



United Nations Global Compact

Communication on Progress 2012

We shape a better world

ARUP

United Nations Global Compact:
Communication on Progress 2012

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United Nations Global Compact: Communication on Progress 2012

A: Introduction

Our ref RC/sc

ARUP

For the attention of:
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20 July 2012

Dear Sir

UN Global Compact Communication on Progress 2012

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, our purpose is also “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, Lord Browne presented our inaugural Annual Diversity Lecture where he outlined a number of key steps he believes are necessary to create a more inclusive environment for the LGBT community in business. We won the UK Resource Centre for Women in Science, Engineering and Technology SET Fair Standard ‘Achieving’ Award for excellence in gender equality best practice 2011.

Also in the UK, we are the first company to achieve Gold status certification in the Chartered Institute of Purchasing & Supply, Sustainability Procurement Review for our work in sustainable procurement.

We look forward to supporting the UN Global Compact in 2012 and beyond.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'R. Care', with a stylized flourish at the end.

Dr Robert Care AM
Director
Chair, UKMEA Regional Arup Board

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.

- Over 10,000 people
- over 60 years
- projects completed in 160 countries
- 11,000 concurrent projects
- 18 businesses
- £900m 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 2012, 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

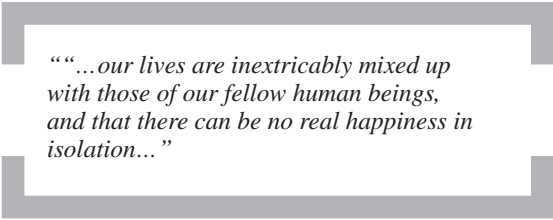
deliver sustainable development and regeneration for over 60 years.

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 over 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

United Nations Global Compact: Communication on Progress 2012

B: Human Rights

In this section:

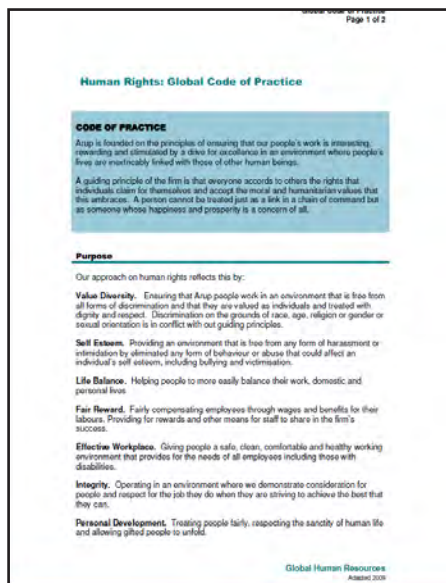
- Principle 1: Business should support and respect the protection of internationally proclaimed human rights
- Principle 2: Business should make sure that they are not complicit in human rights abuses.

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



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

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.

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.

- LA8: We have provided asbestos awareness training in the UK to 138 people so far this year.
- Accident Incident Rate: 0.26 per 1000 employees.
- Accident Frequency Rate: 0.013 per 100000 employee hours.
- Lost time accidents per 100,000 employees 186.

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.

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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

Commitment

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 CEO charter for Women in Science, engineering and Technology and our Chairman has signed the UN Global Compact CEO Statement of Support for Women's Empowerment 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 2011:**

Pages 12 and 13 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 2011, 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.

- **Conduct, Performance and Disciplinary Procedure:**

Our global Conduct and Performance Code of Practice provides guidance on the standards expected from all our members. 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. Arup is continuing to address wider diversity issues on a global level and diversity leaders from each of the five regions meet to formulate and agree a unified approach to move towards a more diverse organisation. 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@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**

Arup has been awarded an 'Achieving' SET Fair Standard Award for excellence in gender equality best practice by the UKRC. This is awarded to businesses and organisations in science, engineering and technology (SET), the built environment and IT. Di Barber, Senior Consultant at the UKRC, said: "Arup fully merits a SET Fair Standard award for 'Achieving' robust policy, practice and process in tackling gender inequality in science, engineering and technology. Arup has demonstrated excellence in gender equality best practice within the organisation."

- **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.

- **ConnectOut:**

ConnectOut is the firm's Lesbian, Gay, Bisexual and Transgender (LGBT) network. The ConnectOut May 2012 event was a lecture, delivered at the firm's headquarters in central London, to a packed audience. The lecturer, Lord Browne, spoke movingly about his experiences as a gay man in business. During his address, the former Group Chief Executive of BP outlined a number of key steps he believes are necessary to create a more inclusive environment for the LGBT community. Commenting on the event, Alan Belfield, Arup Group Board Member and Global Diversity Champion, said; "*Arup advocates a work environment that respects, welcomes and supports LGBT professionals, as well as empowering them to perform to their fullest potential and contribute to the greater goals of the firm. John Browne's message was*

inspirational. He is an important role model for this generation of businessmen and women and the next.”

- **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.

- Arup was listed in the Times Top 50 Employers for Women 2011 and 2012.

Indicators

- EC5: Arup does not pay below the minimum wage.
- LA15: % of women employed at Management and other grades in the UKMEA.

Grade 7	Grade 8	Grade 9	All leaders	All grades
18.7%	13.5%	7.5%	15%	30%

- Operating in the traditionally male-orientated industry, 30% of our worldwide workforce are women. Our global 2011-2012 target is 35%.
- In 2011, we had three women on our UKMEA Board.
- In 2011 our female graduate intake was 31% and against an industry average of 23%.
- In 2011, 15% of management positions (Grades 7-9) were made up of women. Our global 2011-2012 target is 15%.
- In the UK Arup won the CIBSE Employer of the Year Awards, Best Large Company 2011.
- In the UK Arup won the Private Business Awards , employer of the Year Award 2011.
- Arup won the UK Resource Centre for Women in Science, Engineering and Technology SET Fair Standard ‘Achieving ‘ Award for excellence in gender equality best practice 2011.
- Devilla Mitchell, Arup Director, won the UK Resource Centre for Women in Science, Engineering and Technology Women of Outstanding Achievement Award - Award for Inspiration and Leadership in business and Industry 2011.

Human Rights

Labour

Environment

Anti Corruption

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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
- 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. 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.

- **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 2011 Corporate Report, we celebrate some of the achievements from the calendar year 2011 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 2011 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 significance 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®**

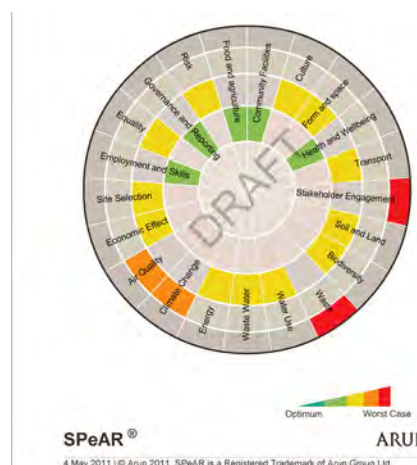
Our global Sustainable Project Appraisal Routine software tool SPeAR® has undergone a refresh to extend it's effectiveness and help clients get a better understanding of interdependencies to create virtuous cycles of sustainable improvement. The software takes into account rating tools including LEED®, 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.



- **APIRE**

ASPIRE provides organisations with an analytical framework that comprehensively addresses the three 'pillars' of sustainability, environment, society, economics and uniquely recognises institutions as a fourth critical dimension in developing country contexts. It uses over 90 detailed indicators to ensure that you are asking the right questions and considering the critical issues. It is built on the SPEAR platform and developed by Arup International Development and Engineers Against Poverty.

- **CEEQUAL**

Arup is a CEEQUAL Project Partner and member of the Technical Advisory Group. Arup has been involved with each stage in the

design development of CEEQUAL. We have two Verifiers and 28 Assessors. We have not scored less than excellent in any award to date and have achieved one of the first 8 CEEQUAL awards and won one of the first Outstanding Achievement Awards. We have a running total of 16 awards at interim and final stages.

- **BREEAM and LEED®**

Arup currently has 47 trained, or in training, BREEAM assessors who have assessed a total of 169 Arup projects in the UK to date. Arup has nearly 170 projects registered with the USGBC and over 130 projects certified through the LEED Green Building Rating System around the globe. We have over 250 LEED® assessors, with new additions regularly, in nearly every discipline of the firm.

- **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 our 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**

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, completed by April 2012, and including achieving a "single certificate" to ISO 9001, ISO 14001 and OHSAS 18001 covering all UK offices.

Activities

- **Global Sustainability Strategy**

In 2010, we launched our Global Sustainability Strategy. The strategy and Key Performance Indicators (KPIs) act as an overall barometer of how we are performing as a firm, and is used to communicate 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. Our global 2011-2012 target is for 35% of staff to

Human Rights

Labour

Environment

Anti Corruption

have received sustainability training. Our results for the 2010 - 2011 year were 33%.

- [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. We have 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.

- [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.

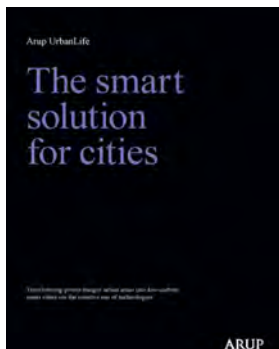
- [Helping cities tackle climate change](#)

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. Arup and the C40 won the Management Consultancies Association Environmental Prize for their analysis of how

the world's megacities are tackling climate change.

- **UrbanLife Report**

Arup's UrbanLife reports capture the strategic and practical interventions cities can make to tackle climate change. The second 'The Smart Solution for Cities' gives recommendations and case studies demonstrating a 'Smart City' approach to urban development.



- **Control of waste in our projects environments**

We develop our designs for built assets with an awareness of the need to reduce construction-phase site generated waste through the use of standard sizes and lengths of materials; through encouraging the use of off-site pre-fabrication of elements. For example in the case of the MEP works this may include plantrooms, pumpsets, risers, toilets, etc. Our designs reference statutory and best practice requirements, and achieve credits within BREEAM or other green building rating systems.

- **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. In 2011-2012 a large number of offices achieved ISO14001 certification including Amsterdam, Istanbul, Moscow, Belgrade, Manila and Tokyo. The Ho Chi Minh City, Mumbai and Taipei offices achieved triple certifications, covering ISO9001, ISO14001 and OHSAS18001. This exceeds our 2011-2012 global target of 95%. Our AMS has also scored 95.4% for Health & Safety, 98.9% for Environment and 99.2% for Quality in a UVDB Verify Category B2 Assessment.

- **Office energy use and supply:** 85% of our UK offices' energy supply is Climate Change Levy

(CCL) exempt, with the remainder being clean or renewable energy or combined heat and power (CHP). Energy use data for our two largest London offices is made available to staff via our intranet. In the last year gas use in 13 Fitzroy Street (redeveloped in 2003) has been between 0 and 50% less than ECON19 Good Practice values. In our largest, more recently redeveloped, office 8 Fitzroy Street, gas use has been at least 73% less than ECON19 Good Practice values.

- **Video Conferencing:** Since 2001, we have invested in, and make extensive use of, video conferencing and teleconferencing. These technologies have enabled effective communication whilst reducing the need for excessive travel. Globally, in the last six months, we have made an average of 1150 video conference calls per month. This equates to a 21% increase for the same six month period last year.
- **Uniflow printing:** The installation of photocopier Uniflow print management software in the UK has been followed by installation in the Madrid and Berlin offices. This continues to reduce wasted prints by automatically deleting those not collected within 24 hours.
- **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 859 registered cyclists called BUG (Bicycle User Group). Arup offers a cycle to work scheme in the UK to encourage employees to enter a tax efficient bicycle rental agreement for cycling to work. This year's employee uptake is 165 cyclists.
- **Procurement:** Arup has achieved the Major of London's green procurement code Gold standard for the last two years.
- **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.
- **Office waste:** Our offices follow the principles of waste prevention, reduction, re-use, recycling, composting and energy recovery. We apply waste segregation to minimise disposal to landfill, for the waste which is produced. Colour

coded containers clearly identify the correct waste locations for our office staff.

