

United Nations  
Global Compact

Communication on Progress 2013

ARUP



United Nations Global Compact:  
Communication on Progress 2013

## Contents

– A.	<b>Introduction</b>	<b>1</b>
– B.	<b>Human Rights</b>	<b>4</b>
– C.	<b>Labour</b>	<b>8</b>
– D.	<b>Environment</b>	<b>13</b>
– E.	<b>Anti-Corruption</b>	<b>20</b>
– F.	<b>Development, Partnerships, Community</b>	
–	<b>Engagement and Arup International</b>	
	<b>Development</b>	<b>23</b>

## Attachments

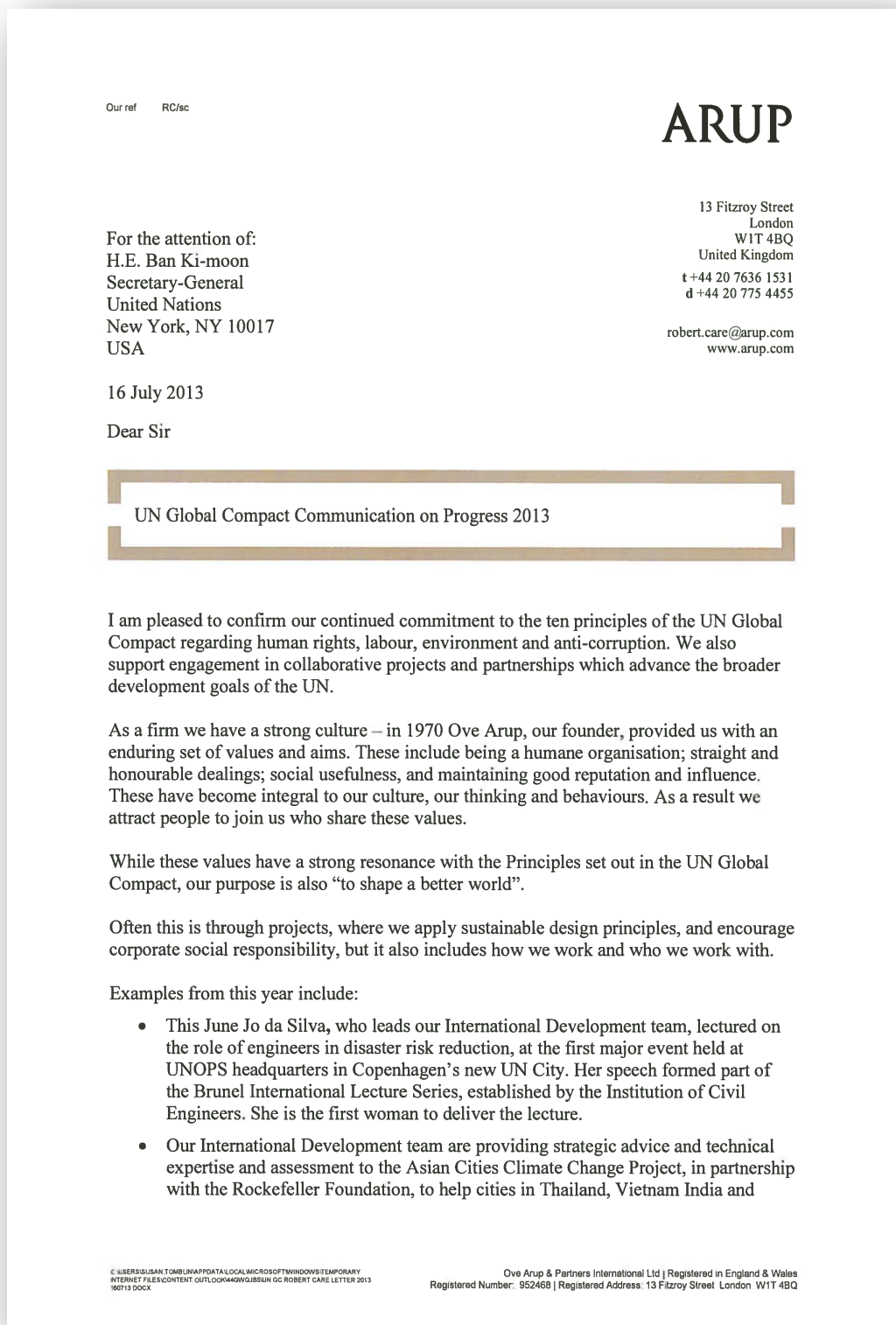
- 1. Key Speech
- 2. Global Human Rights Code of Practice
- 3. Global Harassment Code of Practice & UK Local Procedure
- 4. Global Health & Safety Policy
- 5. OHSAS 18001:2007
- 6. UK Disciplinary Procedure
- 7. Corporate Report
- 8. Global Diversity & Inclusion Code of Practice and UK Equal Opportunities Procedure
- 9. Grievance Code of Practice
- 10. Sustainability Procurement Vision Statement
- 11. Sustainability Policy
- 12. Ethics Global Code of Practice / Procedure, Ethical Standards Policy and Ethical Decision Process
- 13. Global Conduct and Performance Code of Practice
- 14. Financial Statements 2012 for OAPIL





## United Nations Global Compact: Communication on Progress 2013

### A: Introduction



Indonesia to prepare for, and recover from, the projected impacts of climate change.

- Also in June, ConnectOut (our LGBT network) hosted a second Annual Diversity Lecture. This year's speaker was Evan Davis, from Radio 4's Today programme and BBC2's Dragons Den. Evan talked about how "authenticity breeds success" and questioned whether it is mere coincidence that the world's most productive neighbourhood (Silicon Valley) is in the back yard of the world's most tolerant community (San Francisco).
- Arup is owned by our staff, via trust, for the benefit of past, present and future employees. This independence enables us to focus on those areas that we see as important. In the UK, this model has been gaining political attention, notably due to the greater democratic structure, economic resilience and innovation with which it is associated. As part of this political initiative, our headquarters were visited, this July, by the UK Secretary of State for Business, Innovation and Skills (BIS), Vince Cable, and the BIS Minister for Employment Relations, Jo Swinson, as part of the UK's Employee Ownership Day. Vince Cable said "I hope more businesses give their employees a greater stake in their future and the success of their company."

We look forward to supporting the UN Global Compact in 2013 and beyond.

Yours faithfully



Robert Care  
Director  
Chair, UKMEA 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
- over 10,000 concurrent projects
- 18 businesses
- over £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.

Our experience in cities is well established and growing – from icons like Sydney Opera House to Chinese Eco Cities, and we are the strategic advisor to the C40 world cities committed to tackling climate change.

In 2013, 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 deliver sustainable development and regeneration across England for over 60 years.

Arup is owned in trust for the benefit of our employees, giving us all a genuine share in our success. Each year

we set aside 40% of profits to share with our staff – an employee's share allocation is based on their grade and length of service. Profit share is paid twice a year in addition to salary.

