	103,652
(Decrease)/increase in cash	(23,240)	21,639
Cash inflow from increase in debt financing	(43,281)	-
Movement in net funds in the period	(66,521)	21,639
Net funds at 31 March	58,770	125,291
Notes to the cashflow statement		
Reconciliation of operating profit to net cashflow from operating activities		
Operating profit	91,345	45,924
Depreciation charges	21,450	16,778
Loss/(gain) on foreign exchange	2,378	(8,890)
Loss on disposal of fixed assets	395	111
Difference between pension charge and cash contributions	(93,266)	(8,589)
Decrease/(increase) in debtors	21,559	(37,268)
(Decrease)/increase in creditors	(14,620)	56,474
Net cash inflow from operating activities	29,241	64,540

1 Accounting policies

a) Basis of accounting

The financial statements have been prepared in accordance with all applicable accounting standards under the historical cost convention modified to include the revaluation of freehold properties.

Having considered past year end trading and forecasts and the cash resources available to the Group, the directors are satisfied that it is appropriate to continue to use the going concern assumption.

b) Basis of consolidation

The consolidated financial statements include the Company and all its subsidiary undertakings. Intragroup trading is eliminated within charges from sub-consultants and other direct project costs and communications and other overheads.

c) Turnover

Turnover represents the value of work performed on contracts in the year.

d) Depreciation

Fixed assets are written off over their estimated useful lives on a straight line basis. Provision for depreciation is made on all assets excluding buildings at a rate of 25% per annum on a straight line basis. Freehold buildings are depreciated on a straight line basis at 1% per annum. Expenditure on leasehold properties is written off over the period of the lease.

e) Deferred taxation

In accordance with FRS 19, full provision is made for timing differences at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted at the balance sheet date, in respect of timing differences which have arisen but not reversed at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the accounts, which are not permanent. Deferred tax is measured on a non-discounted basis.

In accordance with FRS 19, no deferred tax has been provided for on revalued amounts, where no binding agreement to sell any property has been entered into prior to the balance sheet date or where the gain on any property contracted to be sold will be rolled over into replacement assets.

Deferred tax assets are only recognised where they arise from timing differences where the recoverability is foreseen with reasonable certainty.

f) Exchange rates

Assets and liabilities in foreign currency have been translated into sterling at year end exchange rates. The trading results of overseas operations have been translated using an average rate for the year.

Exchange differences on the translation of the results of overseas operations together with those on assets and liabilities in foreign currency are taken directly to reserves. All other exchange differences are included in the profit and loss account.

g) Long term contracts

The value of long term contracts is based on recoverable costs plus attributable profit. Cost is defined as technical staff costs and related overheads plus project expenses.

As projects reach stages where it is considered that their outcome can be reasonably foreseen, proportions of the expected total profit are brought into the financial statements. Provision is made for all known and anticipated losses.

For contracts on which turnover exceeds fees rendered, the excess is included as amounts recoverable on contracts (lump sum projects), and as accrued income, (time basis projects), within debtors. For contracts on which fees rendered exceeds turnover, the excess is included as fees in advance, within creditors.

h) Other contracts

Other contracts are mostly time basis contracts which are valued at external charging rates. Profits are taken as services are performed.

i) Pension costs

Contributions to the Group's defined contribution schemes are charged to the profit and loss account when they fall due.

The Group also operated two defined benefit schemes during the year as described in note 25. Under FRS 17, the assets of the defined benefit pension schemes are measured at their fair (market) value at the balance sheet date and compared to the liabilities of the schemes, at the same date, measured on an actuarial basis using the projected unit method. The discount rate used is the rate of return at the balance sheet date on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The extent to which the schemes' assets exceed/fall short of their liabilities is shown as a surplus/deficit in the balance sheet. The surplus/deficit is shown net of deferred taxation.

The increase in the present value of the pension schemes' liabilities arising as a result of employee service in the current period is charged to operating profit. Any increase in the present value of pension schemes' liabilities arising in the current period but as a result of employee service in prior periods is charged to operating profit on a straight line basis over the period in which the increases in benefit vest.

The amount of expected return on the schemes' assets and the increase during the period in the present value of the scheme liabilities arising from scheme liabilities being one year closer to payment are included as other finance income in the profit and loss account.

Management assessed the expected return on plan assets based on a review of past returns and professional advice of the level of future returns.

Actuarial gains and losses are reported in the statement of total recognised gains and losses.

j) Leased assets

Where the Group has entered into finance leases, the obligations to the lessor are shown as part of the borrowings, and the rights to the corresponding assets are treated in the same way as fixed assets. Leases are regarded as finance leases where their terms transfer to the lessee substantially all the benefits and burdens of ownership, other than the legal right to title.

Rentals payable under operating leases are charged to the profit and loss account as incurred.

k) Company profit and loss account

In accordance with the concession quoted under Section 408(3) of the Companies Act 2006, the Company profit and loss account has not been separately presented in these financial statements.

2 Segmental report

2010	2010	2009
£'000	£'000	£'000

Turnover

United Kingdom	298,736	372,550
Asia	157,750	125,765
Australasia	149,903	113,410
Europe	112,880	104,023
Middle East & Africa	102,920	94,055
Americas	67,023	78,991

889,212	888,794
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Profit before taxation

United Kingdom	30,687	19,250
Asia	16,205	6,498
Australasia	15,399	5,860
Europe	11,596	5,375
Middle East & Africa	10,573	4,860
Americas	6,885	4,081
	91,345	45,924

Net interest and other financing income	(6,645)	2,108
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Group profit before taxation	84,700	48,032
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Net assets**Excluding pension liabilities**

United Kingdom	108,356	26,526	(5,708)
Asia	5,809	4,280	9,309
Australasia	3,944	3,944	4,240
Europe	4,430	4,430	2,998
Middle East & Africa	4,161	4,161	6,953
Americas	10,515	10,515	19,474
	137,215	53,856	37,266

The method for allocating the consolidation adjustment is now based on the subsidiaries net asset value not turnover by project location as this is considered to be a more appropriate method of allocation. The comparison data for net assets has been restated so that it is on the same basis as the 2010 data.

3 Staff costs

2010	2009
£'000	£'000

Ordinary staff costs

Salaries	389,969	392,011
Staff profit sharing	19,434	28,581
Social security	31,473	32,788
Pension contributions	19,008	20,039
Redundancy costs	3,651	-
Other staff costs	24,002	28,816
	487,537	502,235

Exceptional staff costs

Curtailment of the pension scheme	(42,300)	-
Past service costs	(38,500)	-
	(80,800)	-

Total staff costs	406,737	502,235
--------------------------	----------------	----------------

The closure of the pension scheme, to which the Group was irrevocably committed at 31 March 2010, and the move from using the Retail Price Index to the Consumer Price Index for calculating deferred pension increases has resulted in two exceptional staff cost gains of £42.3m and £38.5m respectively.

3 Staff costs (continued)**2010****2009****Average number of persons employed by the Group**

	Number	Number
Engineering and technical staff	7,805	8,277
Administrative staff	1,606	1,643
Government site staff	441	426
	9,852	10,346

4 Directors' remuneration**2010****£'000****2009****£'000****Aggregate remuneration:**

Aggregate emoluments paid	4,254	4,086
Aggregate contributions paid to money purchase schemes	93	94

Number of Directors accruing pension benefits under:

	Number	Number
Defined benefit schemes	9	9

Highest paid Director:

	£'000	£'000
Total emoluments excluding contributions paid to pension schemes	427	421
Accrued annual pension from defined benefit scheme as at 31 March	-	59

5 Group operating profit**2010****£'000****2009****£'000****This is stated after charging/(crediting):**

During the year, the Group obtained the following services from the Company's auditor:

Audit of parent company and consolidated accounts	99	99
Fees payable for other services:		
- Audit of the Company's subsidiaries, pursuant to legislation	294	308
- Tax services	216	486
Loss on disposal of fixed assets	395	111
Loss/(profit) on foreign exchange from trading activities	4,322	(15,366)
Research and development costs	14,023	12,599
Operating leases - land & buildings	39,367	28,341
- plant & machinery	957	998

6 Interest payable**2010****£'000****2009****£'000**

Bank interest	578	1
Finance lease interest	-	25
Other interest	67	10
	645	36

7 Taxation

2010	2009
£'000	£'000

a) Analysis of tax charge

The charge for taxation comprises:

UK corporation tax for the year at 28%	3,231	12,137
Less: double tax relief	(6,789)	(6,520)
	<u>(3,558)</u>	<u>5,617</u>
Over provision of UK corporation tax in respect of prior years	(2,992)	(253)
	<u>(6,550)</u>	<u>5,364</u>
Non-UK tax for the current year	9,923	5,712
Under/(over) provision of non-UK tax in respect of prior years	902	(479)
	<u>4,275</u>	<u>10,597</u>
Current tax charge	4,275	10,597
Deferred taxation for the current year	20,745	3,140
Over provision in respect of prior years	(315)	(206)
	<u>24,705</u>	<u>13,531</u>
Total tax charge	24,705	13,531

b) Factors affecting the tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax of 28%.
The differences are explained below:

Profit on ordinary activities before taxation	84,700	48,032
Profit on ordinary activities at the standard rate of corporation tax of 28%	23,716	13,449
Effects of:		
Permanent differences	801	(606)
Timing adjustments	(22,175)	(893)
Adjustments to tax charge in respect of prior years including non-UK tax charge	(2,090)	(732)
Unrelieved losses carried forward	941	7
Non-UK tax in excess of UK tax/(UK tax in excess of non-UK tax)	3,082	(628)
	<u>4,275</u>	<u>10,597</u>
Current tax charge	4,275	10,597

8 Tangible assets - Group**£'000**

	Freehold land & property	Leasehold property	Furniture, fittings & IT	Motor vehicles	Leased motor vehicles	Total
Cost or valuation						
Balance at 1 April 2009	900	41,635	113,657	1,334	298	157,824
Additions during the year	62,891	11,097	11,611	51	32	85,682
Disposals during the year	-	(8,235)	(20,687)	(110)	(36)	(29,068)
Adjustment for exchange differences	-	(450)	2,749	98	29	2,426
Balance at 31 March 2010	63,791	44,047	107,330	1,373	323	216,864
Depreciation						
Balance at 1 April 2009	-	15,739	69,935	797	141	86,612
Charge for the year	693	4,945	15,575	181	56	21,450
Eliminated in respect of disposals	-	(7,747)	(20,365)	(90)	(36)	(28,238)
Adjustment for exchange differences	-	(19)	1,233	45	(5)	1,254
Balance at 31 March 2010	693	12,918	66,378	933	156	81,078
Net book value at 31 March 2010	63,098	31,129	40,952	440	167	135,786
Net book value at 31 March 2009	900	25,896	43,722	537	157	71,212

During the year the Group acquired the freehold of our head office at 13 Fitzroy Street in London.

Revalued assets

As at 31 January 2006 the freehold property then held by the Group was externally valued at £1.25m by Strutt & Parker, International Property Consultants, based on market value, as defined by the RICS Appraisal and Valuations Standards (Red Book) 5th Edition. The freehold property was valued, on an interim basis, on 10 March 2009 at £0.9m by an independent chartered surveyor. Had the freehold property not been revalued the net book value based on original cost would have been £76k.

8 Tangible assets - Company**£'000**

	Leasehold property
Cost or valuation	
Balance at 1 April 2009	3,790
Balance at 31 March 2010	3,790
Depreciation	
Balance at 1 April 2009	1,233
Charge for the year	63
Balance at 31 March 2010	1,296
Net book value at 31 March 2010	2,494
Net book value at 31 March 2009	2,557

Leasehold property

Included in the leasehold property of the Group and Company is long leasehold property at a cost of £3.6m (2009: £3.6m) and accumulated amortisation of £1.1m (2009: £1.1m).

9 Subsidiary undertakings

The companies noted below were all wholly owned by Arup Group Limited at 31 March 2010, unless stated otherwise. The operating companies were all engaged in the same principal activities as the parent company, except for Arup (Luxembourg) Sarl and Arup Property Guernsey Ltd whose principle activity is property holdings.

Direct holdings:	Country of incorporation	Indirect holdings:	Country of incorporation
Arup Americas Inc	USA	Arup Associates Ltd	England & Wales
Arup Botswana Ltd	England & Wales	Arup Canada Inc	Canada
Arup BV	Netherlands	Arup doo	Serbia
Arup China Ltd	Hong Kong	Arup Engineering Design and Consulting Services India Pvt Ltd	India
Arup Consulting Engineers EPE	Greece	Arup Environmental Consultants Pty Ltd	Australia
Arup Corporate Finance Ltd	England & Wales	Arup Gulf Ltd	England & Wales
Arup GmbH	Germany	Arup International Ltd	England & Wales
Arup International Consultants (Shanghai) Co Ltd	China	Arup Ltd	England & Wales
Arup Italia Srl	Italy	Arup New Zealand Ltd	New Zealand
Arup (Luxembourg) Sarl	Luxembourg	Arup North America Ltd	England & Wales
Arup Muhendislik ve Musavirlik LS	Turkey	Arup Pacific Pty Ltd	Australia
Arup Partner Pty Ltd	Australia	Arup Pensions Administration Ltd	England & Wales
Arup Pty Ltd	Australia	Arup Property Guernsey Ltd	Guernsey
Arup Services BV	Netherlands	Arup Services New York Ltd	England & Wales
Arup SIGMA Ltd	Mauritius	Arup Texas Inc	USA
Arup Singapore International Ltd	England & Wales	Arup USA Inc	USA
Arup Singapore Pte Ltd	Singapore	Arup Vietnam Ltd	Vietnam
Fitzroy Insurance Services Ltd	Guernsey	Broomco (1469) Ltd	England & Wales
Ove Arup & Partners Danmark A/S	Denmark	Heathrow Hub Ltd (83% holding)	England & Wales
Ove Arup & Partners Hong Kong Ltd	England & Wales	Heathrow Hub Property Ltd	Guernsey
Ove Arup & Partners International Ltd	England & Wales	OASYS Ltd	England & Wales
Ove Arup & Partners Isle of Man Ltd	Isle of Man	Ove Arup & Partners Detroit Ltd	England & Wales
Ove Arup & Partners Japan Ltd	England & Wales	Ove Arup & Partners Ltd	England & Wales
Ove Arup & Partners Korea Ltd	Republic of Korea	Ove Arup & Partners PC	USA
Ove Arup & Partners Poland Sp z o o	Poland	Ove Arup & Partners Scotland Ltd	Scotland
Ove Arup & Partners SAU	Spain	Rossmore Dempsey & Company Ltd	England & Wales
Ove Arup & Partners Thailand Ltd	England & Wales	Rossmore MCA Ltd	England & Wales
Ove Arup (Thailand) Ltd	Thailand	Rossmore Turner Lombard Ltd	England & Wales
Ove Arup Incorporated	England & Wales		
Ove Arup Partnership Ltd	England & Wales		
Rossmore Group Ltd	England & Wales		

9 Subsidiary undertakings (continued)

£'000

Movement of investment

Cost at 1 April 2009	53,626
Additions	77,808
Cost at 31 March 2010	131,434

10 Unlisted investments at cost

	Country of incorporation
1 Ordinary Share of £1 in Ovarpart Nominee Ltd	England & Wales
100 Ordinary Shares of €1.27 each in Arup Ireland Partner Ltd	Ireland
2 shares of £1 each in The Arup Partnerships Trustees Ltd	England & Wales
4 Ordinary Shares of US\$1 each in Arup Africa Inc	Mauritius
50 Ordinary Shares of 10,000 Riyals each in Arup Iran SSK	Iran
1,250 Ordinary Shares of £1 each in Architecture Today Plc	England & Wales
30,000 Ordinary Shares of 1p each in St Helena Leisure Corporation Ltd	England & Wales

11 Debtors

£'000

	2010		2009	
	Group	Company	Group	Company
Amounts recoverable on contracts	50,882	3,920	44,742	4,518
Trade debtors	145,944	-	171,782	6,419
Amounts owed by Group undertakings	-	5,789	-	25,407
Foreign tax recoverable	6,794	-	6,880	-
Deferred taxation	5,306	-	2,892	-
Corporation tax recoverable	8,743	-	3,447	-
Other debtors	10,094	450	9,628	-
Prepayments and accrued income	39,327	50	41,649	100
	267,090	10,209	281,020	36,444

12 Current asset investments

£'000

	2010		2009	
	Group	Company	Group	Company
Unlisted investment	422	-	282	-

13 Creditors

£'000

	2010		2009	
	Group	Company	Group	Company
Amounts falling due within one year				
Fees in advance	196,470	-	215,719	-
Bank overdraft	51	-	190	-
Trade creditors	21,096	-	17,999	-
Amounts owed to Group undertakings	-	58,226	-	54,952
Amounts due on finance leases within one year	61	-	65	-
Provision for foreign tax	2,862	-	1,539	-
Corporation tax	1,724	1,582	5,081	2,686
Taxation and social security costs	10,135	-	12,040	-
Other creditors	14,153	668	8,836	854
Accruals and deferred income	77,421	1,566	79,566	1,695
	<u>323,973</u>	<u>62,042</u>	<u>341,035</u>	<u>60,187</u>

Amounts falling due after more than one year

	2010		2009	
	Group	Company	Group	Company
Within one year	3,691	3,462	120	-
In two to five years	14,502	13,846	651	-
After five years	26,177	25,973	85	-
	<u>44,370</u>	<u>43,281</u>	<u>856</u>	<u>-</u>