- **Recycling – London offices:** Arup's waste management system is set up to segregate and maximise recycling for a number of waste streams. For general waste, a number of waste collection options have been implemented.

- **Pocket Habitat**

Pocket Habitat is a unique modular vegetation system for promoting biodiversity on roofs or brownfield areas. Each pocket is an independent unit made from recycled carpet waste, containing mixed recycled substrates and wildflower seed. They are manufactured at Remploy who 'equip disabled people with the skills and confidence they need to build enduring careers'.



- **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. Over 83% of our office paper is FSC, with the remainder recycled or accredited to other environmental classifications.

- We delivered the sustainability concept for Europe's first LEED® Platinum hotel, the Hotel Amstelkwartier Bestek in Amsterdam. This concept included heating energy savings of up to 65%.
- We also delivered the multidisciplinary engineering for the largest, non-profit LEED®-NC Platinum building in the world, the Bill & Melinda Gates Foundation Campus in Seattle, USA. This building expresses the Foundation's overall philosophy of being a good steward of the environment and good neighbour.
- Arup developed sustainable design principles for the Imizamo Yethu Primary School in South Africa, to manage materials and water use and carbon neutrality and to provide a water ecology learning environment.
- Our RIBA award winning BREEAM 'Excellent' rated design for BSkyB is the most sustainable broadcasting studios in Europe.
- At the UK 2011 BREEAM Assessor Awards Arup won Assessor Company of the Year, - non Domestic.
- In the UK we are the first company to achieve Gold status certification in the Chartered Institute of Purchasing & Supply, Sustainability Procurement Review for sustainable procurement.
- At the 2011 Supply Management awards, Arup was shortlisted for 'Best contribution to corporate responsibility'.



Indicators

- In 2010-2011, 25% of projects set sustainability objectives.
- 35% of Arup staff have received relevant sustainability training.
- 99% of Arup staff are working in offices with an EMS certified to ISO 14001.
- Carbon emissions per full-time employee per year (tonnes CO₂) was 3.7.

Human Rights

Labour

Environment

Anti Corruption

United Nations Global Compact: Communication on Progress 2012

E: Anti Corruption

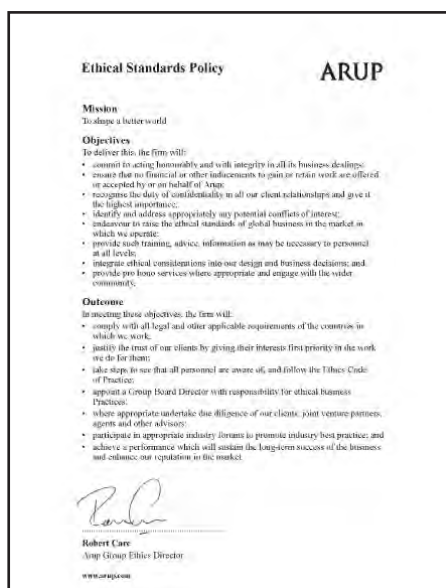
In this section:

- 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

Commitment



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 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 “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.

- **Anti Corruption Links** Our UK intranet links to the Global Infrastructure Anti Corruption Centre (GIACC) with Guidance on the Bribery Act 2010 for the Infrastructure Sector.

- **Ovocode:**

Ovocode 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. Ovocode also now provides an Anti-Bribery and Due Diligence Check List of issues to consider when working on a project.

- **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:**

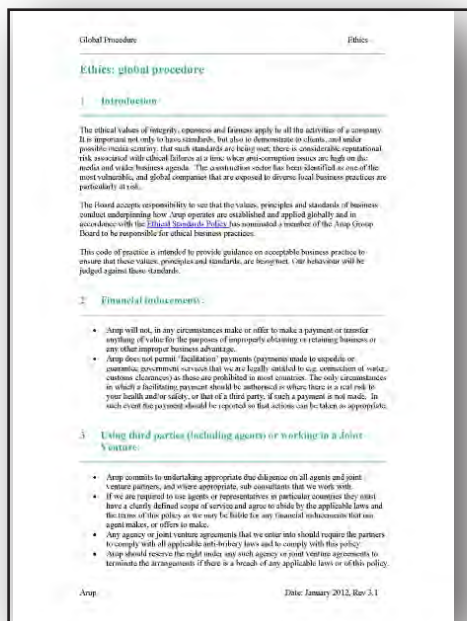
This sets our ethical objectives as a firm (as listed previously under the commitment heading). Please see attachment 12 for a copy of this policy.

- **Ethics Global Code of Practice / 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.

- **Ethics Guidance on Making Ethical Decisions:**

This gives a five stop process to assist staff with making ethical decisions. Please see attachment 12 for a copy of this guidance.



- **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 is 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 procedure provides practical guidance on acceptable behaviour across a range of areas.

- [Training and Development](#)

A training programme for all staff 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.

ARUP

Ethical Standards Code of Practice
Business ethics and making ethical decisions

Q

Is being ethical simply a case of obeying the laws of the countries in which we operate?

Yes

No

Submit

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ARUP

Ethical Standards Code of Practice
Using the Code to solve ethical dilemmas

Q

Using third parties
 Imagine that you have engaged a local agent to help you navigate through the local regulatory minefield. He's proved very effective in a difficult market. But someone's just hinted that he may be bribing local officials to make things happen.

Which of the following statements do you think you agree with?

	Agree	Disagree
Having employed him we'll just have to live with it until the end of the project.	<input type="radio"/>	<input type="radio"/>
We should investigate and if true we should terminate his contract immediately.	<input type="radio"/>	<input type="radio"/>
Ignore the rumour unless proof is provided.	<input type="radio"/>	<input type="radio"/>
Have a discreet word with the agent but continue to employ him because the project is so important.	<input type="radio"/>	<input type="radio"/>

Submit

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United Nations Global Compact: Communication on Progress 2012

F: Partnerships

Partnerships

Partnerships

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

United Nations Office for Project Services (UNOPS)

In October 2010, UNOPS (the United Nations Office for Project Services) and Arup signed a three year Long Term Agreement/Memorandum of Understanding for the provision of infrastructure based services. The purpose of the Agreement is to make shared standards, tools and personnel exchanges available to allow UNOPS to rapidly mobilize to project sites. The MoU aspect of the agreement also encourages participation in joint activities to improve project outcomes and strengthen the capacity of UNOPS, Arup and/or their clients, in respect to infrastructure planning, implementation, maintenance and management. The agreement is managed jointly by the Physical Infrastructure Practice and Arup International Development (Arup ID). It enables UNOPS project managers to draw upon the unique expertise within Arup from a network of designers, planners, engineers, consultants and technical specialists across the globe. Projects have been undertaken in locations including Haiti (neighborhood infrastructure reconstruction plans and debris clearance), Panama (Humanitarian Hub Design) and South Sudan (renewable energy technologies for proposed rural teacher training colleges).



UNOPS Panama Humanitarian Hub Design-visualisation by Arup

In furtherance of MoU objectives, UNOPS invited a representative from Arup ID to attend the UNOPS Project Management Foundation Course in Copenhagen in June 2012. The course provides UNOPS project managers with a framework for implementation of projects via UNOPS processes and procedures. By developing a deeper understanding of the way in which UNOPS and Arup deliver projects and sharing knowledge and experience we will improve future project outcomes for both parties.



UNOPS South Sudan Renewable Energy project for teacher training colleges - photo by Chris Brosz, Arup

Rockefeller Foundation

Arup is the Asia-Pacific Regional Partner in the Rockefeller Foundation funded Asian Cities Climate Change Resilience Network (ACCCRN), where we have been working with other program partners to deliver improvements to climate change resilience in ten pilot cities across India, Vietnam, Thailand and Indonesia since 2008. Arup's key role has been to work with the 10 cities to help create more technically rigorous resilience to shocks and stresses from climate change and other risks. For example, Arup is working directly with Mercy Corps Indonesia to develop and deliver training to local city teams for climate change resilience projects. We are also providing technical assistance to the cities of Bandar Lampung and Semarang on urban improvement projects such as hydrology, drainage, urban planning, rainwater harvesting, solid waste management, flood management strategy, river restoration and general capacity building. Arup has also contributed to publications on urban climate change resilience which have been published in to peer-reviewed journals.

C40 Advisory Role

Arup's extensive work in climate change adaptation enables us to provide up-to-date advice on international best practice, as demonstrated by our role as advisor to the C40 cities group. Arup assisted with the creation of the C40's report on Climate Action in Megacities. The outcome is a detailed catalogue of the actions C40 cities have taken to address climate change and those they are planning or considering. It also contains an inventory of powers cities hold to help deliver carbon reduction policies, programs and incentives in key sectors. This provides a guide for the investment in large scale multi-lateral initiatives to adapt to changing climate.

Sabre Schools Ghana

Arup collaborated with the Sabre Charitable Trust and Davis Langdon LLP, providing pro-bono strategic advice, design, site supervision and training, sustainability assessment and construction manuals for two prototype schools, completed in November 2011. Prototype evaluation and re-design reduced build cost by 5%, equivalent to the cost of 9 intensive teacher training courses. and build programme was reduced by 15%. The buildings achieved an Excellent ASPIRE Sustainability Assessment and users report classrooms as being lighter, cooler and quieter than government built schools. Attendance at the first school has increased by 190% and community groups have repeatedly reported satisfaction at the inclusion of their ideas. *"Our partnership with Arup brings credibility to a KG School construction programme which is fast developing a reputation as being the best in Ghana."* Dominic Bond, Managing Director, The Sabre Trust.



Secondments

We work closely with our clients in assigning each secondment to identify the appropriate specialists for each role. Our seconded staff provide an essential role on these projects. They integrate within client teams, while drawing on their Arup colleagues' experience and specialisms. Our experience has shown that secondments are very successful on both sides - providing our staff with an insight into another organisation' while giving our clients access to a very highly qualified and capable individual with experience and skills that the client may not have. We often find that Arup staff 'shine' in their secondments and clients tend to want to hang on to them as long as they can!

Secondments are also useful in the training of our engineers. Experience 'on site' or out of the Arup offices is an important part of a young engineer's development.

We have seconded staff to many clients including: The LDA, The Sorrell Foundation, Imperial College London, University College London Hospitals NHS Foundation, BBC, East London Line Project, Environment Agency, Highways Agency, Carbon Trust, Eon, CTRL, Procter & Gamble, and Greater London Authority.

In addition, we have also undertaken reciprocal secondments with contractors, to develop employees' site experience and capability.

United National Global Compact:
Communications on Progress 2012

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

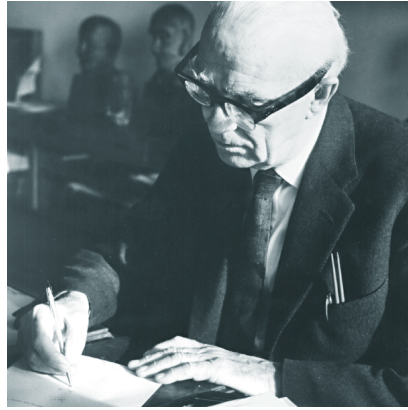
Applicability

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.