Arup took part in the first Employee Ownership Day on 4 July 2013. Alden Whittaker-Brown (London) joined Jo Swinson, Minister for Employee Relations, and leading experts, for a panel debate at the EO Day conference. Vince Cable, part of the UK ministerial team who visited Arup on this day, said "I hope more businesses give their employees a greater stake in their future and the success of their company."

*"...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

## 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 our 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 our priorities as a business and as a member of society.



## Proud to be employee owned

2 July 2013

### Supporting Employee Ownership Day

You may notice the stands in the reception area of your office this week, supporting 'Employee Ownership Day', which takes place on Thursday 4 July 2013.

EO Day is a nationwide initiative being led by the Department for Business, Innovation & Skills (BIS) in conjunction with the Employee Ownership Association (EOA).

The day, expected to become an annual event, aims to highlight the benefits of employee ownership in the UK to media, policy makers and opinion formers and is taking place at a time when the Coalition is advancing legislation on the back of the Nuttall Review to propagate employee ownership in the UK.

Of course, Arup has always been immensely proud of having an ownership structure that reflects our values. Being owned in Trust for the benefit of our members (employees) gives us the capacity to shape our own agenda. Our structure guarantees our independence and with no external shareholders and no short-term debt to service, we are able to take a long-term view which in turn, enables us to be resilient and profitable. Our ownership structure means we are more committed to our own work, our place in the community and our clients.

On EO Day, 4 July, Vince Cable, Secretary of State for BIS and Jo Swinson, Minister for Employment Relations, will be visiting our London offices to get a glimpse of the extraordinary and diverse work we undertake which is enabled, in large part, by our structure and our resulting culture.

We are among the largest employee owned firms in the UK and I'm glad to see that the Government recognises the strength and opportunities offered by employee ownership. Therefore, I'm pleased we are supporting the establishment of an annual EO Day to help raise awareness of the model and to celebrate the successes of employee owned firms throughout the UK.

Robert Care  
UKMEA Chair



Independent | Innovative | Inspiring

1	2
3	4
5	6

1. Strategic Plan  
2. Business Plan  
3. Financial Plan  
4. Marketing Plan  
5. HR Plan  
6. IT Plan

ARUP

## United Nations Global Compact: Communication on Progress 2013

### B: Human Rights

In this section:

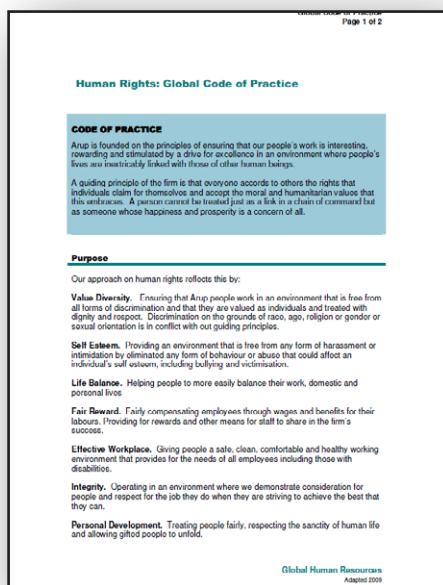
- Principle 1: Business should support and respect the protection of internationally proclaimed human rights
- Principle 2: Business should make sure that they are not complicit in human rights abuses.

## 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 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

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

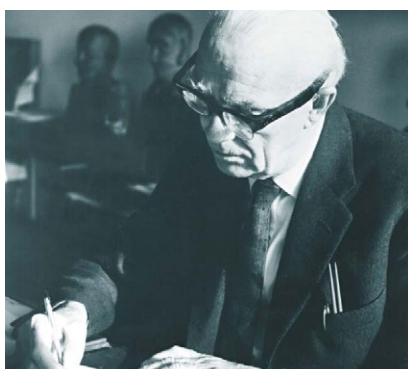
Our Global Human Rights Code of Practice, states that:

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.

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. Please see attachment 1.



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

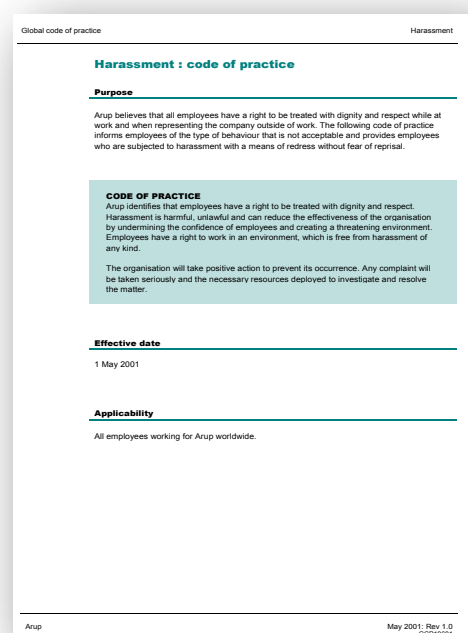
Arup's Global Human Rights Code of Practice sets out the firm's expectation and approach on human rights. It is available to all staff via the company intranet. Please see attachment 2.

- **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. 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.



- **Disciplinary Procedure:**

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

- **Sustainable Procurement:**

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

- Environmental management
- Supplier equality and diversity
- Support of fair practices in our supply base
- Ethical trading
- Promoting fair employment practices
- Community benefits

The plan contains specific categories of goods and services that are defined as priority areas

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

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

## Activities

- **Communication of Policies and Procedures**

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

- **Sustainable Procurement Activities**

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

- Working with our catering supplier to source and purchase fair traded catering items such as tea and coffee and verifying the authenticity of the stated certification.
- Ensuring the application of the London Living Wage for contracts with our suppliers of on-site services such as catering, cleaning and security.
- 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 23 representatives from across the region and business groups.
- LA8: We have provided asbestos awareness training in the UK to 299 people in the last year.
- Accident Incident Rate for 2013: 0 per 1000 employees.
- Accident Frequency Rate for 2013: 0 per 100,000 employee hours.
- Lost time accidents for 2013: 0 per 100,000 employees.
- Arup was awarded the Highways Agency Annual Health and Safety Assessment Certificate 2011/2012.
- Arup was awarded the Chartered Institute of Purchasing and Supply (CIPS) Sustainable Procurement Review - Gold Award.

United Nations Global Compact:  
Communication on Progress 2012

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

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**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 encourages 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”.

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## Systems

### • Key Speech:

A speech written and delivered by our founder Sir Ove Arup in 1970, that defines who we are, and sets out 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. Please see attachment 1.

- **Freedom of Association and Representation:**

Arup’s 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 organisation, we have no external shareholders, which is fundamental to the way we are organised and how we operate.

We have developed peer communications channels and we have effective formal and informal channels between management and staff. We have in place ‘Airtime’ a UK forum for communication and consultation. Airtime encourages us to influence our internal world, and enables us to work together to provide an environment which addresses our personal and professional aspirations. 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 2012:**

Pages 10 and 11 of our corporate report relate to our being an employer of choice. Our people are essential to us creating a sustainable business. Attracting, nurturing and developing the skills of people who share our values is key to the Arup model. 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 and UKMEA Diversity Strategy**

Arup’s global diversity and inclusion code of practice sets out our 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. Our UKMEA region 2012-2014 diversity strategy sets measurable diversity improvement actions for this period which are described below. Refer to 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. Please see attachment 3.