14 Deferred taxation - Group

£'000

	2010		2009	
	Provided	Unprovided	Provided	Unprovided
Timing differences due to accelerated taxation depreciation allowances	2,130	(78)	543	346
Short term timing differences	<u>3,176</u>	<u>233</u>	<u>2,150</u>	<u>308</u>
	<u>5,306</u>	<u>155</u>	<u>2,693</u>	<u>654</u>
Movement of deferred tax provision:				
Balance at 1 April	2,693		2,752	
Under provision of deferred tax in respect of previous years	<u>315</u>		<u>206</u>	
Restated opening balance	<u>3,008</u>		<u>2,958</u>	
Charge for the year	(20,745)		(3,140)	
Less: Deferred tax on Pension Scheme deficit	22,664		2,442	
Exchange rate difference	<u>379</u>		<u>433</u>	
Balance at 31 March	<u>5,306</u>		<u>2,693</u>	
Deferred tax asset	5,306		2,892	
Deferred tax liability	<u>-</u>		<u>(199)</u>	
	<u>5,306</u>		<u>2,693</u>	

15 Analysis of changes in net funds

£'000

	At 1 April 2009	Cashflow	At 31 March 2010
Cash at bank and in hand	125,673	(23,417)	102,256
Overdrafts	(190)	139	(51)
Mortgage	-	(43,281)	(43,281)
	125,483	(66,559)	58,924
Finance leases	(192)	38	(154)
	<u>125,291</u>	<u>(66,521)</u>	<u>58,770</u>

16 Share capital2010
£'0002009
£'000**Group and Company****Issued, called up and fully paid:**

65 voting shares of £1 each	-	-
120,000 equity shares of £1 each	120	120
	<u>120</u>	<u>120</u>

17 Reserves

£'000

	Capital reserve	Group Property revaluation	Profit and loss account	Company Profit and loss account
Balance at 1 April 2009	3	824	36,319	32,324
Retained profit for the financial year	-	-	59,995	6,374
Actuarial losses recognised in the pension schemes	-	-	(65,287)	-
Deferred tax asset movements related to the actuarial losses	-	-	18,300	-
Exchange translation differences	-	-	3,582	-
	<u>3</u>	<u>824</u>	<u>52,909</u>	<u>38,698</u>
Balance at 31 March 2010	3	824	52,909	38,698
Profit and loss reserve excluding pension liabilities			136,268	
Pension liabilities			(83,359)	
Profit and loss reserve			<u>52,909</u>	

18 Reconciliation of movements in shareholders' funds - Group

	2010 £'000	2009 £'000
Balance at 1 April	37,266	73,007
Revaluation reserve	-	(350)
Retained profit for the financial year	59,995	34,501
Exchange translation difference	3,582	(2,455)
Actuarial loss recognised in the pension scheme	(65,287)	(92,323)
Deferred tax asset movement related to the actuarial gain	18,300	24,886
Closing shareholders' funds	53,856	37,266
Shareholders' funds excluding pension scheme liabilities	137,215	136,135
Pension scheme liabilities	(83,359)	(98,869)
Closing shareholders' funds	53,856	37,266

19 Trust monies

The Group operates a number of bank accounts which are maintained in the name of Group companies in Australia on behalf of third party clients. These accounts are not available to meet any liabilities of the Group and are therefore excluded from the consolidated balance sheet. The total of such accounts at 31 March 2010 was £6.4m (2009: £8.9m).

20 Contingent liabilities

The Company has guaranteed bond support facilities granted to other companies in the Group. The guarantee is supported by a secured debenture dated 28 September 2009. No borrowings were outstanding as at 31 March 2010.

21 Capital commitments

£'000

	2010		2009	
	Group	Company	Group	Company
Contracted for	540	-	229	-

22 Other financial commitments

£'000

The Group and Company have the following annual property leasing commitments, at the year end, in respect of leases expiring as follows:

	2010		2009	
	Group	Company	Group	Company
Within one year	2,804	-	4,679	-
In two to five years	13,847	-	12,145	-
After five years	22,275	-	18,457	-

23 Ultimate controlling party

Arup Group Ltd is owned by the Ove Arup Partnership Employee Trust, the Ove Arup Partnership Charitable Trust and the Arup Service Trust.

24 Related party transactions

The Company and its wholly owned subsidiaries transact with each other in the normal course of business. These transactions are not disclosed, in accordance with FRS 8 paragraph 3, as the transactions and balances between Group entities have been eliminated on consolidation.

25 Pension commitments

During the year, the Group operated two defined benefit retirement schemes for employees, one UK registered and one Hong Kong registered.

UK Registered Scheme

During the year, the Group operated a UK registered, contributory, defined benefit retirement scheme for employees. Contributions to the scheme have been made in accordance with the advice of independent qualified actuaries on the basis of triennial valuations.

The most recent valuation was at 31 March 2007 using the projected unit method. The actuarial valuation of the scheme's assets at 31 March 2007 on an ongoing basis represented 92% of the actuarially calculated liabilities for benefits that had accrued to members and the scheme's assets had a market value of £463.5m at that date. The most significant assumptions made by the actuary in carrying out this valuation were the discount rate of 5.8% and the consumer price inflation of 2.9% pa.

There was an employer's contribution for the year to 31 March 2010 of £16.5m (2009: £17.3m). No special employer's contribution was made during the year to 31 March 2010 (2009: £Nil).

The next actuarial valuation is being carried out as at 31 March 2010 but the results will not be available until December 2010 at the earliest. The valuation position of this scheme was reassessed at 31 March 2010 by a qualified independent actuary for the purposes of the financial reporting standard FRS 17.

On 31 March 2010, the scheme was closed to new members. With effect from 30 June 2010 the future accrual of benefits for existing members ceased. A new pension arrangement on a defined contribution basis was opened on 1 July 2010.

Hong Kong Registered Scheme

The Group operates a defined benefit scheme in Hong Kong. Contributions to the scheme are made in accordance with the advice of independent qualified actuaries on the basis of regular actuarial valuations.

The most recent valuation was at 1 April 2008 using the attained age method. The actuarial valuation of the scheme's assets at 1 April 2008 on an ongoing basis represented 120% of the liabilities that had accrued to members and had a market value of approximately £22 million at that date. The most significant assumption made by the actuary in carrying out this valuation was that the investment return would be 6% per year.

There was an employer's contribution for the year to 31 March 2010 of £2,261k (2009: £1,905k).

The next actuarial valuation will be carried out as at 1 April 2011.

25 Pension commitments (continued)**Assets in the scheme and the expected rates of return at 31 March:**

		Long term rate of return expected			
		UK	Hong Kong		
	2010	2009	2010	2009	
Equities and property	8.50%	8.00%	8.80%	8.00%	
Bonds and cash including net current assets	4.60%	5.00%	3.30%	5.00%	

	Value of assets in the schemes			
	UK	Hong Kong		
	2010	2009	2010	2009
	£'m	£'m	£'m	£'m
Equities and property	303.9	303.4	23.2	15.0
Bonds and cash including net current assets	190.9	56.5	5.6	5.5
Total market value of assets	494.8	359.9	28.8	20.5
Present value of defined benefit obligation	(608.5)	(492.0)	(31.0)	(24.0)
Deficit in the scheme	(113.7)	(132.1)	(2.2)	(3.5)
Less: Related deferred tax asset/(liability) at 28%	31.8	37.0	0.6	(0.2)
Net scheme liability	(81.9)	(95.1)	(1.6)	(3.7)

Major categories of scheme assets as a percentage of total scheme assets:

		UK	Hong Kong	
		2009	2010	2009
Equities and property	61%	84%	81%	73%
Bonds and cash including net current assets	39%	16%	19%	27%
	100%	100%	100%	100%

Amounts recognised in the profit and loss account:

		UK	Hong Kong	
		2009	2010	2009
	£'m	£'m	£'m	£'m
Current service cost	(5.8)	(8.8)	(1.8)	(1.6)
Interest on obligation	(34.3)	(34.9)	(1.6)	(1.4)
Expected return on plan assets	27.3	34.3	1.5	2.0
Past service costs	38.5	-	-	-
Gain on curtailments and settlements	42.3	-	-	-
Net charge	68.0	(9.4)	(1.9)	(1.0)

25 Pension commitments (continued)**Movement of deficit during the year**

	UK		Hong Kong	
	2010	2009	2010	2009
	£'m	£'m	£'m	£'m
(Deficit)/surplus in scheme at 1 April	(132.1)	(58.1)	(3.5)	5.7
Movement in the year:				
Current service cost	(5.8)	(8.8)	(1.8)	(1.6)
Employer's contributions	16.5	17.3	2.3	1.9
Past service costs	38.5	-	-	-
Interest cost	(34.3)	(34.9)	(1.6)	(1.4)
Expected return on scheme assets	27.3	34.3	1.5	2.0
Actuarial (loss)/gain	(66.0)	(81.9)	0.7	(10.4)
Curtailments and settlements	42.3	-	-	-
Adjustment for exchange difference	-	-	0.2	0.3
Deficit in scheme at 31 March	(113.7)	(132.1)	(2.2)	(3.5)

The closure of the pension scheme and the move from RPI to CPI valuation were the main factors contributing to the decrease in the UK scheme deficit in the year.