United Nations Global Compact:
Communication on Progress 2012

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 subdivisions, 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 Nations Global Compact:
Communication on Progress 2012

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 Nations Global Compact:
Communication on Progress 2012

Attachment:

- Global Health & Safety Policy

Global Health and Safety Policy

ARUP

Mission

To shape a better world

Objectives

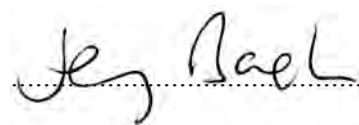
To deliver this, the firm will:

- 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

..... Sub-region/Group

United Nations Global Compact:
Communication on Progress 2012

Attachment:

- ISO 9001:2008, OHSAS 18001:2007 and ISO 14001:2004 combined certificate

CERTIFICATE OF APPROVAL

This is to certify that the Management System of:

Ove Arup & Partners International Ltd
Ove Arup & Partners Ltd
United Kingdom

has been approved by Lloyd's Register Quality Assurance to the following
Quality, Environmental and Safety Management System Standards:

ISO 9001:2008
OHSAS 18001:2007
ISO 14001:2004

The scope of this approval 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

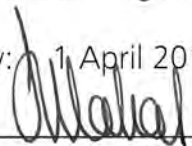
Original QMS Approval: 20 October 1994

Original EMS Approval: 12 December 2001

Original SMS Approval: 2 April 2008

Current Certificate: 27 August 2011

Certificate Expiry: 1 April 2014


Issued by: Lloyd's Register Quality Assurance Limited



001

CERTIFICATE SCHEDULE

Ove Arup & Partners International Ltd Ove Arup & Partners Ltd United Kingdom

Locations

London and South East

8 Fitzroy Street, London
13 Fitzroy Street, London
19 Fitzroy Street, London
Winchester

Midlands

Midlands Campus, Solihull
Nottingham

North West and Yorkshire

Leeds
Liverpool
Manchester
Sheffield
York

Scotland and North East

Edinburgh
Glasgow
Newcastle upon Tyne
Stockton on Tees

West

Belfast
Bristol
Cardiff

Approval
Certificate No: LRQ 4003789

Activities

Provision of multi-disciplinary design and consultancy services.

Provision of multi-disciplinary design and consultancy services.

Provision of multi-disciplinary design and consultancy services.

Provision of multi-disciplinary design and consultancy services.

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Page 1 of 1



001

United Nations Global Compact:
Communication on Progress 2012

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.

United Nations Global Compact:
Communication on Progress 2012

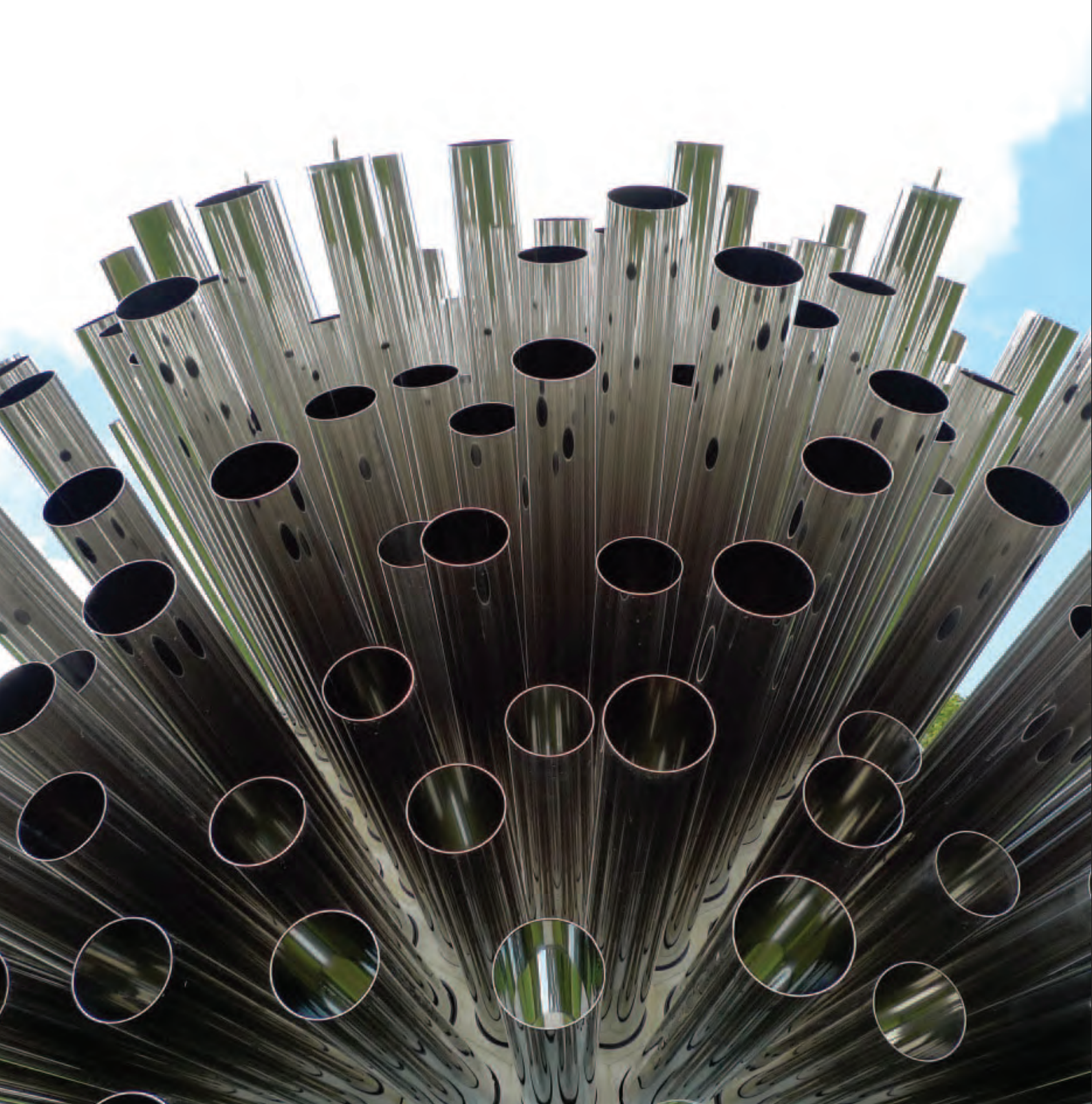
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- Corporate Report

Corporate Report 2011



ARUP



The Aeolus Acoustic Wind
Pavilion by artist Luke Jerram

Front cover:
Pocket Habitat

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 (UKMEA), 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.

Chairman's foreword



Another year of global economic uncertainty provided the backdrop for the firm's performance this year. Yet in the face of challenging conditions in key parts of the global business, Arup once again demonstrated its resilience to deliver a positive performance over the year.

As always, the greatest part of that success comes down to the exceptional people we have within the organisation, but their efforts are also backed by a strategy that has underpinned our ability to meet and overcome the hurdles we face in this difficult operating environment.

In the previous Corporate Report, I noted how the Board had set out a Group Strategy focused on four key themes – Investment, Design, Talent and Operations. Today, we are seeing tangible gains from this strategy emerge across the firm as we become more international, more diverse, more balanced across regions and businesses and, of course, more resilient.

We are already reaping the benefits of investing in strategic business areas such as energy and waste, while our emphasis on global mobility has provided us with the flexibility to retain the talent that we have worked so hard to nurture even as some regions face the impact of the economic downturn.

This resilience inside the Group is also reflected in the firm's approach to sustainability that we share across our client base. Given the scale and frequency of some of the extreme weather events and natural disasters over the period, our expertise in areas such as risk and recovery, seismic design and sustainable masterplanning is proving invaluable.

At the same time, we are also seeing a more general understanding of the importance of sustainability across social, environmental and economic issues. This gives us great optimism for the future of the business and our ability to make a positive impact on society as we meet our mission to shape a better world.

A handwritten signature in black ink, reading "Philip Dilley". The signature is fluid and cursive, with the first name "Philip" and last name "Dilley" clearly distinguishable.

Philip Dilley, Group Chairman



Operations report



There is no doubt that 2011 was another challenging year for Arup as we had predicted. Inevitably, the economic situation impacted the business in some regions, particularly the UK and Europe. However, this did not stop the firm from turning in a robust performance in 2010/2011, which underlines the tremendous efforts of our people and the high value that our clients continue to place on our work.

Overall, adjusted turnover and headcount remained relatively steady at £966 million and 9,934 respectively, while the Group generated positive net cashflow of £40.9 million. Operating profit also remained positive at £24.6 million. This figure is below our long-term target for the Group, reflecting the pressure on margins witnessed in a very competitive market over the period.

In terms of operations, we pursued our established strategy of diversifying across businesses and regions, which has enhanced the resilience of the Group and its capacity to deal with difficult economic conditions.

Across the regions, we were particularly encouraged by our performance in Australasia, where the ongoing resources boom in Australia, combined with our continued drive into markets in and around Singapore, prompted an income boost of almost 20%. In the Americas, our plans to increase market penetration are paying off. Meanwhile, we believe Asia will become an increasingly important part of the business even as Europe remains difficult, partly as a result of the ongoing Euro-crisis.

Looking at specific elements of the business, rail, commercial property and highways occupy the top three positions in terms of income segmentation. Projects such as the Kwun Tong line extension in Hong Kong, and the first new metro in New York for nearly 80 years – the Second Avenue Subway – have put rail firmly at the top of the Group's fee earners.

At the same time, the firm's strategic focus on sectors such as energy, waste and water is creating a more balanced business as we win projects such as the offshore wind power assessments in the UK.

And of course, our specialist expertise in everything from climate change resilience to acoustics remains invaluable to our external clients, as well as providing the bedrock of knowledge we need internally to maintain the creativity and innovation that the firm has long been noted for.

Undoubtedly, 2011/2012 will be a challenging year for the firm across all of our businesses in buildings, consulting and infrastructure. However, we know we have the right people and the right strategy to ensure that we continue to grow and diversify the business as well as being well-placed for the economic upturn to come.

A handwritten signature in black ink, reading 'D Whittleton', with a horizontal line underneath.

David Whittleton, Chief Operating Officer



Sustainability at Arup



Today more than ever, our clients and partners are coming to recognise the importance of embedding the concepts of sustainability into their strategic thinking: not just because it is the right thing to do, but as an essential element in developing business models that can deliver tangible, long-term economic, environmental and social benefits – the so-called ‘triple bottom line’.

This is an extremely positive indication of welcome change to come, but inevitably there remains a long way to go before such thinking is the standard starting point for development across society.

Arup’s goal is to help our stakeholders and clients make that transition toward more sustainable solutions and this report opens a window on to just some of the ways in which we are helping to drive positive change and live up to our mission of shaping a better world.

As you will see in this report, this ambition is evident in our work with authorities around the globe, helping them to understand the challenges generated by threats such as climate change, pandemics or water shortages.

It is equally visible in the work we are doing with our partners to help them take advantage of the opportunities that extend from sustainable thinking, such as renewable energy technology.

And of course, it is clearly seen in the work we do across emerging economies to help promote education and development among the people who can often benefit most from pursuing a sustainable approach to growth.

In short, our focus on sustainability and the triple bottom line is a means of delivering pragmatic benefits to society through our insights and technical expertise, turning aspiration into action for the benefit of everyone in society.

A handwritten signature in black ink, appearing to read 'David Singleton'.

David Singleton, Group Sustainability Director

Our business

Without clients that value our unique combination of skills and specialist expertise we have no business, so it is no surprise that **we focus our talent for delivering more sustainable solutions to produce better performance for our clients** while benefiting society at the same time

Selected 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.

Arup expertise helped ensure the William McCormack Place office building in Cairns was named winner of Australia's ClimateSmart Built Environment Award from the Green Building Council of Australia.

Arup formed part of the Rehau/Zublin team that won the Tunnels and Tunnelling Award for Innovative Use of Equipment, developing a system for segmental tunnel linings that helps reduce costs and make tunnels more sustainable.

The firm won the Energy Efficient New-Build Project for the BSKyB headquarters in London, UK – a groundbreaking first for the concept of low-energy TV studios.

The American Council of Engineering Companies awarded Engineering Excellence Honor Awards to the LEED® Platinum-certified Yale University School of Forestry and Environmental Studies building.