- **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 they work. Arup does not employ young people under the age of 16 in line with legislation.

- **Apprentices**

We recruit over ten 16-19 year old apprentices in London annually, who complete a three year vocational training at a London college. We support the Fairbridge Programme, which aims to get the most vulnerable, workless, 16-25 year olds into education or work and runs two centres in London. Amanda Bailey is our key liaison for the Prince's Trust (the umbrella body for the Fairbridge Programme), which is one of our strategic charitable partners. We have a memorandum of understanding, and an engagement plan, including undertaking direct activities with the centres. We also provide support through our professional skills eg we recently developed a visualisation of a PT centre, enabling £3.5m of funding to be obtained from a large corporate sponsor.

## Activities

- **Diversity Strategy:**

Arup has a global commitment to being an 'employer of choice' manifested in our global diversity policy, action plan and associated training. The vision of our diversity steering group is "to create a work environment based on fairness, respect and merit which embraces difference and enables talented people to flourish." Our UKMEA region 2012-2014 diversity strategy is formulated to deliver this vision. The focus of our strategy continues to be in four broad areas and sets measurable

diversity improvement actions for each area, which are set out below. This systems approach to behaviour change will address any barriers at all levels of our 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). Staff can also send emails to [diversity@arup.com](mailto:diversity@arup.com) which are published anonymously, to encourage further communication.

- **Inclusive Leaders and Leadership** We will equip our leaders with the skills, knowledge and framework to act as role models, be accountable for their team's adoption of diversity practices, and challenge the status quo. Three key objectives include: introducing a new appraisal system requirement for leaders to seek feedback on their ability to lead inclusively (measured by system revision and % of leaders with positive feedback); building on our successful "inclusive leadership" workshops to provide training for all staff (measured by the % of staff trained); and addressing areas of leadership development appropriate for staff from minority populations (measured by completion of needs analysis and demonstrable return on investment for attendees).
- **My Career at Arup** We will ensure that everyone is empowered to embrace diversity, that all our staff are free to express themselves fully and that we provide opportunities for networking, and skills and knowledge development. Three key objectives include: encourage informal mentoring of minority group staff by suitable role models (measured by % of female and other minority leaders mentoring); achieve a gender balance with women as 40% of our workforce and 20% of our leadership grades (measured by % achieved); and increase our Connect networks' activities and expand into each sub region, with four ConnectWomen and three ConnectOut events per year (measured by number of events).
- **A Diverse Organisation** We will ensure that our policies, processes and mode of operating is supportive and does not hinder diversity, and that we move towards an organisational culture where diversity is evident in all we do. Two key objectives include: providing guidance and encouragement on how to challenge inappropriate behaviour (measured by % minority staff reporting that their leaders actively discourage inappropriate behaviour); and all groups to have a diversity plan for embedding and diversity (measured by % of

groups with plans in place and with evidence).

- **Our Diversity Brand** We will achieve recognised benchmarks and awards, widening the recruitment pool, leading by example, and meeting clients' expectations. A key objective is to implement a suitable benchmarking process / external audit (measured by achieving a level which accurately reflects our progress and identifies areas for improvement).

- **Flexible Benefits**

To retain the best staff we offer a strong remuneration and benefits package with competitive salaries, profit share payments and a flexible benefits fund to spend on the benefits that suit individuals' requirements. Some of the inclusions in that package are: 22 days holiday plus public holidays. (this increases to 25 days after two years service); interest free travel season ticket loan or bicycle loan; free eye-tests; private medical insurance and life and accident insurance. The flexible benefits fund can be used to buy benefits that suit each employee, or can be taken as cash on top of their salary.

- **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.

- **Flexible Working**

We offer enhanced maternity and flexible working benefits above the statutory requirements. As a result the number of women that took maternity leave and returned to work rose from 87% in 2009 to 91% in 2011. We have a flexible working policy that encourages anyone wishing to work flexibly to make a request to their line manager and find a solution that works for them. We also share case studies of senior staff who work flexibly to encourage others to do so when this fits their circumstances.

- **Female Leaders**

We set out annual targets for percentages of women on our boards and we have successfully reached these targets. Our group is holding a series of lunches with women who show high potential, to encourage networking, familiarity and support.

- **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:**

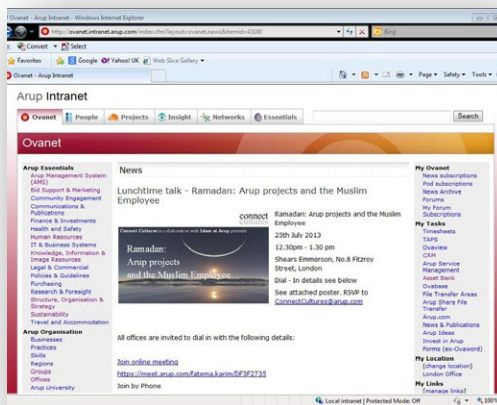
ConnectOut is the firm's lesbian, gay, bisexual and transgender (LGBT) network and is open to all employees (regardless of profession, position or sex). ConnectOut is supported by the UKMEA diversity champion, Alan Bellfield and the UKMEA diversity and inclusion steering group and managed by a committee of volunteers who meet regularly to plan activities and initiatives. Events include: bi-monthly networking opportunities, a panel discussion to discuss discrimination in countries Arup works in (Nov 2012) and hosting a second annual lecture by Evan Davis on 'how authenticity breeds success' (June 2013). ConnectOut has also set up a new diversity and inclusion forum to host ongoing discussion.

- **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. Recent events include a Manchester office informative networking masterclass, a London office 'secrets to career success' client event (both May 2013), a Newcastle office 'making life happen' inspirational talk by Shona Marshall (April 2013), multi office International Women's Day events (Mar 2013), and a London office panel discussion on the future of work (Feb 2013). Recent feedback from the Set Fair Standard benchmarking process, where we were awarded 'achieving' status, highlighted our approach to developing inclusive leaders and the use of ConnectWomen as a tool for bringing about change.

- **ConnectCultures**

This is the new cultural and ethnic diversity strand in our family of diversity networks. The networks aim to foster an inclusive and equal opportunity work environment that respects our individual differences and the value they can bring to the firm. The first ConnectCultures event, a talk by Areeb Khan on what Ramadan means to Arup took place this July.



## Indicators

- EC5: Arup does not pay below the minimum wage.
- 'Inclusive Leaders and Leadership' new appraisal system requirement for leaders to seek feedback on their ability to lead inclusively will be in place, for the first time, for October 2013 annual appraisals.
- 'Inclusive Leaders and Leadership' new webinar version of "inclusive leadership and working" has been attended by 200 staff.
- 'Inclusive Leaders and Leadership' needs analysis of leadership development appropriate for staff from minority populations is currently underway.
- 'My Career at Arup' mentoring of minority group staff programme pilot will launch in September 2013.
- 'My Career at Arup' and LA15: 14% of leaders are women, at management (Grades 7-9), in the UKMEA region, against an industry average of 7.6%.
- Operating in the traditionally male-orientated industry, 28.5% of our UKMEA workforce are

women.