	UK		Hong Kong	
	2010	2009	2010	2009
	£'m	£'m	£'m	£'m
Reconciliation of the present value of the defined benefit obligation:				
Present value of defined benefit obligation at 1 April	492.0	511.8	24.0	16.4
Current service cost	5.8	8.8	1.8	1.6
Interest cost	34.3	34.9	1.6	1.4
Members' contributions	8.3	8.8	-	-
Actuarial loss/(gain) on scheme liabilities	167.8	(56.3)	5.5	(0.4)
Benefits paid	(18.9)	(16.0)	(1.3)	(1.7)
Past service costs	(38.5)	-	-	-
Curtailments and settlements	(42.3)	-	-	-
Adjustment for exchange difference	-	-	(0.6)	6.7
Present value of defined benefit obligation at 31 March	608.5	492.0	31.0	24.0
Reconciliation of fair value of scheme assets:				
Fair value of scheme assets at 1 April	359.9	453.7	20.5	22.1
Expected return on scheme assets	27.3	34.3	1.5	2.0
Actuarial loss on scheme assets	101.8	(138.2)	6.2	(10.8)
Adjustment for exchange difference	-	-	(0.4)	7.0
Actual return on scheme assets	129.1	(103.9)	7.3	(1.8)
Employer contributions	16.5	17.3	2.3	1.9
Members' contributions	8.3	8.8	-	-
Benefits paid	(18.9)	(16.0)	(1.3)	(1.7)
Fair value of scheme assets at 31 March	494.8	359.9	28.8	20.5

25 Pension commitments (continued)

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	UK		Hong Kong	
	2010	2009	2010	2009
At 31 March				
Future average rate of increase in salaries	N/A	3.8%	4.5%	4.5%
Future average rate of increase for pensions in payment and deferred pensions	2.9%	2.8%	N/A	N/A
Future average rate used to discount liabilities	5.8%	7.0%	4.9%	7.0%
Retail price inflation	3.6%	2.8%	3.0%	3.0%
Consumer price inflation	2.9%	N/A	N/A	N/A
Pension increases:				
- Pre 88 Guaranteed Minimum Pension	0.0%	0.0%	N/A	N/A
- Post 88 Guaranteed Minimum Pension	2.4%	2.3%	N/A	N/A
- NGMP accrued before 01/10/2006 (5%LPI)	3.4%	2.8%	N/A	N/A
- Pension accrued after 31/09/2006 (2.5%LPI)	2.3%	2.0%	N/A	N/A

NGMP – Non Guaranteed Minimum Pension

LPI – Limited Price Indexation

Mortality 2010 & 2009	UK		Hong Kong	
	PNA00 birth year mortality tables using the 92 series medium cohort projections, allowing for minimum improvements in mortality of 1% pa.		Mortality (%) Hong Kong Life Table 2001	
			Male %	Female %
		Age		
		25	0.062	0.024
		30	0.070	0.030
		35	0.083	0.042
		40	0.127	0.070
		45	0.205	0.112
		50	0.332	0.172
		55	0.557	0.270
		60	0.907	0.409

Cash commutation 2010 & 2009	UK		Hong Kong	
	30% of members' pensions assumed to be taken as cash.		N/A	

Assumed life expectations on retirement at age 65 for the UK and age 60 for Hong Kong:

		UK		Hong Kong	
		2010	2009	2010	2009
		Number of Years		Number of Years	
Retiring today	Males	22.4	22.3	21.4	21.4
	Females	24.8	24.7	25.9	25.9
Retiring in 20 years	Males	24.3	24.2	21.4	21.4
	Females	26.7	26.6	25.9	25.9

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions.

25 Pension commitments (continued)**UK Registered Scheme****History of experience gains and losses**

	2010	2009	2008	2007	2006
	£'m	£'m	£'m	£'m	£'m
Defined benefit obligation	(608.5)	(492.0)	(511.8)	(538.5)	(504.4)
Scheme assets	494.8	359.9	453.7	463.6	405.2
Scheme deficit	<u>(113.7)</u>	<u>(132.1)</u>	<u>(58.1)</u>	<u>(74.9)</u>	<u>(99.2)</u>
Experience adjustments on plan liabilities	12.4	11.9	(5.0)	(20.6)	(11.2)
Experience adjustments on plan assets	101.8	(138.2)	(54.3)	5.4	54.5

Hong Kong Registered Scheme**History of experience gains and losses**

	2010	2009	2008	2007	2006
	£'m	£'m	£'m	£'m	£'m
Defined benefit obligation	(31.0)	(24.0)	(16.4)	(17.1)	(18.0)
Scheme assets	28.8	20.5	22.1	20.9	19.7
Scheme (deficit)/surplus	<u>(2.2)</u>	<u>(3.5)</u>	<u>5.7</u>	<u>3.8</u>	<u>1.7</u>
Experience adjustments on plan liabilities	-	-	-	-	-
Experience adjustments on plan assets	6.2	(10.8)	(0.5)	1.5	1.3

Estimated contributions

The employer's best estimate of contributions to be paid to the defined benefit schemes next year are:

	UK	Hong Kong
	£'m	£'m
Employer	9.0	2.2
Employees	<u>2.0</u>	<u>-</u>
	<u>11.0</u>	<u>2.2</u>

Defined contribution schemes

The Company has also made payments to defined contribution schemes of £11.8m (2009: £9.9m).

Arup Group

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United National Global Compact:
Communications on Progress 2011

Attachment:

- Diversity and Inclusion Code of Practice

Diversity and Inclusion: Code of Practice

CODE OF PRACTICE

As a global organisation, we recognise and respect each others' differences and strive to build a working environment where our different values and perspectives are actively harnessed to create the best solutions for our equally diverse client base.

We will work to ensure that everyone feels their contribution is valued and their successes are celebrated through our processes and through our training and development.

The diversity and inclusiveness of our workforce is supported by our ethics on Sustainability and Human Rights.

Our employment and recruitment practices will adhere to, and strive to exceed, local legislation wherever we work in the world.

Arup's principles of Diversity and Inclusion extend to our clients, our suppliers and all those with whom we choose to work.

Purpose

Arup recognises that to produce work of high quality, to maintain our reputation for innovation and creativity and to understand and delight our clients we need to fully embrace the skills, talents and knowledge that only a diverse workforce can deliver.

Effective Date

1 January 2009

Applicability

All employees working for Arup worldwide, our applicants and all those with whom we have contact with through our working lives.

United National Global Compact:
Communications on Progress 2011

Attachment:

- Grievance Code of Practice

Grievance : code of practice

Purpose

The purpose of a grievance code of practice is to assist the employee in seeking fair, unbiased redress of an employment-related issue. It provides an explicit framework in which employment-related problems can be discussed and addressed. It does not apply to matters related to the outcome of disciplinary action, as there is a separate procedure for this.

CODE OF PRACTICE

Arup believes that all its members should have the opportunity to discuss any matter of concern with the person to whom they report. In most cases employment related matters are likely to be resolved informally in this way. If, however, the outcome of informal discussions is unsatisfactory then the issue can be addressed through the grievance procedure.

Effective date

1 May 2001

Applicability

All employees working for Arup worldwide.

United National Global Compact:
Communications on Progress 2011

Attachment:

- Sustainable Procurement Vision Statement



SUSTAINABLE PROCUREMENT VISION STATEMENT

Our vision for Sustainable Procurement is as follows:

Arup will improve the environmental, social and ethical performance of its own business by addressing these areas in the procurement of its goods and services. We will use our influence, wherever possible, to improve procurement performance throughout the supply chain.

We will only consume the goods and services that we require and avoid over consumption. We will also use them more wisely and consider their end of life to improve their performance over their lifetime. Those goods and services that we must procure will, overall, have higher environmental, social and ethical supply chain standards.

Arup's approach to sustainable procurement is built on the following:

- Environmental Management
- Supplier Equality and Diversity
- Support of Fair Practices in our Supply Base
- Ethical Trading
- Promoting Fair Employment Practices
- Community Benefits

We will work internally to promote behaviours that reduce over consumption and promote the wise use of goods and services. We will work closely with many of our first tier suppliers to effect improvement, but recognise that some of the greatest impacts will arise further along our supply chain. We will therefore seek to influence the performance of our supply chain by encouraging our suppliers to adopt sustainable behaviour.

Employees and suppliers are encouraged to suggest innovative approaches to promoting environmental, social and ethical aspects of sustainability within the total process, in procuring the goods, writing and responding to tenders, and throughout the life of contracts and the goods and services procured.

This vision will be communicated to our employees as well as current and prospective suppliers.

A handwritten signature in black ink, appearing to read 'Dick Lee', is written over a horizontal line.

Dick Lee
Chair of Facilities Executive
July 2009

United National Global Compact:
Communications on Progress 2011

Attachment:

- Sustainability Policy



Sustainability Policy Statement

Mission

To shape a better world

Objectives

The firm will implement practices that promote economic security, social betterment and environmental stewardship and will strive for continuous improvement of performance in these areas.