The global business environment is extremely competitive and rapidly evolving, which places huge demands on us to deliver ever more value and quality for our clients. The good news for our business is that as our clients' expectations rise, we are in an even better position to demonstrate the unique, high-end skills that Arup brings to tackling challenges we face as a society.

Today, we have the privilege of working on some of the most interesting and challenging schemes around the globe, while demonstrating how the sustainable approach embedded at the heart of Arup's philosophy can produce results that go beyond the expectations of even the toughest clients.

This drive to deliver resilient, innovative solutions is evident right across our business, from small-scale schemes to regional plans and all the way up to global programmes.

A global vision of sustainability

The advantages of our global view can be seen in the insights we added to the **World Economic Forum** (WEF) study on natural disasters for instance. This international collaboration brought together the insurance, banking, media and engineering construction sectors to enhance resilience, encourage preparedness and improve responses and recovery.



Equally, we helped develop sustainability reporting guidelines for the **Global Reporting Initiative** (GRI). This work helped frame common global standards for reporting elements such as carbon emissions, the remediation of contaminated land and sub-contracted labour.

In the meantime, we have also sharpened up our own sustainability tools with a refresh of the internationally-renowned **SPeAR** assessment (Sustainable Project Appraisal Routine), extending its effectiveness and helping clients get a better understanding of interdependencies to create virtuous cycles of sustainable improvement.

Championing sustainability around the world

In short, Arup is far more than a mere consultant. We put a great deal of care and thought into the issues around sustainability. We have also been championing the cause of sustainability and resilience around the globe for many



- 1 C40 Group collaboration
- 2 Lok Ma Chau Loop
- 3 Decentralised Energy Delivery Programme
- 4 Madinat Zayed

years, working with organisations such as the **C40 Cities Climate Leadership Group** and municipalities including the City of Copenhagen. In collaboration with the C40 group we produced a comprehensive analysis of what the Mayors of some of the world's largest cities are doing to tackle climate change and published the results – '**Climate Action in Megacities**' – at the C40 summit in Sao Paulo in Brazil. In the same vein, we helped publish an in-depth study – '**Copenhagen: Solutions for Sustainable Cities**' – highlighting how the Danish city is developing the principles of green growth to deliver real-world economic and environmental benefits.

This type of work is aimed at inspiring other cities, businesses and municipal leaders around the globe to mimic the successes of their peers and there is widespread evidence that more sustainable approaches to development are being welcomed and implemented.

To take just one example among thousands, we need only look as far

as the **Changxindian Low Carbon Community project** near Beijing. This scheme has already won many industry-recognised awards around the world in recognition of Changxindian's pioneering efforts to integrate low carbon eco-city planning parameters into China's statutory zoning plans. Not only that, but the word is spreading rapidly as we are also lead consultant for the **Lok Ma Chau Loop** – the first low carbon cross-boundary development in South China, jointly commissioned by the Hong Kong and Shenzhen governments. This project incorporates a comprehensive low-carbon strategy that encompasses a low-carbon transport strategy, sustainable urban planning and design, and energy efficiency measures such as the use of a district cooling system.

A similarly broad-based community approach is evident in Europe where we helped develop guidelines for **Sustainable Energy Zones** for Sustainable Energy Ireland (SEI). SEI's commission chimes with the work carried out on a host of similar

projects such as the **Decentralised Energy Delivery Programme for the London Development Agency**, which aims to help the city reduce CO₂ emissions by 60% by 2025. In each case, we have determined best practice and worked with local communities, businesses and other public and private sector organisations to help transform sustainability strategies into practical positive outcomes for clients and stakeholders alike.

Our sustainability ambitions also extended to developing a revitalisation framework masterplan for the town of **Madinat Zayed in the Western Region of Abu Dhabi**. Creating such a scheme for a desert environment threw up many challenges for the firm and our design partners, Complex Urban Landscape Design (CULD). As a result, we incorporated a range of solutions into the plan, from promoting the efficient use of recycled black water throughout the town to ensuring there was enough flexibility to integrate solar energy production and district cooling.



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Constantly learning and putting our knowledge to practical use

Arup has done much to help develop and refine our present understanding of sustainability and we constantly strive to work with our clients to understand more about the issues and interdependencies so we can achieve the highest quality outcomes, whatever the environment.

Pushing the boundaries in the Netherlands for instance, we delivered the sustainability concept for Europe's first LEED® Platinum hotel – the **Hotel Amstelkwartier Bestek in Amsterdam**. This 300-bed hotel in the middle of one of the world's most famous cities amply illustrates the fully integrated approach to sustainability thinking that is needed to produce a high-functioning, yet highly energy-efficient hotel, to the exacting standards of a modern international hotel group. The design was conceived with close attention to the spatial relationship with the city and by utilising local produce and materials the designers strengthened the ties with the city in a sustainable way. Not only that, but by incorporating features such as a dynamic, intelligent façade, we will help the client save up to 65% of the energy used for heating.



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We also delivered the largest, non-profit LEED®-NC Platinum building in the world – the **Bill & Melinda Gates Foundation Campus** in Seattle, USA. Here, the philanthropic values of the Foundation are reflected throughout, from structural design through to the façades and acoustics. This ensures the development is in line with the Foundation's overall philosophy of being a good steward of the environment and good neighbour.

This demand for the highest quality solutions is fast spreading around the globe. In Beijing, Arup's skills contributed to creating one of China's first LEED®-CS Platinum pre-certified projects – the **Parkview Green FangCaoDi**. Here, we developed a number of groundbreaking sustainability strategies for the building, including a buffer zone that controls the microclimate via ventilation louvres, which keep the internal environment comfortable. This is just one of many design features that make this Beijing's largest scale sustainability project, securing major awards for the project. However, the hotel, shopping and commercial hub is particularly significant, because it sets the standard for a completely new approach to architecture across the region.



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The drive to promote sustainability is not restricted to new-build projects however. For British Land's commercial development in London – **Ropemaker Place** – Arup used advanced 3D modelling techniques to ensure that we could safely re-use the existing perimeter foundations from the previous building for the new structure's three-level basement. The raft solution adopted created significant cost and carbon savings.

Nor are sustainability goals restricted to high value projects. The **Imizamo Yethu Primary School** in South Africa, for example, is on an informal settlement outside of Cape Town. Here, the design team employed sustainable building principles developed by Arup to manage impacts such as carbon

	06-07	07-08	08-09	09-10	10-11	Our indicators <i>Trend in performance</i>
Projects setting sustainability objectives (%)	–	12	23	23	25	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)	8.5	11.2	8.6	2.6	4.8	Profit on turnover (before tax, exceptional items and staff profit share). <i>Level of profitability reflects challenging market conditions.</i>
Investments (% of turnover)	2.6	2.7	2.4	1.5	1.2	Investment in the business and its people, necessary for the continued success of the business. <i>Investment level reduced but acceptable given market conditions.</i>
Cash at bank (weeks of costs, before profit share)	6.6	8.1	7.9	7.7	6.9	Cash reserves necessary to meet our working capital demands. <i>Cash reserves remain at an acceptable level.</i>
Repeat clients (%)	50	70	58	76	65	Aggregated from regional client satisfaction surveys and various databases. <i>Proportion of clients that are repeat clients has decreased.</i>



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neutrality, water self-sufficiency and the use of sustainable materials. The result is a school that utilises local timber and stone from the site clearance within the fabric of the building, while using passive design to optimise natural ventilation, thermal comfort and daylight. As well as featuring energy efficient lighting, the design also uses a stormwater settlement pond to create a ‘living and learning’ environment for students about water ecology.

Clearly, clients in developed and developing regions around the world are looking at sustainability and resilience more closely than ever and as they do Arup is there to help achieve the highest quality standards in every environment.

And whether the client is a national government, an international property developer or a local community organisation our approach always puts a premium on sustainable solutions.

- 5 Bill & Melinda Gates Foundation Campus
- 6 Parkview Green FangCaoDi
- 7 Hotel Amselkwartier Bestek
- 8 Ropemaker Place
- 9 Imizamo Yethu Primary School

8

Our people

We develop top talent to stay at the leading edge of the knowledge business so when it comes to driving the sustainability agenda **we have some of the best people turning theory into practice every day**

Selected awards

The Hong Kong Institution of Engineers recognised three of our engineers in the Young Engineers Awards – Harry Lee, Argoon Chuang and Stuart Millis.

Tim Chapman was awarded the ICE President's Medal in recognition of his work in devising a trajectory for decarbonising infrastructure over the next 40 years.

In the UK, Arup scooped the Times newspaper Top 50 Employers for Women award.

Arup's Southern Africa director of special projects, Ric Snowden, won Mentor of the Year at the CESA Aon Engineering Excellence awards in Johannesburg.

Phil Nedin was awarded the Institute of Healthcare Engineering and Estate Management (IHEEM) Lifetime Achievement Award.

Alisdair McGregor, Fellow and Principal in Arup's San Francisco office, was named one of 'The 100 Most Creative People in Business 2011' by Fast Company magazine.

In the UK, Management Today magazine listed Debra Lam and Becci Taylor in their '35 women under 35' Awards in recognition for their work on issues related to sustainability and carbon reduction.

Arup has long been known for its innovative approach to sustainability stretching all the way back to the founding philosophy of Ove Arup himself. We can never simply assume that this level of understanding and commitment will miraculously remain embedded in the core of the firm though. This is why we work so hard with our people to reinforce these values through our selection processes, our training programmes and across our everyday approach to our work.

In practice, this means working hard to identify the right graduates through our recruitment programme. It means positioning sustainability as an intrinsic element of our approach to design and innovation alongside technical excellence. And it means championing the cause through our **Arup University courses on Sustainability Leadership**, our internal knowledge networks such as **OvaGreen**, and in our conversations with clients and partners.

Just as importantly, we are actively committed to sharing knowledge with the world outside Arup through academia, business and national and international organisations to drive the sustainability agenda.

For example, Arup's Global Planning Leader, **David Singleton**, was appointed Chairman of the Australian Green Infrastructure Council, building on Arup's commitment to the sustainability agenda across the built environment. Arup principal, **Fiona Cousins**, was

elected to board of directors of the US Green Building Council in the 'Designer of Buildings' seat. And **Terry Hill**, Chairman of the Arup Trust Board, is poised to take the helm at International Standards Organisation. As president-elect, he is in prime position to lead ISO's pursuit of global innovation and best practice, including sustainability issues.

Of course, these are just a few among the many in the firm who are actively engaged with external organisations:

- **David Wilkes** took over as President of the Chartered Institute of Water and Environmental Management (CIWEM) for 2011-12.
- **Gabriel Hyde** was appointed to the Board of the Romanian Green Building Council.
- **Corinne Swain** was elected to the Town and Country Planning Association Policy Council in the UK.
- **Mark Chown, Susana Saiz** and **Almudena Rodero** became members of the expert panel of BREEAM use in Spain.
- **Sara Turnbull** was elected to the Council of the Energy Institute.
- **Malcolm Wallace** was appointed Country Representative for Canada for the Chartered Institute of Building Services Engineers (CIBSE).
- **Ramón Rodríguez** and **Ignacio Fernandez** were members of Solar Decathlon judging panel.

	06-07	07-08	08-09	09-10	10-11	Our indicators <i>Trend in performance</i>
Women in the firm (all Grades) (%)	30	29	29	30	30	Based on staff at all Grades. <i>Proportion of women in the firm has been maintained.</i>
Women in management positions (Grades 7-9) (%)	–	12	13	13	14	Based on staff at Grades 7-9. <i>Proportion of women in management has increased.</i>
Staff who have received relevant sustainability training (%)	–	16	17	41	33	Based on training records and external accreditation for staff at all Grades. <i>Some reduction in the percentage of staff undertaking sustainability training.</i>



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Diversity

Creating high-performing global talent teams whose default mode is delivering sustainable, innovative solutions brings clear results for our clients. At the same time, it is important to recognise the role diversity plays in ensuring that the firm can draw on the broadest spectrum of talent available to deliver the right solutions for a multitude of stakeholders across the globe.