- We have three female directors who attend UKMEA Board meetings.
- In 2012 our female graduate intake was 32% and against an industry average of 23%. Our 2013 intake is currently predicted to reach 36%.
- 'My Career at Arup' achieved the target four ConnectWomen and three ConnectOut events this year.
- 'A Diverse Organisation' guidance for challenging inappropriate behaviour is in progress.
- 'A Diverse Organisation' establishment of diversity plans in all groups is in progress.
- 'Our Diversity Brand' benchmarking process was implemented in March 2013.
- Arup was listed in the Times Top 50 Employers for Women 2011 and 2012.
- Arup was commended at the 2012 UK WISE Awards WISE Diversity Award for addressing the gender balance in the UK workforce.
- Our graduate recruitment team has received bias-awareness training and we have held a female undergraduate event for the last three years, aimed at girls interested in our firm and industry. In 2012 32% of our graduate intake was female against an applicant pool of 26%. We consult with recruitment specialists and the UKRC women returners programme to identify the best way to advertise roles to attract more women. Female staff regularly speak at schools and universities and we participate widely in women focussed industry events. Arup is now one of the first choices for female graduates in the UK and our efforts for improving our gender balance serve as a model for attracting other groups that are under-represented in the industry.
- In the UK Yewande Akinola won the Association for Black Engineers UK Young BME Engineer Exceptional Achiever Award, and was the Institution of Engineering and Technology (IET) Young Woman Engineer of the Year Award winner.
- Lee Franck, based in London, won the UK Royal Academy of Engineering Rising Star Award.
- Arup was shortlisted for the Leadership Diversity Award at the 2012 National Business Awards UK, for championing diversity within our industry and commitment to becoming an employer of choice for women.

- The published results of the 2010 global Arup staff survey showed that 86% of respondents agree that “I feel proud to work for Arup” and 84% of respondents agree that “I would recommend Arup as a place to work.”
- As part of the Arup improvement plan, in November 2012 Arup created the global diversity and inclusion mission statement, to cultivate a more diverse and inclusive Arup. This states that “diversity and freedom of thought enhance Arup’s value. They stimulate creativity and robust decision-making resulting in satisfied clients, profitable projects, enthusiastic staff and better strategic agility. We embrace diversity, in all its forms, as a means of broadening perspective and reflecting the communities where we work. We enable our people to achieve their potential by fostering fair, inclusive working environments that are supportive and welcoming to all through value-based policies, talent development and leadership styles.”
- In July 2012 Arup signed up to Stonewall’s Diversity Champions Programme, Britain’s good practice employer’s forum on sexual orientation, demonstrating our intention to respect, welcome and support LGBT professionals in our business.



- ConnectOut took part in a volunteer project in april 2013, at Alfred Salter Primary School, to provide an outdoor learning environment and support an anti-homophobic bullying campaign. The school has seen extremely positive results in the overall behaviour of the kids - not only their increased respect for each other, regardless of race and religion, but also improvement in academic results.



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Communication on Progress 2013

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.

Responsibility for our sustainability, at regional board level, is held by Ian Rogers (director). 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 portofolio 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. Please see attachment 1.

- **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**

Within our 2012 Corporate Report, we celebrate some of the achievements from turning thought leadership on sustainability into action, including a chart reporting on our performance against the key performance indicators in our Sustainability Strategy collated from all our regions. Where we measured it, we have included historical data to demonstrate our trend in performance. Please see attachment 7.

- **Environmental Management System (EMS)**

A strategic approach has been taken to the implementation of our 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 EMS. This assessment results in a significance rating, calculated by considering the likelihood, severity and legal implications.

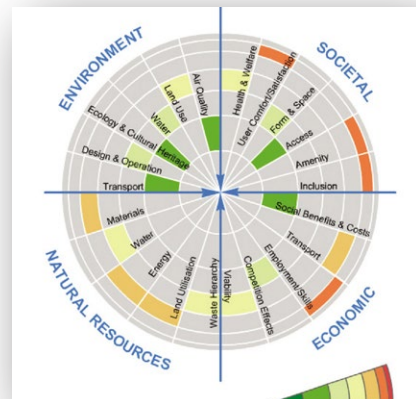
- **Audits and Reviews of Sustainability Performance**

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®**

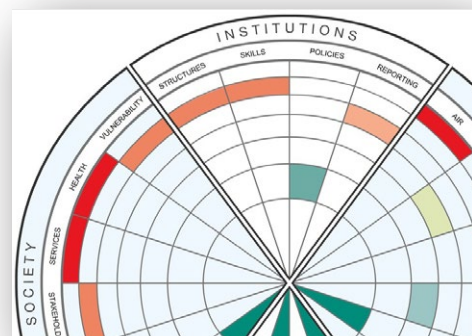
Our global Sustainable Project Appraisal Routine software tool SPeAR® was updated, expanded and relaunched in February 2013 to extend effectiveness and help clients get a better understanding of interdependencies to create virtuous cycles of sustainable improvement. The software takes into account rating 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. The software can be used throughout a project where sustainability appraisal is required, from initial design to operation. SPeAR® output is available in a range of languages including Chinese, German, Italian, Polish and Spanish.



- **ASPIRE**

This tool provides organisations with an analytical framework that comprehensively addresses 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 users ask the right questions and consider all the critical issues. It is built on the SPeAR® platform and has been developed by Arup International Development in collaboration with Engineers Against Poverty. This tool is currently being used in Nicaragua to assess the sustainability of a water and sanitation programme, for schools and small towns across the country. The assessments are undertaken in partnership with the Swiss Agency for Development and Cooperation.



- **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 30 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 21 awards at interim and final stages.

- **BREEAM and LEED®**

Arup currently has 57 trained BREEAM assessors who have assessed a total of 225 Arup projects in the UK to date. Arup has over 140 projects certified or pre certified through the USGBC's 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. Please see attachment 11.

- **SusNet**

SusNet is Arup's intranet site for 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. Please see attachment 10.

- **Arup Management System (AMS)**

The Arup Management Systems embraces 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. The AMS has achieved a "single certificate" to ISO 9001, ISO 14001 and OHSAS 18001 covering all UK offices.

## Activities

- **Global Sustainability Strategy**

In 2013 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 are 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 target is for 35% of staff to have received sustainability training. Our results for the 2011 - 2012 year were 23.6%.

- **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 best to 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. We have produced existing buildings survival strategy guides to help owners to plan for the future of their buildings. These guides set out and explain research on market related and legislative challenges, strategies for revitalising buildings and assets, a range of initiatives and ideas for prioritising actions, and case studies. 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. For example, via secondments our Arup ID team developed an environmental management system for a confidential partner's overseas operations centres. This new integrated system is compliant with ISO14001:2004, and enables continuous sustainability performance improvement.