To deliver this, the firm aims to:

- set a sustainability strategy for the firm;
- be a leader in sustainable development in areas relevant to its business;
- work with its clients to pursue, promote and develop sustainable business outcomes;
- promote sustainable practices;
- use its skills and influence to improve the built environment and to maintain the integrity and quality of the natural and cultural environments;
- hold its performance accountable to its staff through objective measurements;
- report on its sustainability performance and achievements; and
- operate within a management system that is registered as meeting the requirements of ISO 14001.

Outcomes

In meeting these objectives, the firm will:

For its core business

- comply with legal and other requirements that relate to its environmental aspects;
- provide value to clients by building upon its reputation for integrated design and a holistic approach to projects;
- deliver projects recognised for their sustainability credentials, in line with client expectations;
- evaluate projects with respect to their sustainability risks and opportunities and, where appropriate, work with the client to deliver a more sustainable outcome; and

- achieve performance that ensures the firm's economic, environmental and financial viability.

For its people

- employ and retain staff who have a high degree of awareness and expertise in sustainability for all disciplines practised;
- provide ongoing education and training for all staff on sustainability issues relevant to the firm's business; and
- support innovative approaches to the implementation of sustainability strategies on projects.

For its facilities

- endeavour to prevent pollution;
- aim to use resources efficiently and to minimise waste, usage of water, energy and other consumables;
- implement a strategy to move towards minimising carbon emissions in its operations; and
- implement a strategy for the firm to move towards sustainable procurement of the goods and services used in its operations.

For its external relationships

- engage with organisations that practise sustainability and that enable the exchange of ideas and the promotion of sustainability leadership across its businesses; and
- implement a strategy to work on community projects that achieve sustainability goals.

David Singleton

Arup Group Sustainability Director
17 September 2009

United National Global Compact:
Communications on Progress 2011

Attachment:

- Ethics Global Code of Practice and Procedure

Ethics : global procedure

1 Introduction

The ethical values of integrity, openness and fairness apply to all the activities of a company. It is important not only to have standards, but also to demonstrate to clients, and under possible media scrutiny, that such standards are being met; there is considerable reputational risk associated with ethical failures at a time when anti-corruption issues are high on the media and wider business agenda. The construction sector has been identified as one of the most vulnerable, and global companies that are exposed to diverse local business practices are particularly at risk.

The Board accepts responsibility to see that the values, principles and standards of business conduct underpinning how Arup operates are established and applied globally and in accordance with the Ethical Standards Policy has nominated a member of the Arup Group Board to be responsible for ethical business practices.

This code of practice is intended to provide guidance on acceptable business practice to ensure that these values, principles and standards, are being met. Our behaviour will be judged against these standards.

2 Financial inducements

- Arup will not, in any circumstances make or offer to make a payment or transfer anything of value for the purposes of improperly obtaining or retaining business or any other improper business advantage.
- Arup does not permit 'facilitation' payments (payments made to expedite or guarantee government services that we are legally entitled to e.g. connection of water, customs clearances) as these are prohibited in most countries. The only circumstances in which a facilitating payment should be authorised is where there is a real risk to your health and/or safety, or that of a third party, if such a payment is not made. In such event the payment should be reported so that actions can be taken as appropriate.

3 Using third parties (including agents) or working in a Joint Venture

- Arup commits to undertaking appropriate due diligence on all agents and joint venture partners, and where appropriate, sub consultants that we work with.
- If we are required to use agents or representatives in particular countries these must they must have a clearly defined scope of service and agree to abide by the applicable laws and the terms of this policy as we may be liable for any financial inducements that our agent makes, or offers to make.
- Any agency or joint venture agreements that we enter into should require the partners to comply with all applicable anti-bribery laws and to comply with this policy.
- Arup should reserve the right under any such agency or joint venture agreements to terminate the arrangements if there is a breach of any applicable laws or of this policy.

4 Gifts & Entertainment

- You should exercise discretion in accepting or offering gifts or hospitality and in determining whether it is appropriate you should ensure you are aware of the circumstances and implications of the offer.

- Gifts and entertainment may be perceived as a financial inducement and should never be offered or accepted where the purpose is to gain an improper business advantage.
- Wherever possible, gifts from clients should be shared within the group that has been involved in the project.
- The following should be considered when determining if it is appropriate to accept or offer a gift or entertainment:
 - Any gifts or entertainment should be of a modest value, occur occasionally and be appropriate in all the circumstances. If you would feel embarrassed that colleagues or anyone outside of Arup knew about the gift, it is likely to be inappropriate.
 - The purpose of the hospitality must have a legitimate business purpose. It is not acceptable to accept hospitality if our business contact will not be present, and vice versa.
 - It is important to consider if the recipient is allowed to accept gifts, government officials and public bodies may be unable to do so.
 - As a general rule, we should only offer as gifts and entertainment what we would be comfortable to accept; and vice versa
 - There are some gifts and entertainment which cannot be accepted without prior approval from your Group Leader; these include, but are not limited to money; hospitality that lasts more than one day and that involves meals and/or travel being paid for.

5 Competition

- Competition, however fierce, should always be undertaken honestly and fairly.
- You must not use improper means to obtain information about our competitors.

6 Confidentiality

- Information that is not in the public domain or that may be regarded as confidential in relation to Arup's business or concerning any other organisation with which you, in the course of your work have had business dealings, must be kept confidential.
- You are reminded that there are laws in many countries that prohibit the use of confidential or unpublished information for insider trading on the stock market

7 Conduct & performance at work

- You are expected to apply due skill, care and diligence in the services that you provide for clients. You should, at all times, work to the best of your ability.
- It is your personal responsibility to acquaint yourself with the legal standards and restrictions that are applicable to the location in which you are working any to comply with these in all respects.
- Many of the professional bodies of which staff are members have ethical standards or Codes of Ethics that we individually, and corporately, must adhere to.
- If you are responsible for supervising others in Arup you should:
 - Promote ethical behaviour and compliance with the policy
 - Monitor compliance with the policy and enforce it as is necessary
 - Support employees who ask questions or raise concerns in good faith

8 Client activities

- If you are reasonably concerned about the ethical aspects of a particular project, you will be allowed to decline involvement following appropriate consultation and agreement with your group leader
- If you are reasonably concerned about ethical aspects of a client's activities, you will be allowed to withdraw from working with that client after appropriate consultation and agreement with your Group Leader and the approval of the Region Chair.

9 Conflicts of interest

- You must not allow your private interests to influence your business judgment or decision making on behalf of Arup.
- Arup does not prohibit employees from owning shares in any of our client, partners, contractor's or competitor's businesses but it is essential that these business dealings do not raise a conflict of interest or give the appearance of doing so and you must comply with insider trading legislation at all times.
- Arup employees may be asked to serve on the board of directors of another organization. Where this is a commercial organization, approval by the Group Chair is required before such a post may be accepted.
- Executorships, trusteeships or other outside interests may cause concerns in respect of time and commitment, financial exposure and reputation and as such approval by the Group Chair is required before such a post may be accepted.
- Jobs/affiliations of close relatives may give rise to the appearance of a conflict of interest and this should be taken into account.
- The conflict of interest policy can be found at:
http://essentials.intranet.arup.com/policies_guidelines/policystatements/conflict_of_interest.cfm

10 Political contributions

- Arup funds or facilities may not be used to make political contributions to any organisation or candidate for public office. You are not restricted from contributing financially, from your own funds, to political campaigns from participating, in your own time, in political campaigns.

11 Asking questions & raising concerns

- Arup encourages all staff to discuss any queries or concerns that relate to ethical business practices.
- If you have a concern or suspect that a breach of this policy has occurred or may occur, you have a duty to report these concerns.
- You may report suspected breaches of this policy anonymously, although you are encouraged to identify yourself so that a full investigation is possible. Investigation may not be possible or effective where reports are anonymous. Arup will conduct any investigations sensitively and will take all reasonable steps to keep your identity confidential but in some cases disclosure will be unavoidable.
- All potential breaches of this policy that are reported in good faith will be investigated responsibly.
- Arup will not tolerate any form of retaliation against individuals who report, in good faith, breaches or potential breaches of this policy.
- If you would like to ask a question or to report a suspected breach, you should:
 - Direct all queries are directed through your Group Leader in the first instance.

- Where this is not possible or appropriate, employees may choose to contact the nominated member of the Arup Group Board

12 Disciplinary procedure for breach

Failure to comply with the spirit or letter of this policy may result in significant reputational damage to Arup and breaches of the law, of any country, is a serious matter which may subject Arup and/or individual employees to civil and criminal penalties.

In addition to the above, where individuals are in breach of the terms of their contract of employment they may be subject to disciplinary action, up to and including termination.

Approved by Group Board, January 2010

United National Global Compact:
Communications on Progress 2011

Attachment:

- Global Conduct and Performance Code of Practice

Conduct & Performance : code of practice

Purpose

Arup maintains a Conduct & Performance code of practice to uphold the professional standards expected from all its members. The code of practice provides a framework for guidance to members of the firm whose conduct and/or performance does not fulfil the firm's expectations. It also provides guidance to members who manage such issues.