This is why the firm is so focused on diversity from Board level to graduate intake. We want to ensure the firm

is well-positioned for the future by advocating diversity awareness, championing mentoring programmes, and supporting networks such as Arup Connect Women. We recognise we still have work to do, but we were pleased to win a Times Top 50 Employers for Women award, which helps demonstrate we are on the right track.

Developing diversity is crucial to our sustainable institutional development – and in the long run, it simply makes good business sense.

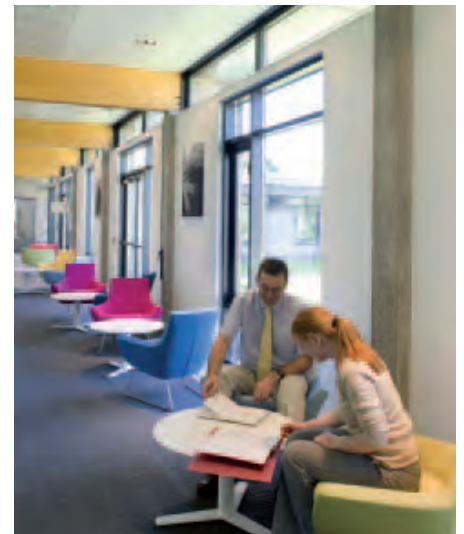
- 1 Sustainable learning
- 2 Arup graduates
- 3 Terry Hill

Our facilities

Supporting sustainability is a key part of our work for our clients, but it is also critical to the choices we make about our own firm, including how we manage our facilities



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Selected awards

Scotstoun House was recognised by the Royal Institute of British Architects and given a Scottish Design Award for Best Sustainable Design.

Arup's office in Brisbane was named National Signatory of the Year for improving office energy efficiency as part of the national CitySwitch Green Office Program.

The Hong Kong office's dedication to safety was recognised by the prestigious Lighthouse Club Construction Industry Council, which awarded the firm a Safety Leadership Award in the Architect-Consultants category.

Arup has long supported sustainability as a key part of the work we do for our clients and that same commitment is also critical to the way we view our own operations.

In keeping with our aspirations to develop a clear understanding of the best ways to promote internal sustainability goals, the firm spent two years researching and developing **Office Realtime** – a data visualisation tool that uses active data to guide sustainability-related behaviour change. The tool was developed by Arup's Sustainability and Digital Innovation teams to support Arup Australasia's Environmental Management System and Corporate Sustainability Policy. It will be rolled out across the firm to provide insights on areas such as office copying and printing, computer use, energy and water consumption or daily recycling numbers.

The use of Office RealTime has already helped the Brisbane office in Australia scoop the **National Signatory of the Year award for improving office energy efficiency** under the national CitySwitch Green Office Program. These awards acknowledge leading signatories from each state who have demonstrated an exemplary commitment to reducing greenhouse gas emissions and a high level of environmental leadership and action. The prize followed Arup's work to achieve a 4-star NABERS (National Australian Built Environment Rating System) rating. The gains were achieved through equipment upgrades, lighting retrofits, embodiment of energy efficiency into policy, and the implementation of innovative behaviour change programs.

Similar gains are being made elsewhere. For example, the Madrid and Berlin

	06-07	07-08	08-09	09-10	10-11	Our indicators <i>Trend in performance</i>
Staff working in offices with an EMS certified to ISO14001 (%)	34	68	70	70	99	Based on the number of staff working in EMS (ISO14001) certified offices in all regions. <i>Proportion of staff working in offices certified to ISO14001 has increased. Our target has been achieved.</i>
Carbon emissions per employee per year (tonnes CO₂)	–	3.1	3.4	3.4	3.7	Based on regional estimates of direct and indirect emissions including business travel. <i>Carbon emissions per employee have increased.</i>
Total volume of paper consumed per employee per year (kg)	–	–	–	–	35.5	Based on monitoring of paper use in all offices. <i>KPI amended in 2010-11 to focus on resource use instead of waste generation. No trend identified.</i>
Lost time accidents per 100,000 employees	107	141	219	99	120	Based on regional records of lost time accidents. <i>The number of lost time accidents increased, but remains within target range.</i>

offices both introduced Canon's Uniflow software to control the number of prints produced and decrease overall paper consumption. The **Printing Intelligence Reports** created by Uniflow are delivering more than a basic readout of devices and page counts – they are actively helping the offices to investigate all aspects of how documents are created, managed and distributed so the firm can gain a better understanding of how we can control the printing process and help reduce our impact on the environment.

Our worldview involves driving change around the globe. For example, the drive to introduce formal sustainability practices continues apace as a host of offices achieved **ISO 14001** certification, including the Amsterdam, Istanbul, Moscow, Belgrade, Manila and Tokyo offices. At the same time, the Ho Chi Minh City, Mumbai and Taipei offices received triple certifications in one go, covering ISO9001, ISO14001 and OHSAS18001.

And of course, the firm has also been hard at work upgrading our facilities as well. One of the latest major schemes to be undertaken was the refurbishment of the firm's Scottish headquarters near Edinburgh – **Scotstoun House**. The project snapped up a host of prizes for its low carbon, sustainable design.



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- 1 Scotstoun House exterior
- 2 Scotstoun House interior
- 3 Office Realtime
- 4 Manila office

Our relationships

Relationships have proved more important than ever this year as the firm strives to **help our partners recover in the wake of a series of seismic and extreme weather events**, as well as bolstering resilience against future disasters



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Resilience and recovery have been among the key themes for our relationships this year as natural disasters have highlighted the critical role played by engineers and designers in shaping the built environment.

In the wake of the **devastating earthquake and tsunami that hit Japan** on the 11th of March 2011, we supported relief efforts in a number of ways from straightforward fundraising through to personnel and detailed technical support. On one project, we worked with the architect, Shigeru Ban, providing structural engineering services for **multi-storey temporary housing in Miyagi** built from shipping containers. The scheme provided 189 units in Onagawa-Cho, creating much-

needed shelter for some of the many left homeless by the disaster.

In Australia meanwhile, the widespread **flooding that affected many areas of Queensland** during December 2010 and January 2011 meant three quarters of the state was declared a disaster zone. As part of the recovery process, Arup structural engineers spent months providing assessments of damaged homes under a programme led by Emergency Architects Australia.

Our detailed understanding of environmental impacts, climate change effects and the resilience elements of sustainability has also proved critical in working with partners to help them assess risks and plan for a more resilient future.

	06-07	07-08	08-09	09-10	10-11	Our indicators <i>Trend in performance</i>
Charitable donations (£, to nearest £000)	–	410	761	742	749	Direct charitable donations in all regions, including those from the Ove Arup Charitable Trust. <i>Donations are in line with 1% of management account profit.</i>
Pro bono engagement (£ equivalent staff cost, to nearest £000)	–	109	715	582	560	Based on equivalent cost of pro bono staff engagement in all regions. <i>Engagement acceptable given the challenging economic conditions.</i>

In the wake of an 8.8-magnitude earthquake and tsunami that struck the Maule region of Chile in February 2010, for example, large parts of Constitución were devastated. Arup was among those asked to re-design the city's waterfront. In drafting a **Sustainable Spatial Reconstruction plan for Constitución**, we created an urban anti-tsunami topography that enhances access corridors in and out of the area and minimises floodwater effects through anti-tsunami protection measures. The urban design masterplan and services also included a housing plan and the reconstruction of landmark buildings with seismic protection.

In a similar field, we worked with the Makati City authorities in the Philippines on an event to shape the strategies needed to **build resilience in Metro Manila**. Rapid urban development in the coastal location has served to make Metro Manila more prone to climate change impacts and the risk of natural disasters, including extreme rainfall events, sea level rises, as well as more powerful typhoons.

Forging partnerships and promoting understanding

Over the year, our relationships proved critical in many other ways too as we worked to enhance our engagement with challenging real-world issues. In Australia, for example, the Melbourne team worked with **Bana Yarralji Bubu Aboriginal Corporation** to assist the traditional owners return to the fragile ecological area of Shipton's Flat. The Corporation is a social enterprise organisation run by members of the Kuku Nyungkal clan whose traditional lands encompass the environmentally sensitive site, which is surrounded by Queensland's World Heritage Daintree region. The work to develop basic infrastructure for the site was carried out



3

in close collaboration with the Nyungkal clan, working in conjunction with the Centre for Appropriate Technology (CAT) in association with Engineers Without Borders (EWB).

Our community relationships also proved useful in Hong Kong, where we provided pro-bono design engineering support for **Maggie's Cancer Caring Center**. This drop-in centre is a global charitable foundation that offers practical advice and support for cancer patients and their families and we were able to make practical suggestions to support a sustainable design for the centre.



4

- 1 Helping in the aftermath of the Japanese earthquake and tsunami
- 2 Flooding in Queensland
- 3 Constitución, Chile
- 4 Maggie's Center

Philanthropy

Ove Arup's legacy is a firm that places social purpose high among its values and in keeping with that spirit we remain committed to supporting a whole host of humanitarian and philanthropic ventures

Top ten monetary donations in 2010-11

The Ove Arup Foundation	£95,400
Engineers Without Borders	£43,646
RedR	£24,574
The Smith Family	£24,241
SportsAid	£21,200
Lincoln Center for the Performing Arts	£20,944
Red Cross	£18,131
The Royal Academy of Engineering	£14,100
Australian Natural Disaster Appeal	£12,121
Save the Children – Japanese Earthquake Appeal	£12,121
Total charitable donations	£749,000

As a firm, Arup has been always been acutely aware of our role in society. The aspiration to shape a better world is a reminder of the responsibilities that lie in the fine detail of each project and reach far beyond the balance sheet.

As part of this commitment, the firm works with our people and our partners on a host of initiatives to serve the interests of the communities in which we work. Not only does this help those affected, but it helps inspire our own teams and provides many with valuable skills in project management, team building and communication. As well as supporting our staff and allowing them the time and space to support a broad range of partners on the frontline, we also allocate 1% of our profits to charity.

Clearly, it is never enough, but by engaging with our stakeholders and wider support networks around the world we make a modest contribution to the wellbeing of the societies we serve. We do this by helping to promote education and development, both through our own networks such as the **Arup Cause** and the **Ove Arup Foundation**, as well as supporting the initiatives created by our partners.



1



2

- 1 Kampuchea House Orphanage
- 2 Hands for Nepal
- 3 CanStruction
- 4 Zero to Hero
- 5 Ayensudo kindergarten



3

Not just financial support, but practical help

The **Kampuchea House Orphanage** is typical of the type of project that our firm relishes getting involved in. This is an Australian-funded orphanage some 40km from Siem Reap where Arup worked with the community to build a fourth dwelling to provide shelter for a growing number of orphans. Arup spearheaded the project while imparting its knowledge and building know-how to the local community. Structural engineer, Mithra Rajaratnam, and project manager, Eli Firestone, each spent three months working with the community on the project. And as Mithra said, “Arup has a wealth of knowledge and experience in low-cost and environmentally sustainable building techniques and these were features in the design of the orphanage. We also gained valuable experience through considering cost, constructability, sustainability and the local cultural conditions.”

The team in Australia has also been working to make a difference in Nepal too, through Habitat for Humanity’s ‘Hand in Hand’ project, The **Hands for Nepal** scheme is part of a two-year project to construct 250 houses, 250

toilets and 60 wells for female-headed households in the country. Arup donated \$20,000 and sponsored four women from the Australasian region to make the journey to Nepal for a week to work with Habitat for Humanity, helping to build the first 10 houses.

Habitat for Humanity also features in the many organisations being supported by the Arup teams in the Americas. As well as participating in this particular charity’s home-building programs, the region has also established strategic partnerships with **WaterAid America**, the **ACE Mentor** program for high school students, and **Engineers Without Borders**, working to develop these relationships further in terms of both technical and financial support.