- **Helping Cities Tackle Climate Change**

In 2011 Arup produced a ground-breaking study into the action being taken by mayors to globally to combat climate change. In doing so Arup collected and analysed huge volumes of data from 36 megacities around the world. In 2013 Arup is producing the follow up report, covering 63 of the world's largest cities, which will allow C40 to see the progress being made around the world.

- **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, and 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. Our sustainable procurement vision outlines our approach to procuring products and services. Please see attachment 10. Arup has invested in the Credit 360 reporting tool to improve our environmental reporting. Examples of sustainable initiatives are given below.

- **Office Energy Use and Supply:** Arup now purchases 100% renewable, Climate Change Levy (CCL) exempt electricity, where we are responsible for the supply. Energy use data for our two largest London offices is made available to staff via our intranet and via EPC certificates displayed in foyers.

- **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. This year there has been a massive global increase in our use of desktop video conference calls (via Microsoft Lync) and it is predicted that desktop VC will be the main driver for face to face meetings in the future, alongside our use of meeting room VC.

- **Follow You Printing:** The installation of print management software in the UK continues to reduce wasted prints by automatically deleting those not collected within 24 hours.
- **Nightwatchman:** This power management solution controls power and shuts down connected desktop computers at a scheduled time, preventing any computers still on after staff have left from consuming power overnight.
- **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 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. Employee uptake is steady at 155 cyclists this year, despite the scheme being well established.
- **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 cut paper is FSC, with the remainder recycled or accredited to other environmental classifications.

## Indicators

- In 2012 we achieved ISO14001 certification for all the offices in our UKMEA region. This means that 100% of Arup UKMEA staff are working in offices with an EMS certified to ISO14001. Our biannual Management System Evaluation scored 95.4% for Health & Safety, 98.8% for Environment and 99.2% for Quality. Our annual Onsite Assessment scores for June 2013 were 98.9% for Health and Safety, 98.6% for Environment and 100% for Quality.
- For this year, 90% of UKMEA region Arup staff have received relevant sustainability training.
- The UKMEA region carbon emissions per full-time employee per year (tonnes CO<sub>2</sub>) were 3.98 tonnes (slightly increased).
- Paper consumption per full time UKMEA employee per year was 36kg (reduced).

- In 2011-2012, 20% of UKMEA region projects set sustainability objectives.
- Arup won the Best Environmental Consultancy Award at the Sustainability Leaders Awards, held in December 2012.
- Arup is affiliated with a number of sustainability organisations and institutions:
- Since 2009 Arup has voluntarily reported annual carbon emissions to the Carbon disclosure Project.
- Arup is a global partner of The Climate Group and partner for the Forum for the Future.
- Arup is a founding member of the UK Green Building Council, Australian Green Infrastructure Council, and the Institute of Sustainability.
- Arup is a member of the US Green Building Council, the Green Building Council of Australia, the Hong Kong Green Building Council, the Russian Green Building Council, the UK Business Council for Sustainable Development, the Climate Action Registry, the Institute of Environmental Management and Assessment, the Institute of Ecology and Environmental Management and is an affiliate of the Chartered Institution of Waste Management
- Arup supported a re-enactment of British explorer Sir Ernest Shackleton's legendary 1916 Antarctic expedition, led by Tim Jarvis (of Arup Adelaide). The Shackleton Epic aimed to raise awareness of climate change and the importance of preserving Antarctica's marine environment. Tim led a crew of six Australian and British adventurers who sailed 800 nautical miles in a replica wooden lifeboat, then traversed South Georgia's treacherous mountain peaks and glaciers to complete their journey. They filmed ice melt and compared current climactic conditions with those Shackleton experienced a century ago.
- Our two main London offices now display HM Government Energy Performance Certificates in their foyers. The older building scores 65 (C) which is more energy efficient than typical similar buildings. The newer building scores 47 (B), which is more energy efficient than newly built similar buildings.
- Our C40 cities Climate Change Leadership Group Advisory won the UK Management Consultancies Association (MCA) Awards Environment Award.
- Our London 2012 Olympic South Park landscape and urban realm project won a CEEQUAL Award with a 95.8% rating and very high Excellent score and won the Landscape Category at the 2013 Outstanding CEEQUAL Achievements Awards.
- Our Swansea University Institute of Life Sciences project won the Healthcare category at the Welsh BREEAM Awards.
- Gary Cheung of Arup China won a 2013 BREEAM Assessors Country First Award.
- Our Hong Kong Sludge Treatment Facility project combines a striking architectural design with sludge treatment and energy production, spas, and environmental, educational and exhibition facilities. Not only is it set to be one of the world's largest sludge treatment works, it also opens a new chapter in the integration of work, education, health and social wellbeing.
- Our HaloIPT project won the Clean Equity Monaco Awards Award for Excellence in the Field of Environmental Technology Research 2012.
- In the UK we are the first company to achieve Gold status certification in the 2012 Chartered Institute of Purchasing & Supply (CIPS), Sustainable Procurement Review for sustainable procurement.
- Arup was highly commended in the CSR category of the 2012 Procurement Leaders Network, Procurement Leaders Awards.
- The Good Eating Company has been working with Arup since 2008, focussing together on sustainability, and developing a number of sustainability processes. One small, but effective loyalty project, underway at 8 Fitzroy Street, encourages staff to retain, rather than dispose of, the coffee sleeves they receive. Once they have collected 10 sleeves, they return them to the coffee bar for a complimentary hot drink. This eliminates the need for additional loyalty cards, reducing additional waste, and enables reuse of the sleeves, reducing the quantity of



sleeves purchased.

- Our latest available figures for UK 'core and green' purchasing percentage are 35% at March 2012.

## United Nations Global Compact: Communication on Progress 2013

### E: Anti Corruption

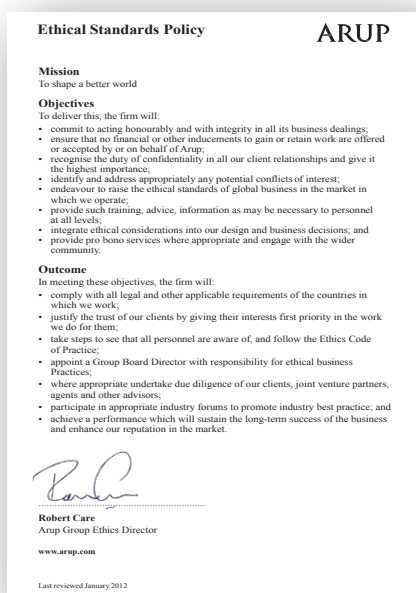
In this section:

- 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. Please see attachment 1.

#### • Anti Corruption Links

Our UK intranet provides guidance on the Bribery Act 2010 for the Infrastructure Sector from the UK Anti Corruption Forum.

#### • Ovacode:

Ovacode sets our conditions of employment for all staff. This reinforces our global conduct and performance code of practice and ethical standards policy. Ovacode also 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.