The aim of the supporting disciplinary procedure is to provide a uniform, fair and responsive means of addressing issues of unsatisfactory conduct and/or performance.

CODE OF PRACTICE

All members of Arup are expected to act in a professional and competent manner in all aspects of their work. In support of this, the firm's role shall, wherever practicable, be to give advice and guidance in accordance with its disciplinary procedure.

Effective date

1 May 2001

Applicability

All employees working for Arup worldwide (but see also section 1 for further details).

United National Global Compact:
Communication on Progress 2011

Attachment:

- Financial Statements 2010

Financial Statements 2010

Ove Arup & Partners International Ltd



ARUP

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Directors' report

The directors present their report together with the financial statements for the year ended 31 March 2010 which were approved by the Board of Directors on 27 September 2010.

The capital of the ultimate parent company is divided into equity shares, which are held in trust for the benefit of the employees (past and present) of the Group, and voting shares that are held by the Ove Arup Partnership Charitable Trust.

Principal activity

The Company practices in the field of consulting engineering services, in architecture and in other related professional skills, principally in the United Kingdom and Continental Europe.

The Company operates significant branches in Russia, Poland, Romania and Ireland.

Review of the business and future developments

During the year the Company's turnover decreased by 8.6% (2009: increased by 11.4%) and the Company made a total profit before tax and staff profit share of £85m (2009: £43.8m).

The performance developments of the Company are in line with the expectations of the directors.

The directors draw attention to the following matters that have had an impact on the reported performance in the current year:

- The results include the defined benefit pension scheme liabilities as calculated under FRS 17. This has brought net liabilities onto the balance sheet of £81.8m (2009: £95.1m).
- The closure of the pension scheme and the move from RPI to CPI valuation resulted in two exceptional credits to the profit and loss account of £42.3m and £38.5m.

The principal area of risk and operating uncertainty for the business is its ability to continue to secure new projects and deliver the performance of existing projects in line with management's objectives. To monitor these, the directors use the following financial key performance indicators (KPIs):

- Turnover and profit per person is a financial KPI used to monitor the continued contribution to the Company. In calculating this measure profit is stated before tax and staff profit share. For the year ended 31 March 2010, turnover per person was £100k (2009: £95k) and profit per person was £19k (2009: £9k).
- Staff turnover is a key non-financial measure of business performance. During the year to 31 March 2010, staff turnover was 15% (2009: 6.8%).

Directors and their interests

The directors of Ove Arup & Partners International Limited during the year and up to the date of signing this report, were as follows:

J Baster* (Appointed 01/05/10)

A J Belfield*

A K C Chan* (Appointed 01/04/09)

P G Dilley*

T M Hill

L J Lovell (Resigned 30/11/09)

A R M Marcetteau

J C Miles*

D J Singleton* (Resigned 31/07/10)

J G Turzynski (Appointed 01/04/09)

D A Whittleton*

No director has an interest in the shares of the Company (or any other member of the Group) other than through their interest as an employee of the Group in the employee trusts which own the equity shares of the ultimate parent company.

All directors marked with an * were also Directors of Arup Group Limited at 31 March 2010.

Auditors

At the next general meeting of Ove Arup & Partners International Limited, a resolution will be proposed to appoint PricewaterhouseCoopers LLP for the year ending 31 March 2011 as the Company's auditors. A thorough audit tender process was undertaken, considering industry knowledge, audit quality and cost efficiency.

Directors' report (continued)

Charitable donations

Charitable donations during the year amounted to £372k (2009: £449k).

Employees

The maintenance of a highly skilled workforce is key to the future of the Company. Health and safety matters are regularly reviewed by the Directors and it is their policy to ensure that:

- full and fair consideration is given to all applications for employment made by disabled persons, having regard to their capabilities;
- when existing employees become disabled (whether from illness or accident) every reasonable effort is made to continue to provide suitable employment either in the same job, or by training, in an alternative job; and
- disabled persons are given equal consideration for training, career development and opportunities for promotion within the Company.

The Company is active in the field of employee communications and employees are encouraged to express their views on major policy issues. Each year, employees are provided with a Chairman's Report and financial information.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements for each financial year in accordance with applicable laws and regulations.

The directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- make judgements and estimates that are reasonable and prudent;

- select suitable accounting policies and then apply them consistently;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Audit

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and the directors have taken all steps that ought to have been taken as directors, in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By Order of the Board



M S Tweedie
Company Secretary

27 September 2010
Registered Office:
13 Fitzroy Street, London W1T 4BQ

Independent auditors' report

We have audited the financial statements of Ove Arup & Partners International Limited for the year ended 31 March 2010 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes numbered 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's shareholders, as a body, in accordance with Sections 495 to 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2010 and its profit for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

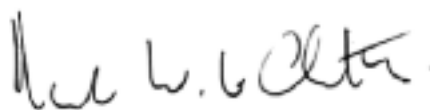
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



David Chitty (Senior Statutory Auditor)
for and on behalf of Crowe Clark Whitehill LLP,
Statutory Auditor
Chartered Accountants
London
13 October 2010

Profit and loss account		2010	2009
		£'000	£'000
	Notes		
Turnover	1b & 2	445,008	486,779
Staff costs	3	(235,575)	(276,130)
Exceptional staff costs	3	80,800	-
Other operating charges			
Charges from sub-consultants and other direct project costs		(115,003)	(113,431)
Accommodation		(32,899)	(32,580)
Depreciation	8	(10,672)	(8,955)
Communications and other overheads		(52,012)	(28,824)
Provision against balance due from Group undertakings		2,719	914
		(207,867)	(182,876)
Operating costs		(362,642)	(459,006)
Operating profit	5	82,366	27,773
Interest receivable		545	804
Interest payable	6	(87)	-
Other finance charges		(7,000)	(600)
Profit on ordinary activities before taxation		75,824	27,977
Taxation on ordinary activities	7	(20,063)	(5,484)
Profit for the financial year	14 & 15	55,761	22,493

Statement of total recognised gains and losses		2010	2009
		£'000	£'000
Profit for the financial year	14 & 15	55,761	22,493
Exchange translation losses	14 & 15	(148)	(3,341)
Actuarial loss recognised in the pension scheme	20	(66,000)	(81,900)
Deferred tax asset movement related to the actuarial loss		18,500	22,900
Total gains/(losses) recognised since last annual report		8,113	(39,848)

The notes on pages 6 to 15 form part of these financial statements.

Balance sheet		2010	2009
		£'000	£'000
	Notes		
Fixed assets			
Tangible assets	8	39,809	34,935
Investments in subsidiary undertakings	9	25,352	10,352
		65,161	45,287
Current assets			
Debtors	10	198,714	210,202
Cash at bank and in hand		12,668	37,608
		211,382	247,810
Creditors:			
Amounts falling due within one year	11	(169,835)	(196,202)
Net current assets		41,547	51,608
Total assets less current liabilities		106,708	96,895
Net assets excluding pension liabilities		106,708	96,895
Pension liability	20	(81,830)	(95,130)
Net assets after pension liabilities		24,878	1,765
Capital and reserves			
Share capital	13	45,000	30,000
Profit and loss reserve	14	(20,122)	(28,235)
Shareholders' funds	15	24,878	1,765

Approved and authorised by the Board of Directors on 27 September 2010 and signed on its behalf:



A R M Marcetteau,
Director

The notes on pages 6 to 15 form part of these financial statements.

1 Accounting policies

a) Basis of accounting

The financial statements are prepared under the historical cost convention, in accordance with applicable accounting standards and on the going concern basis.

Having considered post year end trading and forecasts and the cash resources available to the Company, the directors are satisfied that it is appropriate to continue to use the going concern assumption.

The accounts present information about the Company as an individual entity and not about its Group. As the Company and its subsidiaries are included in the publicly available consolidated accounts of its parent company it is exempt from the requirement to produce Group accounts.

b) Turnover

Turnover represents the value of work performed on contracts in the year.

c) Depreciation

Fixed assets are written off over their estimated useful lives on a straight line basis. Provision for depreciation is made on all assets excluding leasehold properties, at a rate of 25% per annum on a straight line basis. Expenditure on leasehold properties is written off over the period of the lease.

d) Deferred taxation

In accordance with FRS 19, full provision is made for timing differences at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted at the balance sheet date, in respect of timing differences which have arisen but not reversed at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the accounts, which are not permanent. Deferred tax is measured on a non-discounted basis.

No deferred tax has been provided for on any gain arising from the sales of any assets where the taxable gain has been, or will be, rolled over to replacement assets.

Deferred tax assets are only recognised where they arise from timing differences where the recoverability is foreseen with reasonable certainty.

e) Exchange rates

Assets and liabilities in foreign currency have been translated into sterling at year end exchange rates. The trading results of overseas operations have been translated using an average rate for the year.

Exchange differences on the translation of the results of overseas operations together with those on assets and liabilities in foreign currency are taken directly to reserves. All other exchange differences are included in the profit and loss account.

f) Long term contracts

The value of long term contracts is based on recoverable costs plus attributable profit. Cost is defined as technical staff costs and related overheads plus project expenses.