Arguably one of the most fun projects the Americas team got involved in was **CanStruction**, which involves designing and building striking structures out of cans which are then donated to food pantries as part of a charitable donation.

Meanwhile, volunteering in a different form saw Arup Cause sponsor Yumi Kaminato from Tokyo take part in the construction of an Arup-designed



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kindergarten in **Ayensudo, Ghana**. The kindergarten is run by the Sabre Trust, which has been operating its volunteer programme in Ghana for six years with a particular focus on kindergartens where the need is greatest. Living among the Ayensudo community, Yumi spent her time on site soaking up the atmosphere of enthusiasm and dedication among the workers as they pitched together to build an environmentally friendly structure. In the end, cement and steel use was kept to a minimum in favour of local materials such as bamboo, soil and coconut husk.

Fundraising is often an important part of the work involved in all these initiatives and that was certainly the aim of 10 young Arupians from London who took part in the **Zero to Hero challenge run by the UK’s Fairbridge charity** to turn £500 into £5,000 within four months. In the end, the team devised the ‘Boomerang Challenge’ and managed to create an event that raised in excess of £17,000 for Fairbridge. The funds will help some of the most disengaged and hard-to-reach young people in the UK facing multiple challenges.

A Foundation for education

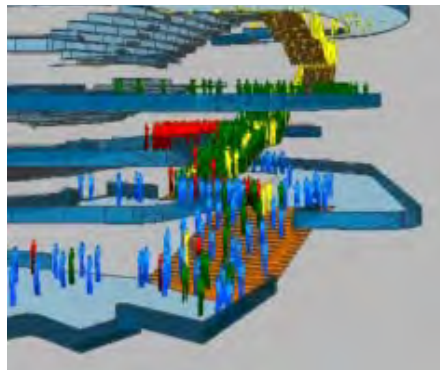
Each year, one of our biggest single donations goes to the Ove Arup Foundation, which uses the funds to promote education and knowledge-sharing across issues associated with the built environment.

This year, the Foundation certainly lived up to its remit with a £200,000 investment – matched by the Royal Academy of Engineering – to fund **ITSAFE** (Integrating Technical and Social Aspects of Fire Safety Engineering Expertise). Over five years, the funds will allow ITSAFE to bring together figures from across the disciplines to research the sociology of fire safety and help engineers and designers develop more intelligent approaches to safety.

The Ove Arup Foundation also sought to highlight some of the other challenges and opportunities faced by society, launching a debate with the Guardian newspaper headlined '**What Future? New ideas for urban living**'. The programme brought together a whole host of designers, economists and experts from other backgrounds who tackled some of the big issues of the day such as 'Do cities shape society or does society shape cities?' and 'Why are people drawn to cities?'. In keeping with the spirit of the event, many of those attending in person were joined by others participating online.



6



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- 6 Urban living
- 7 ITSAFE



The Ove Arup Foundation

Our indicators

Sustainability Policy Objectives	Key Performance Indicators	2010-11	2011-12 Target
Our business <ul style="list-style-type: none"> provide value to clients by building upon our 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 (%)	25	50
	Profit (% on turnover)	4.8	*
	Investments (% of income)	1.2	*
	Cash at bank (weeks of costs, before profit share)	6.9	*
	Repeat clients (%)	65	*
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) (%)	14	15
	Staff sustainability training (%)	33	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 our 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 (%)	99	95
	Carbon emissions per employee per year (tonnes CO ₂)	3.7	2.9
	Total volume of paper consumed per employee per year (kg)	35.5	*
	Lost time accidents per 100,000 employees	120	186
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 the businesses fund and work on community projects that achieve sustainability goals 	Charitable donations (£, to nearest £000)	749	1% of management account profit
	Pro bono engagement (£ equivalent staff cost, to nearest £000)	560	*

* No target set.

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United Nations Global Compact:
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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 Nations Global Compact:
Communication on Progress 2012

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 Nations Global Compact:
Communication on Progress 2012

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 Nations Global Compact:
Communication on Progress 2012

Attachment:

- Sustainability Policy

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.



Robert Care

Arup Group Sustainability Director

Leader for

www.arup.com

..... Sub-region/Group

United Nations Global Compact:
Communication on Progress 2012

Attachment:

- Ethics Global Code of Practice / Procedure
- Procedure, Ethical Standards Policy
- 5-Step Ethical Process for Making Ethical Decisions

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 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:

- Arup's professional duty extends to not placing ourselves in a position where any conflict of interest is likely to arise. Where any potential conflict does arise, we must identify it and ensure it is appropriately addressed. Where we have more than one role on the same project for different clients:
 - Follow the procedures for identifying all job opportunities through job application forms.
 - Seek client agreement to the arrangements
 - Implement effective information barriers between project teams so that teams are from separately located groups, led by separate project directors, and operating effectively as separate organisations. Further guidance on information barriers is available [here](#)
- You must not allow your private interests to influence your business judgment or decision making on behalf of Arup.
- You are not prohibited 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.
- Jobs/affiliations of close relatives may give rise to the appearance of a conflict of interest and this should be taken into account.
- You may be asked to serve on the board of directors or as trustees etc. of another organization and such roles can provide opportunities for personal development as well as building experience and relationships in new areas. Approval must be sought before such a post may be accepted in the following circumstances:
 - Where the organization is commercial (as this is likely to increase the chance of a conflict arising); or
 - Where there are, or may be perceived to be, concerns in respect of time and commitment, financial exposure or reputation

Approval should be obtained from the relevant Region Chair or, in the case of a Region Chair or Group Board member, by the Group Chair.

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 or 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, October 2011

Ethical Standards Policy

ARUP

Mission

To shape a better world

Objectives

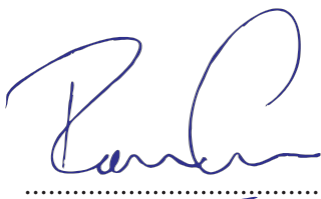
To deliver this, the firm will:

- 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;
- recognise the duty of confidentiality in all our client relationships and give it the highest importance;
- identify and address appropriately any potential conflicts of interest;
- 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; and
- provide pro bono services where appropriate and engage with the wider community.

Outcome

In meeting these objectives, the firm will:

- comply with all legal and other applicable requirements of the countries in which we work;
- justify the trust of our clients by giving their interests first priority in the work we do for them;
- take steps to see that all personnel are aware of, and follow the Ethics Code of Practice;
- appoint a Group Board Director with responsibility for ethical business Practices;
- where appropriate undertake due diligence of our clients, joint venture partners, agents and other advisors;
- participate in appropriate industry forums to promote industry best practice; and
- achieve a performance which will sustain the long-term success of the business and enhance our reputation in the market.



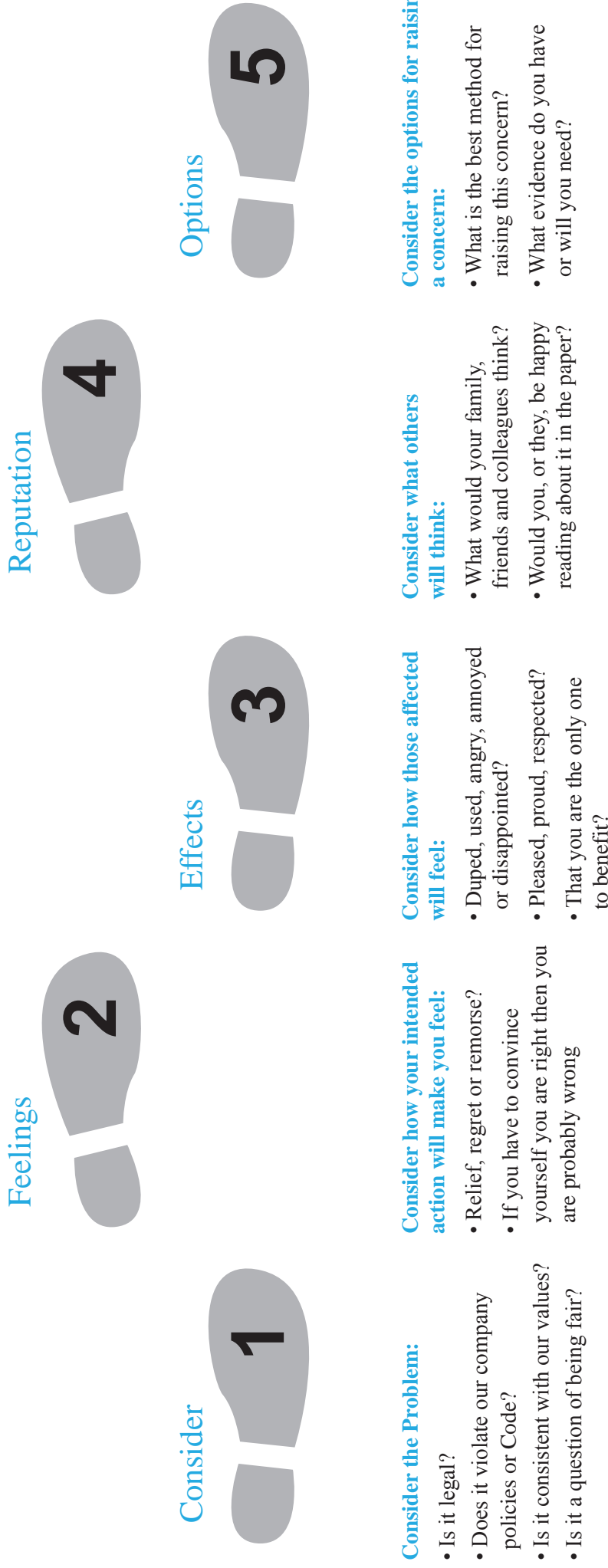
Robert Care

Arup Group Ethics Director

www.arup.com

Making Ethical Decisions

Making ethical decisions can be difficult and to help, we recommend you apply a 5-step approach to the ethical decision making process.



This simple 5 step approach can be applied to any dilemma and when used alongside the code of practice you'll have the confidence to act ethically.

United Nations Global Compact:
Communication on Progress 2012

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 Nations Global Compact:
Communication on Progress 2012

Attachment:

- Financial Statements 2011 for OAPIL

Financial Statements 2011
Ove Arup & Partners International Limited



ARUP

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Directors' report

The directors present their report together with the financial statements of Ove Arup & Partners International Limited (the "Company") for the year ended 31 March 2011, which were approved by the board of directors on 23 September 2011.

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 Arup group of Companies (the "Group") and voting shares that are held by the Ove Arup Partnership Charitable Trust.

Principal activities

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 and Romania.

Review of the business and future developments

These are the results for the Company for the financial year ended 31 March 2011. The results show a profit after taxation of £13.0m (2010: £55.8m).

During the year the Company's turnover decreased by 2.8% (2010: 8.6%) and the Company made a total profit before tax and staff profit share of £21.3m (2010: £85m).

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 global economic slowdown continues to affect our UK and European markets, however growth in regions such as Africa and the wider Middle East has lessened this impact. In 2011, 16% of the Company's turnover was derived from this region, compared to only 4% in 2010.
- The translation of the performance and assets of the Company's branches from their principal operating currencies to sterling, have resulted in an increase of £0.4m (2010: decrease of £0.1m) to the Company's net assets.

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 2011, turnover per person was £106k (2010: £100k) and profit per person was £5k (2010: £19k).
- Staff turnover is a key non-financial measure of business performance. For the year ended 31 March 2011, staff turnover was 16% (2010: 15%).

The Company will continue to operate in similar markets. We have a solid, diversified portfolio to navigate the market challenges and a breadth of quality employees that will help the Company to exploit opportunities when growth returns.

Dividends

The directors do not recommend a dividend payment (2010: nil).