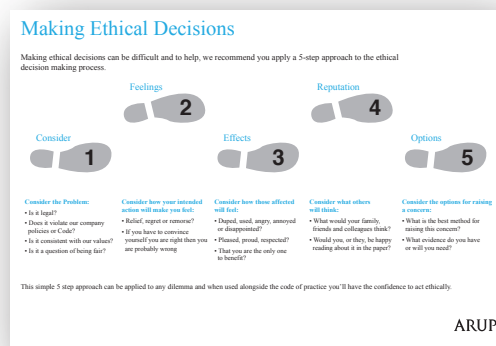
- **Ethical Standards Policy:**

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

- **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.

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



This gives a five step process to assist staff with making ethical decisions. Please see attachment 12.

- **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.

## 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 to promote 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, delivered via an e-learning course for all staff, underlines the importance attached to high standards in all our business activities. The training is compulsory for all staff.

**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](#)

[Back to menu](#) [Page 8 of 13](#)

**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](#)

[Back to menu](#) [Page 9 of 22](#)

## 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.
- All staff are required to complete the e-learning ethics training course.

# F

United Nations Global Compact:  
Communication on Progress 2013

F: Partnerships, Community Engagement and Arup  
International Deveopment

Partnerships, Community Engagement and Arup International  
Deveopment

# Development, Partnerships, Community Engagement & Arup International Development

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

## Commitment

Our founder, Ove Arup, established the firm to be ‘an organisation which is human and friendly’ and one that carries with it ‘a wish to do socially useful work and to join hands with others fighting for the same values’.

## 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. One of the six core principles that the speech identifies is “social usefulness”. The speech also describes the ideal of ‘Total Architecture’ as our “collaboration with other like minded firms... in the quest for excellence.”

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. Please see attachment 1.

- **Corporate Giving, Pro-bono Work and Our Social Contribution**

Today, Arup fulfils this commitment to social usefulness via:

- Giving – corporate donations through our charitable trust and regional community engagement committees
- Doing – funding staff to provide technical assistance to humanitarian and development organisations around the world through the Arup Cause, strategic partnerships or local charities
- Developing – encouraging staff to undertake networking and shared learning activities on charitable and community issues under the umbrella of Arup’s Community Engagement Skills Network.

The end result is that Arup engages with communities around the globe in a vast array of direct and indirect initiatives.

The Arup Group has committed to donate at least 1% of the prior year’s management accounts profits each year to charitable causes.

## Activities

Arup contributes to social purpose by completing projects which “shape a better world.”

As well as our working relationships and collaborations with our clients and other construction industry companies and bodies, we engage in community engagement, professional secondments, and our Arup International Development team partners with humanitarian bodies and NGOs.

## Community Engagement

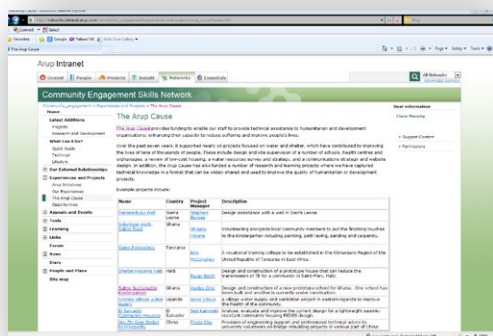
### • The Arup Cause

The Arup Cause was initiated in 2006 to mark our 60th Anniversary. This global initiative exists to reward, encourage and leverage staff abilities and interest in undertaking communitycentred and educational activities. This typically involves providing technical assistance to humanitarian and development organisations; enhancing their capacity to reduce suffering and improve people's lives.

Over the past seven years, it supported nearly 60 projects focused on water and shelter, which have contributed to improving the lives of tens of thousands of people.

An example Arup Cause project in Uganda's Teso region saw volunteers from the firm help develop the Shalom International School – phase one of a vocational college for young people in the area that will serve as a model for similar projects in the future.

Strategic partnerships have been set up with charities such as WaterAid to provide technical support for a country program in Nicaragua. And across the firm, sponsored bake sales, walks, cycle rides, and even moustache-growing have all featured in Arup offices as fundraising efforts have connected our people with communities in need around the world.



### • Arup Cause Water Hygiene and Sanitation Project in Bulambuli Eastern Uganda

Since 2008 this project has been improving the health and resilience of rural communities, by delivering sustainable water supply, sanitation, and hygiene education. Funding is from a private donor, with the Arup Cause funding pro bono technical advice and project management services. In addition, Arup staff work on a voluntary basis, both from the UK and on assignments in Uganda. The delivery is in partnership with local government, community organisations, NGOs and Engineers Without Borders UK (an Arup Cause partner).



Over 60 local volunteers have received training in the delivery of water, sanitation and hygiene education, with an emphasis on capacity building during the construction of shallow wells, rain water harvesting, latrines and household hygiene facilities. The volunteers have delivered hygiene education for more than 4000 people. Nearly 2000 people now have better access to safe water and around 1000 people have improved their own latrines. Arup continues to provide project support, with a new six month volunteer assignment starting in September 2013. The programme will conclude in December 2014, and we will work with local government to ensure their adoption of protected water sources, and to share our experience with NGOs and other stakeholders in the WaSH sector.

### • Community Engagement

Our Global Community Engagement Committee recently appointed Sarah Bowden as the UKMEA Region Head of Community Engagement. She meets with other regional leaders to promote best practice, and to set the strategic direction for all our charitable giving, strategic partnerships, fundraising and directing funds, and volunteering time to

projects. Sarah says “ Arup donates to charitable causes ... but we believe we can make an even bigger impact by donating our time and skills.” Our community engagement and ArupID teams have collaborated on the Sabre Schools Ghana project. To build more schools they are initiating a social enterprise approach, to obtain funding from outside Arup for the Sabre charity, so that beneficiaries aren’t reliant on Arup to keep the work going.

Our intranet Community Engagement Skills Network Forum is used to communicate internally about opportunities and activities, for capacity building in our offices in developing countries, and to share knowledge, news and enthusiasm.

## Arup International Development (ArupID) Partnerships

Separate from charitable donations and pro bono work, Arup International Development (ArupID) is a not-for-profit business within Arup, working in partnership with humanitarian and development organisations. ArupID strengthens the overall impact of the firm’s work, helping to deliver strategic objectives and outcomes at organisational, programme or project level.

The team works across a range of sectors and often in challenging geographies, to help combat poverty and vulnerability, to increase wellbeing and resilience in the developing world.

Arup ID partners include:

- Aha Khan Development Network
- British Embassy Lima
- Care
- Christian Aid
- Department for International Development
- Disasters Emergency Committee (DEC)
- Disaster Recovery Board (Turks and Caicos Islands) Habitat for Humanity
- Holcim
- International Institute for Environment and Development
- International Federation of Red Cross and Red Crescent Societies (IFRC)
- International Water and Sanitation Centre
- IRC

- ICLEI (local governments for sustainability)
- IOMOIM
- Just Energy
- Mercy Corps
- Muslim Aid
- Oxfam
- Qatar Foundation
- Rockefeller Foundation
- Sabre Charitable Trust
- Swiss Agency for Development and Cooperation
- Taru
- Thailand Environment Institute
- WaterAid
- World Economic Forum

The firm’s ambition to engage with organisations that share our values and ambition to promote sustainability leadership means Arup has worked closely with partners such as the World Economic Forum to highlight the multi-billion dollar market potential for energy-efficient buildings. This is a vital contribution as buildings are responsible for 40% of the world’s energy consumption and generate 40% of all carbon emissions. As such, retrofitting buildings to improve their energy efficiency presents a tremendous opportunity to reduce costs and impact on the environment.