As projects reach stages where it is considered that their outcome can be reasonably foreseen, proportions of the expected total profit are brought into the financial statements. Provision is made for all known and anticipated losses.

For contracts on which turnover exceeds fees rendered, the excess is included as amounts recoverable on contracts on lump sum projects, and as accrued income, on time basis projects, within debtors. For contracts on which fees rendered exceed turnover, the excess is included as fees in advance, within creditors.

g) Other contracts

Other contracts are mostly time basis contracts which are valued at external charging rates. Profits are taken as services are performed.

h) Research and development

All research and development cost is expensed in the year incurred.

i) Pension costs

Contributions to the Company's defined contribution scheme are charged to the profit and loss account when they fall due.

The Company also operated a defined benefit scheme during the year as described in note 20. Under FRS 17 the assets of the defined benefit pension scheme are measured at their fair (market) value at the balance sheet date and compared to the liabilities of the scheme, at the same date, measured on an actuarial basis using the projected unit method. The discount rate used is the rate of return at the balance sheet date on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The extent to which the scheme's assets exceed/fall short of their liabilities is shown as a surplus/deficit in the balance sheet. The surplus/deficit is shown net of deferred taxation.

The increase in the present value of pension scheme liabilities arising as a result of employee service in the current period is charged to operating profit. Any increase in the present value of pension scheme liabilities arising in the current period but as a result of employee service in prior periods is charged to operating profit on a straight line basis over the period in which the increases in benefit vest.

The amount of expected return on the schemes' assets and the increase during the period in the present value of the scheme liabilities arising from scheme liabilities being one year closer to payment are included as other finance income in the profit and loss account.

Actuarial gains and losses are reported in the statement of total recognised gains and losses.

Management assessed the expected return on scheme assets based on a review of past returns and professional advice of the level of future returns.

j) Leased assets

Rentals payable under operating leases are charged to the profit and loss account as incurred.

Benefits received and receivable as an incentive to sign an operating lease are spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

2 Geographical segmental analysis of turnover

	2010 £'000	2009 £'000
United Kingdom	342,816	394,125
Europe	75,364	76,284
Middle East & Africa	17,313	2,854
Asia	6,178	10,015
Americas	2,839	138
Australasia	498	3,363
	445,008	486,779

3 Staff costs

	2010 £'000	2009 £'000
Ordinary staff costs		
Salaries	194,707	220,510
Staff profit sharing	9,155	15,811
Social security	17,913	20,515
Pension contributions	5,999	9,013
Redundancy costs	2,534	-
Other staff costs	5,267	10,281
	235,575	276,130
Exceptional staff costs		
Curtailment of pension scheme	(42,300)	-
Past service costs	(38,500)	-
	(80,800)	-
Total staff costs	154,775	276,130

The closure of the pension scheme, to which the company was irrevocably committed at 31 March 2010, and the move from using the Retail Price Index to the Consumer Price Index for calculating deferred pension increases has resulted in two exceptional staff cost gains of £42.3m and £38.5m respectively.

Average number of persons employed by the Company

	Number	Number
Engineering and technical staff	3,628	4,229
Administrative staff	817	890
	4,445	5,119

4 Directors' remuneration

	2010 £'000	2009 £'000
Aggregate remuneration		
Aggregate emoluments paid	2,746	2,636
Aggregate contributions paid to money purchase schemes	2	28
	2,748	2,664
Number of Directors accruing pension benefits under	Number	Number
Money purchase schemes	1	1
Defined benefit schemes	8	8
	9	9
Highest paid Director	2010 £'000	2009 £'000
Total emoluments excluding contributions paid to pension schemes	413	339
Accrued pension from defined benefit scheme as at 31 March	94	-

5 Operating profit

2010	2009
£'000	£'000

This is stated after charging/(crediting)

During the year, the Company obtained the following services from the Company's auditor:

- Fees payable for audit services	187	185
- Fees payable for other services relating to taxation	132	486
Loss/(profit) on disposal of fixed assets	408	(6)
Loss/(profit) on foreign exchange	2,687	(15,152)
Research and development costs	14,023	12,599
Operating leases for land & buildings	<u>19,068</u>	<u>18,489</u>

6 Interest payable

2010	2009
£'000	£'000

Bank interest	4	-
Other interest	<u>83</u>	<u>-</u>
	<u>87</u>	<u>-</u>

7 Taxation

2010	2009
£'000	£'000

a) Analysis of tax charge

The charge for taxation comprises:

UK corporation tax for the year at 28%	(3,612)	3,014
Less: double tax relief	<u>(7)</u>	<u>(127)</u>
	(3,619)	2,887
Over provision of UK corporation tax in respect of previous years	<u>(234)</u>	<u>(208)</u>
	(3,853)	2,679
Non-UK tax for the current year	487	216
Under provision of non-UK tax in respect of previous years	<u>-</u>	<u>368</u>
Current tax (credit)/charge	(3,366)	3,263
Deferred taxation for the current year	23,566	2,402
Over provision in respect of previous years	<u>(137)</u>	<u>(181)</u>
Total tax charge	<u>20,063</u>	<u>5,484</u>

b) Factors affecting the tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax of 28%.

The differences are explained below:

Profit on ordinary activities before taxation	<u>75,824</u>	<u>27,977</u>
Profit on ordinary activities at the standard rate of corporation tax of 28%	21,231	7,834
Effects of:		
Group Relief	-	(2,126)
Permanent differences	(1,319)	(777)
Timing adjustments	(23,524)	(2,098)
Non-UK tax in excess of UK Tax	480	270
Adjustments to tax charge in respect of previous years including non-UK tax charge	<u>(234)</u>	<u>160</u>
Current tax (credit)/charge	<u>(3,366)</u>	<u>3,263</u>

8 Tangible fixed assets

£'000

	Leasehold property	Furniture, fittings & equipment	Motor vehicles	Leased motor vehicles	Total
Cost					
Balance at 1 April 2009	29,852	55,166	156	51	85,225
Additions during the year	10,534	5,780	-	-	16,314
Disposals during the year	(8,246)	(15,453)	(28)	(36)	(23,763)
Adjustment for exchange differences	-	58	4	-	62
Balance at 31 March 2010	32,140	45,551	132	15	77,838
Depreciation					
Balance at 1 April 2009	12,071	38,066	110	43	50,290
Charge for the year	3,293	7,354	25	-	10,672
Eliminated in respect of disposals	(7,759)	(15,157)	(26)	(36)	(22,978)
Adjustment for exchange differences	-	41	4	-	45
Balance at 31 March 2010	7,605	30,304	113	7	38,029
Net book value at 31 March 2010	24,535	15,247	19	8	39,809
Net book value at 31 March 2009	17,781	17,100	46	8	34,935

9 Subsidiary undertakings

The companies noted below were all wholly owned subsidiary undertakings of Ove Arup & Partners International Limited at 31 March 2010. The operating companies were all engaged in the same principal activities as the parent company.

	Country of incorporation
Direct holdings	
Arup Associates Limited	England & Wales
Arup doo	Serbia
Arup Gulf Limited	England & Wales
Arup International Limited	England & Wales
Arup Limited	England & Wales
OASYS Limited	England & Wales
Ove Arup & Partners Limited	England & Wales
Indirect holdings	
Arup Engineering Design and Consulting Services India Private Limited	India
Ove Arup & Partners Scotland Limited	Scotland

Movement of investment	£'000
Cost at 1 April 2009	10,352
Additions	15,000
Cost at 31 March 2010	25,352

10 Debtors	2010 £'000	2009 £'000
Amounts recoverable on contracts	17,122	15,312
Trade debtors	47,956	57,235
Amounts owed by group undertakings	95,275	103,160
Foreign tax recoverable	124	1,049
Deferred tax asset	1,053	782
Corporation tax	8,738	3,447
Other debtors	2,857	2,215
Prepayments and accrued income	25,589	27,002
	198,714	210,202

11 Creditors	2010 £'000	2009 £'000
Amounts falling due within one year		
Fees in advance	92,248	103,013
Trade creditors	9,075	9,965
Amounts owed to group undertakings	31,267	34,400
Provision for foreign tax	27	33
Taxation and social security costs	7,429	10,186
Other creditors	402	326
Accruals and deferred income	29,387	38,279
	169,835	196,202

12 Deferred taxation	2010 £'000	2009 £'000
Movement of deferred tax asset:		
At 1 April	(782)	(803)
Under provision of deferred tax in respect of previous years	(137)	(181)
Restated opening balance	(919)	(984)
Credit for the year	23,566	2,402
Less: deferred tax on pension scheme deficit	(23,700)	(2,200)
At 31 March	(1,053)	(782)
The provision comprises:		
Accelerated capital allowances	(659)	(386)
Short term timing differences	(394)	(396)
Deferred tax asset as at 31 March	(1,053)	(782)

13 Share capital	2010 £'000	2009 £'000
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Issued, called up & fully paid