Supplier payments

The Company's policy is to agree terms and conditions for its orders with suppliers and to ensure that these are abided by. As at 31 March 2011 supplier payment days are 20 days' annual purchases (2010: 20 days).

Directors and their interests

The directors of the Company during the year and up to the date of signing this report, were as follows:

J Baster* (Appointed 01/05/10)

A J Belfield*

R F Care* (Appointed 03/02/11)

T G A Carfrae* (Appointed 03/02/11)

A K C Chan*

P G Dilley*

T M Hill

Directors' report (continued)

A R M Marcetteau

J C Miles*

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

J G Turzynski

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 2011.

Directors' indemnities

As permitted by the Company's Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' Liability Insurance in respect of itself and its directors.

Independent auditors

During the year, Crowe Clark Whitehill LLP resigned as auditors to the Company and the directors appointed PricewaterhouseCoopers LLP as the Company's auditors. PricewaterhouseCoopers LLP have indicated their willingness to continue in office for another financial year.

Financial risk management

The Company's financial assets and liabilities comprise cash at bank, overdraft, trade and other payables and receivables, whose main purpose is to maintain adequate finance for the Company's operations.

The Company has overseas subsidiaries where transactions, assets and liabilities are denominated in foreign currencies and is therefore exposed to currency fluctuations arising from these sources.

The Company is exposed to a number of financial risks and actively mitigates the risk of financial loss. The key aspects are:

- **Liquidity risk:** Cashflow forecasts are prepared to ensure that sufficient funds are available to meet the Company's liabilities as and when they fall due.
- **Foreign exchange risk:** Where possible the Company matches its currency earnings with currency costs. Where this is not possible appropriate derivative contracts may be used. There is no speculative use of financial instruments.
- **Interest rate risk:** The Company currently does not hedge interest rate risk, however the need to do so is regularly reviewed.
- **Credit risk:** The main exposure to credit risk is on amounts due from customers. Controls and procedures are in place to mitigate this risk. Cash investments are held with banks with a minimum credit rating of A-1/P1.

Note 1f) in the notes to the financial statements provides further information on accounting for exchange differences.

Research and development

The Company engages in research and development on an ad-hoc basis as required to complete projects during the normal course of business. Costs incurred in research and development are immediately expensed to the profit and loss account. The Company obtains enhanced tax relief for these costs from HMRC.

Charitable donations

During the year the Company made charitable donations amounting to £241k (2010: £372k).

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

Directors' report (continued)

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. 'Working at Arup' surveys are conducted to obtain feedback from employees. This survey is confidential and is used alongside consultation with employees where appropriate.

Each year, employees are provided with a Chairman's report and financial information. Employees are informed of significant business issues via the use of email, discussions with senior management, the Company's intranet and in-house publications.

Employee involvement in the Company's performance is encouraged and maintained via participation in a staff profit sharing initiative.

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 and loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 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 Company 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.

Post balance sheet events

There have been no post balance sheet events.

Disclosure of audit information

The directors confirm that, as at the date this report was approved, so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware and that he or she has taken all the steps he or she ought to have taken as a director in order to make him or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By Order of the Board



M S Tweedie
Company Secretary

23 September 2011
Registered Office:
13 Fitzroy Street, London W1T 4BQ

Independent auditors' report to the members of Ove Arup & Partners International Limited

We have audited the financial statements of Ove Arup & Partners International Limited for the year ended 31 March 2011 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 23.

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).

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 and express an opinion on 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.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial statements to identify material

inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2011 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.

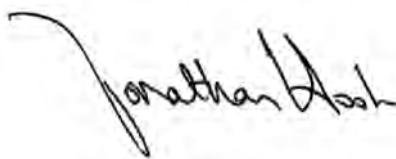
Opinion on other matters prescribed by the Companies Act 2006

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.



Jonathan Hook (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP,
Chartered Accountants and Statutory Auditors
London
30 September 2011

Profit and loss account		2011	2010
		£'000	£'000
	Notes		
Turnover	1b & 2	432,708	445,008
Staff costs	3		
Wages and salaries		(182,632)	(194,707)
Social security costs		(18,645)	(17,913)
Pension contributions		(15,198)	(5,999)
Other staff costs		(24,799)	(16,956)
Exceptional pension credits		-	80,800
		(241,274)	(154,775)
Depreciation	9	(10,618)	(10,672)
Other operating charges			
Charges from sub-consultants and other direct project costs		(87,064)	(115,003)
Accommodation		(33,459)	(32,899)
Communications and other overheads		(47,871)	(52,012)
Release of provision against balance due from Group undertakings		-	2,719
		(168,394)	(197,195)
Operating profit	5	12,422	82,366
Interest receivable	6	89	545
Interest payable	7	(287)	(87)
Other finance charges	23	(500)	(7,000)
Profit on ordinary activities before taxation		11,724	75,824
Taxation on ordinary activities	8	1,330	(20,063)
Profit for the financial year	16 & 17	13,054	55,761

All activities of the Company are derived from continuing operations.

Statement of total recognised gains and losses		2011	2010
		£'000	£'000
Profit for the financial year	16 & 17	13,054	55,761
Exchange translation gains/(losses)		436	(148)
Actuarial gain/(loss) recognised in the pension scheme	23	1,000	(66,000)
Deferred tax asset movement related to the actuarial gain/loss	23	(3,398)	18,500
Total gains recognised since last annual report		11,092	8,113

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year stated above, and their historical cost equivalent.

The notes on pages 7 to 19 form part of these financial statements.

Balance sheet		2011	2010
		£'000	£'000
	Notes		
Fixed assets			
Tangible assets	9	34,472	39,809
Investments in subsidiary undertakings	10	25,352	25,352
		59,824	65,161
Current assets			
Debtors	11	243,232	198,714
Cash at bank and in hand		15,877	12,668
		259,109	211,382
Creditors:			
Amounts falling due within one year	12	(203,783)	(169,835)
Net current assets		55,326	41,547
Total assets less current liabilities		115,150	106,708
Provision for liabilities and charges			
Dilapidation provision	13	(1,850)	-
Net assets excluding pension liabilities		113,300	106,708
Pension liability	23	(77,330)	(81,830)
Net assets after pension liabilities		35,970	24,878
Capital and reserves			
Share capital	15	45,000	45,000
Profit and loss reserve	16	(9,030)	(20,122)
Shareholders' funds	17	35,970	24,878

The financial statements on pages 5 to 19 were approved and authorised by the board of directors on 23 September 2011 and signed on its behalf by:



A R M Marcetteau
Director

The notes on pages 7 to 19 form part of these financial statements.

1 Accounting policies

a) Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards.

The Company is a wholly-owned subsidiary of Arup Group Limited and is included in its consolidated financial statements which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under section 400 of the Companies Act 2006. The Company has also taken advantage of the exemption from publishing a cash flow statement under the terms of Financial Reporting Standard No 1 (Revised 1996).

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 principal accounting policies, which have been applied consistently throughout the year, are set out below.

b) Turnover

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

For contracts on which turnover exceeds fees rendered, the excess is included as amounts recoverable on contracts within debtors. For contracts on which fees rendered exceed turnover, the excess is included as fees in advance within creditors.

c) Tangible fixed assets and depreciation

Tangible fixed assets are carried at cost less accumulated depreciation and impairment. Cost comprises purchase price after discounts and rebates plus all directly attributable costs of bringing the asset to working condition for its intended use. Tangible fixed assets are written off over their estimated useful lives on a straight line basis at a rate of 25% per annum. Expenditure on leasehold properties is written off over the period of the lease.

Fixed assets and investments are reviewed for impairment wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and value in use.

d) Taxation

Current and deferred income tax are recognised in the income statement for the period except where the taxation arises as a result of a transaction or event that is recognised in other comprehensive income or directly in equity. Income tax arising on transactions or events recognised in other comprehensive income or directly in equity is charged or credited to other comprehensive income or directly to equity respectively.

e) Deferred taxation

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.

f) Exchange rates

Monetary 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.

1 Accounting policies (continued)

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 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.

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 23. 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 scheme's 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.

k) Investment in subsidiaries

Investments in subsidiaries, joint ventures and associates are stated at cost less impairments.

l) Trade debtors

Trade debtors are recognised at original invoice amount. A provision for impairment of trade debtors is established when there is reason to believe that the Company will not be able to collect all amounts due according to the original terms of the debtor. A provision for exchange differences is also recognised on debts raised in currencies other than sterling.

m) Cash

Cash can comprise of cash in hand, demand deposits and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2 Geographical segmental analysis of turnover	2011 £'000	2010 £'000
United Kingdom	260,846	342,816
Middle East & Africa	67,407	17,313
Europe	63,480	75,364
Americas	15,279	2,839
Australasia	13,281	498
Asia	12,415	6,178
	<u>432,708</u>	<u>445,008</u>

3 Staff costs	2011 £'000	2010 £'000
Ordinary staff costs		
Salaries	182,632	194,707
Staff profit sharing	9,587	9,155
Social security	18,645	17,913
Pension contributions	15,198	5,999
Redundancy costs	8,180	2,534
Other staff costs	7,032	5,267
	<u>241,274</u>	<u>235,575</u>
Exceptional pension credits		
Curtailment of pension scheme	-	(42,300)
Past service costs	-	(38,500)
	-	(80,800)
Total staff costs	<u>241,274</u>	<u>154,775</u>

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 resulted in two exceptional staff cost gains in 2010 of £42.3m and £38.5m respectively.

Average number of persons employed by the Company	Number	Number
Engineering and technical staff	3,337	3,628
Administrative staff	723	806
Directors	12	11
	<u>4,072</u>	<u>4,445</u>

4 Directors' remuneration	2011 £'000	2010 £'000
Aggregate remuneration		
Aggregate emoluments paid	2,337	2,746
Aggregate contributions paid to money purchase schemes	<u>27</u>	<u>2</u>
Number of directors accruing pension benefits under	Number	Number
Money purchase schemes	4	1
Defined benefit schemes	<u>-</u>	<u>8</u>
Highest paid director	2011 £'000	2010 £'000
Total emoluments excluding contributions paid to pension schemes	330	413
Accrued pension from defined benefit scheme as at 31 March	<u>97</u>	<u>94</u>
5 Operating profit	2011 £'000	2010 £'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	225	187
- Fees payable for other services relating to taxation	3	132
Loss on disposal of fixed assets	2	408
(Profit)/loss on foreign exchange	(1,701)	2,687
Research and development costs	13,822	14,023
Operating leases for land & buildings	<u>18,290</u>	<u>19,068</u>
6 Interest receivable	2011 £'000	2010 £'000
Bank interest	<u>89</u>	<u>545</u>
7 Interest payable	2011 £'000	2010 £'000
Bank interest	1	4
Other interest	<u>286</u>	<u>83</u>
	<u>287</u>	<u>87</u>

8 Taxation**2011**
£'000**2010**
£'000**a) Analysis of tax charge**

The charge for taxation comprises:

UK corporation tax for the year at 28%	133	(3,612)
Less: double tax relief	(133)	(7)
	-	(3,619)
Over provision of UK corporation tax in respect of previous years	(676)	(234)
	(676)	(3,853)
Non-UK tax for the current year	338	487
Under provision of non-UK tax in respect of previous years	-	-
Current tax credit	(338)	(3,366)
UK deferred taxation for the current year	(986)	23,566
Over provision in respect of previous years	(6)	(137)
Total tax credit	(1,330)	20,063

b) Factors affecting the tax credit 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	11,724	75,824
Profit on ordinary activities at the standard rate of corporation tax of 28%	3,283	21,231
Effects of:		
Group Relief	(2,308)	-
Permanent differences	(1,063)	(1,319)
Timing adjustments	199	(23,524)
Non-UK tax in excess of UK Tax	205	480
Adjustments to tax charge in respect of previous years including non-UK tax charge	(676)	(234)
Unrelieved losses carried forward	22	-
Current tax credit	(338)	(3,366)

c) Factors affecting current and future tax charges

During the year, a change in the UK main corporation tax rate from 28% to 27% was substantially enacted on 20 July 2010 and will be effective from 1 April 2011. Following the March 2011 Budget Statement, the main rate of corporation tax was further reduced from 27% to 26% from 1 April 2011, and the relevant deferred tax assets have been re-measured. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014 but these later reductions had not been substantively enacted at the balance sheet date and therefore are not included in these financial statements. The proposed reductions of the main rate of corporation tax by 1% per annum to 23% by 1 April 2014 are expected to be enacted separately each year.