Another example of cooperation in this area is the joint venture created between Arup and the Japanese group, Mitsui, aimed at sparking a wave of green investment around the globe. Arup and Mitsui signed a deal to form MBK Arup Sustainable Projects in 2011 with the aim of getting low carbon investments off the ground.

## 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 (MoU) for the provision of infrastructure based services. This makes shared standards, tools and personnel exchanges available, to allow UNOPS to rapidly mobilize to project sites. This 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 ArupID. It enables UNOPS project managers to draw upon the unique expertise within Arup from our global network of designers, planners,

engineers, consultants and technical specialists.

Jo da Silva, who leads our ArupID team, lectured on the role of engineers in disaster risk reduction, at the first major event held at UNOPS headquarters in Copenhagen's new UN City.

Her speech formed part of the Brunel International Lecture Series, established by the Institution of Civil Engineers. She is the first woman and the third member of Arup to deliver the lecture.



## Arup ID Example Projects

### Rockefeller Foundation

Arup is the Asia-Pacific Regional Partner in the Rockefeller Foundation US\$60m funded Asian Cities Climate Change Resilience Network (ACCCRN). We are providing strategic advice, technical expertise and assessment and evaluation. The programme is working in over 20 small and medium cities to identify strategies, models and actions for assessing and addressing risk that will collectively improve the ability



of the cities to withstand, to prepare for, and to recover from the projected impacts of climate change. We have shaped this initiative from the beginning with strategic direction, programme management, knowledge management and network-building. We are also contributing technical expertise towards city level project implementation, while evaluating and strengthening projects for success. The ultimate aim is to reduce the vulnerability and exposure that poor and vulnerable populations face with respect to climate change.



We are part of an ambitious City Resilience Index project, researching urban resilience at city scale, to define the characteristics of a resilient city and determine key measurable indicators, to catalyse action and resource allocation. We anticipate partnering with multiple experts worldwide, to evaluate the ability of cities and urban communities to evolve and adapt to changing circumstances and extreme events. Specifically we aim to reveal which interventions will be most effective for poor and vulnerable people in urban areas.

Human Rights

Labour

Environment

Anti Corruption

Development

## C40 Advisory Role Measuring Climate Change Action in Megacities

In 2011 Arup produced a ground-breaking study into the action being taken by mayors globally to combat climate change, for the C40 and Clinton Climate Initiative. In doing so Arup collected and analysed huge volumes of data from 36 megacities around the world. We are delivering action-oriented UrbanLife workshops in six of these cities to address specific issues, such as sea level rise. Each workshop aids effective policy development and design. In 2013 Arup are producing the follow up report, now with 63 of the world's largest cities, which will demonstrate the progress being made around the world.

## 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. These prototypes are for 30 future schools for the region. Prototype evaluation and re-design reduced build cost by 5%, equivalent to



the cost of 9 intensive teacher training courses. The build programme was also 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. Over 50 people from around the Arup globe have contributed to the design and construction supervision for the schools. Arup and Sabre have now completed three kindergarten complexes in the KEEA Municipality and Shama District. They have delivered training to 45

community labourers on three construction sites and, to date, these schools have provided a better education to 500 children.

## Community-Based Disaster Risk Reduction (CBDRR) Study

In partnership with the International Federation of Red Cross and Red Crescent Societies (IFRC) we are providing strategic advice, assessment and evaluation for a two phase study covering Asia, Latin America and the Caribbean.



This study began when we were asked to review IFRC CBDRR programmes implemented in four Asian countries following the 2004 Indian Ocean tsunami. We identified and documented lessons learned, undertaking participatory workshops and interviews in numerous communities. We developed 'characteristics of a safe and resilient community' and the 'key determinants of a successful CBDRR programme'. We have since replicated this study in Latin America and the Caribbean.

Our work is contributing to an improved understanding of community resilience as well as influencing the design and implementation of successful CBDRR programmes worldwide.

## Improving Shelter Responses to Humanitarian Crises



In partnership with Christian Aid and Habitat for Humanity International (HFHI) we were asked to undertake a comprehensive shelter-specific review of their shelter responses in Haiti, the Caribbean and the Republic of Philippines, over a 10-year period to 2012.

Our study captured learning from a range of shelter assistance efforts, to inform the design and implementation of future interventions. We also identified actions that can be taken prior to a disaster to improve community resilience, and enable more rapid responses to shelter needs in the aftermath of a disaster. Our work has contributed to an understanding of best practice, influencing the future effectiveness of shelter response.

## Low Carbon Routemap for the UK Built Environment

Working with the Climate Centre for the Green Construction Board, we have developed a Routemap to address how the UK's built environment could achieve a Greenhouse Gas emissions reduction target of 80% by 2050.

Our deliverables included a visual Routemap that shows major policies, targets and actions over time and a dynamic tool to test the impact of different scenarios and assumptions. The analysis shows the UK could achieve 80% carbon reduction through existing technology, assuming significant progress is made in decarbonising the electricity grid, but that this would require strong policies and incentives to drive action.

The underlying analysis framework is flexible and should be transferable to different regional contexts and industry sectors. The Routemap was launched by the Green Construction at the 2013 ecobuild conference.

## Danish Red Cross Integrated Programming Study

The Danish Red Cross have been building community resilience by implementing integrated programmes, that typically combine elements of disaster risk reduction, health, livelihoods, food security, and water and sanitation for the last 15 years. We were asked to assess and evaluate five completed programmes, via desk-based research and four current programmes via desk and field based research in Liberia, Mozambique, Nepal and Pakistan. Our report, and an additional programming tool, has helped improve the effectiveness of their integrated programmes across the world.



## Other Secondments and Partnerships

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 other organisations while giving our clients access to very highly qualified and capable individuals 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. We have undertaken reciprocal secondments with contractors, to develop employees' site experience and capability. 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.

Arup was a founder member of RedR, an international charity that coordinates the deployment of skilled professionals to where they have most impact in emergency situations. Arup engineers have taken part in field assignments to provide help at the scene of disasters such as the Szechuan earthquake and hurricanes Gustav and Ike in the US. Many more actively fundraise for RedR.