45,000,000 (2009: 30,000,000) ordinary shares of £1 each

45,00030,000

14 Profit and loss account	2010 £'000	2009 £'000
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Balance at 1 April(28,235)

11,613

Retained profit for the financial year

55,761

22,493

Actuarial loss recognised in the pension scheme

(66,000)

(81,900)

Deferred tax asset movement related to the actuarial loss

18,500

22,900

Adjustment for exchange differences

(148)(3,341)**Balance at 31 March**(20,122)(28,235)

Profit and loss reserve excluding pension liability

61,708

66,895

Pension liability (note 20)

(81,830)(95,130)**Profit and loss reserve**(20,122)(28,235)

15 Reconciliation of movements in shareholders' funds	2010 £'000	2009 £'000
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Balance at 1 April

1,765

41,613

Increase in share capital

15,000

-

Retained profit for the financial year

55,761

22,493

Actuarial loss recognised in the pension scheme

(66,000)

(81,900)

Deferred tax asset movement related to the actuarial loss

18,500

22,900

Adjustment for exchange differences

(148)(3,341)**Closing shareholders' funds**24,8781,765

16 Capital commitments	2010 £'000	2009 £'000
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Authorised and contracted for

435229

17 Other financial commitments

The Company has the following annual property leasing commitments at the year end, in respect of leases expiring as follows:

	2010 £'000	2009 £'000
Within one year	644	1,953
In two to five years	1,472	2,724
After five years	<u>17,005</u>	<u>14,020</u>

18 Ultimate parent company

The Company's ultimate parent company is Arup Group Limited, a company incorporated in England and Wales. Arup Group Limited is owned by the Ove Arup Partnership Employee Trust, the Ove Arup Partnership Charitable Trust and the Arup Service Trust.

19 Related party transactions

The Company transacts with other Group companies in the normal course of business. These transactions, in accordance with FRS 8 paragraph 3, are not disclosed as the Company is a wholly owned subsidiary of Arup Group Limited whose consolidated financial statements, in which the Company is included, are publicly available.

20 Pension commitments

During the year, the Company operated a UK registered, contributory, defined benefit retirement scheme for employees. Contributions to the scheme are made in accordance with the advice of independent qualified actuaries on the basis of triennial valuations. The most recent valuation was at 31 March 2007 using the projected unit method. The actuarial valuation of the scheme's assets at 31 March 2007 on an ongoing basis represented 92% of the actuarially calculated liabilities for benefits that had accrued to members and the scheme's assets had a market value of £463.5m at that date. The most significant assumptions made by the actuary in carrying out this valuation were the discount rate of 5.8% and the consumer price inflation of 2.9% pa. There was an employer's contribution for the year to 31 March 2010 of £16.5m (2009: £17.3m). No special employer's contribution was made during the year to 31 March 2010 (2009: £Nil). The next actuarial valuation is being carried out as at 31 March 2010 but the results will not be available until December 2010 at the earliest.

The valuation position of this scheme was reassessed at 31 March 2010 by a qualified independent actuary for the purposes of the financial reporting standard FRS 17.

On 31 March 2010, the scheme was closed to new members. With effect from 30 June 2010 the future accrual of benefits for existing members ceased. A new pension arrangement on a defined contribution basis was opened on 1 July 2010.

Relationship between the reporting entity and the trustees (managers) of the defined benefit scheme

The pension assets are held in a separate trustee-administered fund to meet long term pension liabilities to past and present employees. The trustees of the scheme are required to act in the best interest of the scheme's beneficiaries. The appointment of trustees to the scheme is determined by the scheme's trust documentation. The Group has a policy that one-third of all trustees should be nominated by members of the scheme, including at least one member by current pensioners.

In addition to its statutory duties the board of trustees have been granted the power to 'call' for additional contributions in the event of certain circumstances. The circumstances in which the trustees can exercise this power include a disposal that accounts for more than 15% of the net assets, as reported in the consolidated balance sheet or when the funding position of the scheme falls below 65% of the scheme liabilities. This disclosure is also provided in accordance with FRS 12 'Provisions, Contingent Liabilities and Contingent Assets'.

20 Pension commitments (continued)**Assets in the scheme and the expected rates of return at 31 March:**

	Long term rate of return expected		Value of assets in the scheme	
	2010	2009	2010 £'m	2009 £'m
Equities and property	8.5%	8.0%	303.9	303.4
Bonds and cash including net current assets	4.6%	5.0%	190.9	56.5
Total market value of assets			494.8	359.9
Present value of defined benefit obligation			(608.5)	(492.0)
Deficit in the scheme			(113.7)	(132.1)
Less: Related deferred tax asset at 28%			31.8	37.0
Net scheme liability			(81.8)	(95.1)

Major categories of scheme assets as a percentage of total scheme assets

	2010	2009
Equities and property	61%	84%
Bonds and cash including net current assets	39%	16%
	100%	100%

Amounts recognised in the profit and loss account:

	2010 £'m	2009 £'m
Current service cost	(5.8)	(8.8)
Interest on obligation	(34.3)	(34.9)
Expected return on plan assets	27.3	34.3
Past service income	38.5	-
Curtailments and settlements	42.3	-
Net income/(charge)	68.0	(9.4)

Movement of deficit during the year

	2010 £'m	2009 £'m
Deficit in scheme at 1 April	(132.1)	(58.1)
Movement in the year:		
Current service cost	(5.8)	(8.8)
Employer's contributions	16.5	17.3
Past service income	38.5	-
Interest cost	(34.3)	(34.9)
Expected return on scheme assets	27.3	34.3
Actuarial loss	(66.0)	(81.9)
Curtailments and settlements	42.3	-
Deficit in scheme at 31 March	(113.7)	(132.1)

The closure of the pension scheme and the move from RPI to CPI valuation were the main factors contributing to the decrease in the scheme deficit in the year.

20 Pension commitments (continued)

Reconciliation of the present value of the defined benefit obligation		2010	2009
		£'m	£'m
Present value of defined benefit obligation at 1 April		492.0	511.8
Current service cost		5.8	8.8
Interest cost		34.3	34.9
Members' contributions		8.3	8.8
Actuarial loss/(gain) on scheme liabilities		167.8	(56.3)
Benefits paid		(18.9)	(16.0)
Past service income		(38.5)	-
Curtailments and settlements		(42.3)	-
Present value of defined benefit obligation at 31 March		608.5	492.0
Reconciliation of fair value of scheme assets		2010	2009
		£'m	£'m
Fair value of scheme assets at 1 April		359.9	453.7
Expected return on scheme assets		27.3	34.3
Actuarial gain/(loss) on scheme assets		101.8	(138.2)
Actual return on scheme assets		129.1	(103.9)
Employer contributions		16.5	17.3
Members' contributions		8.3	8.8
Benefits paid		(18.9)	(16.0)
Fair value of scheme assets at 31 March		494.8	359.9
Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)		2010	2009
At 31 March			
Future average rate of increase in salaries		N/A	3.8%
Future average rate of increase for pensions in payment and deferred pensions		2.9%	2.8%
Future average rate used to discount liabilities		5.8%	7.0%
Retail price inflation		3.6%	2.8%
Consumer price inflation		2.9%	N/A
Pension increases:			
Pre 88 Guaranteed Minimum Pension		0.0%	0.0%
Post 88 Guaranteed Minimum Pension		2.4%	2.3%
NGMP accrued before 01/10/2006 (5%LPI)		3.4%	2.8%
Pension accrued after 31/09/2006 (2.5%LPI)		2.3%	2.0%
NGMP - Non Guaranteed Minimum Pension			
LPI - Limited Price Indexation			
Mortality	2010 & 2009	PNA00 birth year mortality tables using the 92 series medium cohort projections, allowing for minimum improvements in mortality of 1% pa.	
Cash commutation	2010 & 2009	30% of members' pensions assumed to be taken as cash.	

20 Pension commitments (continued)

The assumed life expectations on retirement at age 65 are:	2010	2009
	Number	Number
	of years	of years
Retiring today		
Males	22.4	22.3
Females	24.8	24.7
Retiring in 20 years		
Males	24.3	24.2
Females	26.7	26.6

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions.

History of experience gains and losses	2010	2009	2008	2007	2006
	£'m	£'m	£'m	£'m	£'m
Defined benefit obligation	(608.5)	(492.0)	(511.8)	(538.5)	(504.4)
Scheme assets	494.8	359.9	453.7	463.6	405.2
Scheme deficit	(113.7)	(132.1)	(58.1)	(74.9)	(99.2)
Experience adjustments on plan liabilities	12.4	11.9	(5.0)	(20.6)	(11.2)
Experience adjustments on plan assets	101.8	(138.2)	(54.3)	5.4	54.5

Estimated contributions

The employer's best estimate of contributions to be paid to the scheme by the employer next year is £9.0m. The employer's best estimate of contributions to be paid to the scheme by the employees next year is £2.0m.

Defined contribution schemes

The Company has also made payments to defined contribution schemes of £0.8m (2009: £1.0m).

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