9 Tangible fixed assets**£'000**

	Leasehold property	Furniture, fittings & equipment	Motor vehicles	Leased motor vehicles	Total
Cost					
Balance at 1 April 2010	32,140	45,551	132	15	77,838
Additions during the year	1,410	3,821	26	56	5,313
Disposals during the year	(265)	(4,914)	(16)	(31)	(5,226)
Adjustment for exchange differences	-	(87)	(2)	-	(89)
Balance at 31 March 2011	33,285	44,371	140	40	77,836
Depreciation					
Balance at 1 April 2010	7,605	30,304	113	7	38,029
Charge for the year	3,990	6,564	9	55	10,618
Eliminated in respect of disposals	(265)	(4,904)	(15)	(31)	(5,215)
Adjustment for exchange differences	-	(67)	(1)	-	(68)
Balance at 31 March 2011	11,330	31,897	106	31	43,364
Net book value at 31 March 2011	21,955	12,474	34	9	34,472
Net book value at 31 March 2010	24,535	15,247	19	8	39,809

10 Subsidiary undertakings

Ove Arup & Partners International Limited owns ordinary shares in the companies noted below and these companies were all wholly owned subsidiary undertakings of Ove Arup & Partners International Limited at 31 March 2011. The operating companies were all engaged in the same principal activities as the parent company.

Direct holdings	Country of incorporation
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 2010 and 31 March 2011	25,352

11 Debtors	2011 £'000	2010 £'000
Amounts recoverable on contracts	16,786	17,122
Trade debtors	41,185	47,956
Amounts owed by group undertakings	155,315	95,275
Foreign tax recoverable	212	124
Deferred tax asset	3,240	1,053
Corporation tax	4,083	8,738
Other debtors	3,496	2,857
Prepayments and accrued income	18,915	25,589
	<u>243,232</u>	<u>198,714</u>

12 Creditors	2011 £'000	2010 £'000
Amounts falling due within one year		
Fees in advance	62,914	73,349
Trade creditors	8,490	9,075
Amounts owed to group undertakings	85,213	31,267
Provision for foreign tax	-	27
Taxation and social security costs	9,177	7,429
Other creditors	262	402
Accruals and deferred income	37,727	48,286
	<u>203,783</u>	<u>169,835</u>

13 Provision for liabilities and charges	£'000
Balance at 1 April 2010	-
Charge to the profit and loss account in the year	<u>1,850</u>
Balance at 31 March 2011	<u>1,850</u>

This provision relates to dilapidations on buildings leased by the Company, in accordance with our lease contracts.

14 Deferred taxation	2011 £'000	2010 £'000
Movement of deferred tax asset:		
At 1 April	(1,053)	(782)
Under provision of deferred tax in respect of previous years	(6)	(137)
Restated opening balance	(1,059)	(919)
(Charge)/credit for the year	(986)	23,566
Less: deferred tax on pension scheme deficit	890	(23,700)
Adjustment for change in corporate tax rate	(2,085)	-
At 31 March	(3,240)	(1,053)
The provision comprises:		
Accelerated capital allowances	(2,887)	(659)
Short term timing differences	(353)	(394)
Deferred tax asset as at 31 March	(3,240)	(1,053)

15 Share capital	2011 £'000	2010 £'000
Issued, called up & fully paid		
45,000,000 ordinary shares of £1 each	45,000	45,000

16 Profit and loss account	2011 £'000	2010 £'000
Balance at 1 April	(20,122)	(28,235)
Retained profit for the financial year	13,054	55,761
Actuarial gain/(loss) recognised in the pension scheme	1,000	(66,000)
Deferred tax asset movement related to the actuarial gain/loss	(3,398)	18,500
Adjustment for exchange differences	436	(148)
Balance at 31 March	(9,030)	(20,122)
Profit and loss reserve excluding pension liability	68,300	61,708
Pension liability (note 23)	(77,330)	(81,830)
Profit and loss reserve	(9,030)	(20,122)

17 Reconciliation of movements in shareholders' funds	2011 £'000	2010 £'000
Balance at 1 April	24,878	1,765
Increase in share capital	-	15,000
Retained profit for the financial year	13,054	55,761
Actuarial gain/(loss) recognised in the pension scheme	1,000	(66,000)
Deferred tax asset movement related to the actuarial gain/loss	(3,398)	18,500
Adjustment for exchange differences	436	(148)
Closing shareholders' funds	35,970	24,878

18 Contingent liabilities

The Company has recorded a liability for the best estimate of certain claims that have been brought against the Company. At this time it is not possible to measure reliably any other items that may have been incurred but have yet to have a claim raised in respect of it. The Company monitors all claims and takes appropriate insurance procedures to mitigate the Company's risk.

19 Capital commitments	2011 £'000	2010 £'000
Authorised and contracted for	<u>226</u>	<u>435</u>

20 Other financial commitments

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

	2011 £'000	2010 £'000
Within one year	223	644
In two to five years	2,725	1,472
After five years	<u>14,936</u>	<u>17,005</u>

21 Ultimate parent company

The Company's immediate and 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.

22 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.

23 Pension commitments

At the beginning of the financial year, the Company operated a UK registered, contributory pension scheme, which had a defined benefit and a defined contribution section, for employees. 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. The company replaced this scheme with a group personal pension plan for employees who were able to join it with effect from 1 July 2010. All contributions for the new plan are held and managed by BlackRock Pensions Limited. The Company has no ongoing liability to the funds held by BlackRock in respect of the employees.

For the pension scheme which closed on 30 June 2010, contributions were made in accordance with the rules of the scheme and the advice of independent qualified actuaries on the basis of triennial valuations. The most recent valuation was at 31 March 2010 using the projected unit method. The actuarial valuation of the scheme's assets at 31 March 2010 (which took into account the closure of the scheme to come on 30 June 2010) on an ongoing basis represented 74% of the actuarially calculated liabilities for benefits that had accrued to members and the scheme's assets had a market value of £494m at that date. The most significant assumptions made by the actuary in carrying out this valuation were the discount rate of 7.3% pre retirement and 5.0% post retirement and the consumer price inflation of 2.5%. Allowance was made for the closure of the scheme and no assumption was made for future salary inflation. There was an employer's contribution for the year to 31 March 2011 of £4.0m (2010: £16.5m). A special employer's contribution was made during the year to 31 March 2011 of £8.8m (2010: nil). The next actuarial valuation will be carried out no later than 31 March 2013.

The valuation position of this scheme was reassessed at 31 March 2011 by a qualified independent actuary for the purposes of the financial reporting standard FRS 17.

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'.

23 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	
	2011	2010	2011 £'m	2010 £'m
Equities and property	8.4%	8.5%	320.9	303.9
Bonds and cash including net current assets	4.5%	4.6%	203.7	190.9
Total market value of assets			524.6	494.8
Present value of defined benefit obligation			(629.2)	(608.5)
Deficit in the scheme			(104.6)	(113.7)
Less: related deferred tax asset at 26% (2010: 28%)			27.2	31.8
Net scheme liability			(77.4)	(81.8)

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

	2011	2010
Equities	57%	56%
Gilts and bonds	38%	38%
Property	4%	5%
Other	1%	1%
	100%	100%

Amounts recognised in the profit and loss account:

	2011 £'m	2010 £'m
Current service cost	(4.2)	(5.8)
Interest on obligation	(34.8)	(34.3)
Expected return on scheme assets	34.3	27.3
Past service income	-	38.5
Curtailments and settlements	-	42.3
Net (charge)/income	(4.7)	68.0
Actual return on scheme assets	38.4	129.1

Movement of deficit during the year

	2011 £'m	2010 £'m
Deficit in scheme at 1 April	(113.7)	(132.1)
Movement in the year:		
Current service cost	(4.2)	(5.8)
Employer's contributions	12.8	16.5
Past service income	-	38.5
Interest cost	(34.8)	(34.3)
Expected return on scheme assets	34.3	27.3
Actuarial gain/(loss)	1.0	(66.0)
Curtailments and settlements	-	42.3
Deficit in scheme at 31 March	(104.6)	(113.7)

23 Pension commitments (continued)

Reconciliation of the present value of the defined benefit obligation		2011	2010
		£'m	£'m
Present value of defined benefit obligation at 1 April		608.5	492.0
Current service cost		4.2	5.8
Interest cost		34.8	34.3
Members' contributions		2.0	8.3
Actuarial loss on scheme liabilities		3.1	167.8
Benefits paid		(23.4)	(18.9)
Past service income		-	(38.5)
Curtailments and settlements		-	(42.3)
Present value of defined benefit obligation at 31 March		629.2	608.5
Reconciliation of fair value of scheme assets		2011	2010
		£'m	£'m
Fair value of scheme assets at 1 April		494.8	359.9
Expected return on scheme assets		34.3	27.3
Actuarial gain on scheme assets		4.1	101.8
Actual return on scheme assets		38.4	129.1
Employer contributions		12.8	16.5
Members' contributions		2.0	8.3
Benefits paid		(23.4)	(18.9)
Fair value of scheme assets at 31 March		524.6	494.8
Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)		2011	2010
At 31 March			
Future average rate of increase in salaries		N/A	N/A
Future average rate of increase for pensions in payment and deferred pensions		2.5%	2.9%
Future average rate used to discount liabilities		5.8%	5.8%
Retail price inflation		3.5%	3.6%
Consumer price inflation		2.5%	2.9%
Pension increases:			
Pre 88 Guaranteed Minimum Pension		0.0%	0.0%
Post 88 Guaranteed Minimum Pension		2.3%	2.4%
NGMP accrued before 01/10/2006 (5% LPI)		3.3%	3.4%
Pension accrued after 31/09/2006 (2.5% LPI)		2.3%	2.3%
NGMP - Non Guaranteed Minimum Pension			
LPI - Limited Price Indexation			
Mortality	2010 & 2011	PNA00 birth year mortality tables using the 92 series medium cohort projections, allowing for minimum improvements in mortality of 1% pa.	
Cash commutation	2010 & 2011	30% of members' pensions assumed to be taken as cash.	

23 Pension commitments (continued)**The assumed life expectations on retirement at age 65 are:**

	2011	2010
	Number	Number
	of years	of years
Retiring today		
Males	22.5	22.4
Females	24.9	24.8
Retiring in 20 years		
Males	24.4	24.3
Females	26.8	26.7

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

History of experience gains and losses	2011	2010	2009	2008	2007
	£'m	£'m	£'m	£'m	£'m
Defined benefit obligation	(629.2)	(608.5)	(492.0)	(511.8)	(538.5)
Scheme assets	524.6	494.8	359.9	453.7	463.6
Scheme deficit	(104.6)	(113.7)	(132.1)	(58.1)	(74.9)
Experience adjustments on scheme liabilities	(23.7)	12.4	11.9	(5.0)	(20.6)
Experience adjustments on scheme assets	4.1	101.8	(138.2)	(54.3)	5.4
Total actuarial gains and losses recognised in statement of total recognised gains and losses	1.0	(66.0)	(81.9)	5.1	4.8

Estimated contributions

The employer's best estimate of contributions to be paid to the scheme by the employer next year is £10m.

Defined contribution schemes

The Company has also made payments to defined contribution schemes of £11m (2010: £0.8m).

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