## Indicators

- In 2012 Arup charitable donations totalled £743,000 and pro bono engagement was £843,000 (£ equivalent staff cost).
- In addition Arup staff added significantly to this total, with more than 21,755 unpaid hours of volunteering and individual fundraising projects.
- There are over 200 community engagement projects globally, where there is more than one member of staff involved.
- Individual staff also give time for mentoring in schools, lecturing at colleges, fundraising etc.
- ArupID have over 30 worldwide partners including charities, charitable foundations, NGOs, and governments.
- ArupID have completed over 35 projects in more than 30 countries.
- Today, 1 in 20 of our people around the globe is on secondment at any one time, providing tremendous scope for individual development.
- Arup is a member of Business for Social Responsibility.
- Arup is also a member of Business in the Community.

United National Global Compact:  
Communications on Progress 2013

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 Kuwait<sup>1</sup>. 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 domains<sup>2</sup>.

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 Irons<sup>3</sup> 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 2013

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

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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 disability, 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.

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**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.

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### Effective Date

28 May 2012

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### 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 2013

Attachment:

- Global Harassment Code of Practice
- UK Local Harassment Procedure

## Harassment : code of practice

### Purpose

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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

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1 May 2001

### Applicability

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All employees working for Arup worldwide.

## Harassment : local procedure for UK

### 1 Introduction

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Harassment may be characterised as unwanted conduct affecting the dignity of people in the workplace. It may be related to age, gender, gender reassignment, race, disability, sexual orientation, religion, nationality, or any other personal characteristic of the individual. It may be persistent or an isolated incident. The key is that the actions or comments are viewed as demeaning and unacceptable to the recipient, whether or not this is intentional.

Any complaint will be taken seriously and the necessary resources deployed to investigate and resolve the matter. Once the investigation is completed, the Leader who initiated the investigation will decide, on the strength of the findings, the appropriate action to be taken. Conversely, any malicious complaint which, on investigation, is shown to be without foundation, will be treated as a matter no less serious than an act of harassment.

#### 1.1 Bullying

Bullying may be characterised as offensive, intimidating, malicious, or insulting behaviour; an abuse or misuse of power through means which undermine, humiliate, denigrate, or injure the recipient.

Research suggests that bullies are just as likely to be female as male and that bullying happens equally to men and women.

Bullying behaviour may include:

- setting of unachievable objectives and timescales
- insisting that the management way is the only correct way of doing things
- frequently 'changing the goal posts'
- setting of 'trick' problems
- public 'dressings down' whether justified or not
- continual nit-picking about minor issues
- asking individuals loaded questions about themselves
- continually making derogatory statements about an individual
- calling individuals by offensive names.

#### 1.2 Sexual harassment

Sexual harassment takes many forms, from relatively mild banter to actual physical violence. Employees may not always realise that their behaviour constitutes sexual harassment; they must recognise that what is acceptable to one person may not be acceptable to another. Sexual harassment is unwanted behaviour of a sexual nature by one employee towards another, whether of the opposite sex or the same sex.

Sexual harassment may include:

- insensitive jokes, innuendoes, teasing and pranks
- lewd comments about appearance or dress
- unnecessary body contact
- displays of sexually offensive material, eg pin-ups
- requests for sexual favours
- speculation about a person's private life and sexual activities
- threatening or actual sexual violence
- threat of dismissal, loss of promotion, etc, for the refusal of sexual favours.

### 1.3 Racial harassment

Racial harassment can also take many forms, from relatively minor abuse to actual physical violence. It should also be borne in mind that everybody has an ethnic origin. For example an individual's ethnic origin may be Welsh while they may categorise themselves as White European.

Racial harassment may include:

- insensitive jokes or pranks related to race, colour, nationality, or ethnic origin
- deliberate exclusion from conversation or activities
- abusive, threatening, or insulting words and behaviour
- displaying abusive or offensive writing and pictures
- deliberate non co-operation.

### 1.4 Religious discrimination

This is discriminatory behaviour which fails to acknowledge or ignores the rights or needs of people with different beliefs.

### 1.5 Disability

This can include harassment, undignified treatment, ridicule or exclusion of people because of their disability, vulnerability, or perceived reduced independence.

### 1.6 Age

This is ridiculing or demeaning behaviour focussed towards people because of their age.

## 2 Procedure

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### 2.1 Informal procedure

Employees who are harassed should keep a written record of all incidents, including the date, time, nature of incident, the names of those involved and the names of any witnesses. They should ask for colleagues who have witnessed the harassment to provide written statements of what they have seen or heard, so that they can be provided as evidence. The Human Resources Group is available to give confidential support and advice.

If possible, the person or persons carrying out the harassment should be told by the individual who is being harassed that the behaviour is offensive and unwanted and must stop. This can either be done by talking to the individual(s), or alternatively, writing a letter stating what happened, where and when. A colleague or a member of Human Resources Group can act as a witness when this statement is made. Alternatively, an appropriate Leader can speak to the alleged harasser.

Whenever possible, any complaint of harassment should be made in the first instance to the person to whom they report or someone of a similar level.

### 2.2 Formal procedure

Where informal methods fail, or where a more serious incident of harassment occurs, employees have the right to bring a formal complaint using the firm's Grievance procedure (see Grievance code of practice). The complaint should be made in writing, and where possible state:

- the identity of the harasser(s)
- the nature of the harassment

- date(s) and time(s) when harassment has occurred
- names and witnesses to any incidents of harassment
- any action taken by the employee to stop the harassment.

Employees may raise a complaint of harassment either with their Leader, a more senior member of the firm, or directly to the Human Resources Group. Where the complaint is raised initially with a Leader, the Leader should immediately involve the Human Resources Group.

The Leader will arrange for a thorough investigation of the complaint. The steps taken will be those set out in the Grievance procedure. As far as possible, confidentiality will be maintained throughout the investigation.

Once the investigation is completed, the Leader who initiated the investigation will decide, on the strength of the findings, the appropriate action to be taken. This may include disciplinary action, in which case the Conduct & Performance code of practice and disciplinary procedure will apply.

Any malicious complaint which, on investigation, is shown to be without foundation, will be treated as a disciplinary matter no less serious than an act of harassment.

If the complainant or the alleged harasser is dissatisfied with the outcome of the procedure then he or she may appeal, (see appeals procedure in Conduct & Performance code of practice).

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### **3 Responsibility**

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#### **3.1 Leaders**

- Any Leader who receives a complaint of harassment must arrange for an investigation of the complaint or incident and ensure that the problem is resolved as quickly as possible, making sure that appropriate action is taken to ensure compliance with the code of practice. Failure to take corrective action may in itself be treated as a disciplinary offence.
- All Leaders have a duty to establish and maintain a working environment free from harassment and should be observant and alert to the kind of behaviour which might indicate that a problem exists. Leaders should also be prepared to deal with any inappropriate behaviour even if it has not been complained about.
- Leaders are responsible for notifying the Human Resources Group when a formal case is raised, and must keep the Human Resources Group informed and involved as necessary, throughout the process.
- Leaders are responsible for ensuring that employees for whom they are responsible have knowledge of and understanding of the firm's code of practice.

#### **3.2 Human Resources Group**

- The Human Resources Group will assist Leaders and employees with advice and guidance involved in the use of this code of practice.
- The Human Resources Group will also arrange for employees who request it to have access to advice from trained counsellors, eg from the firm's Employee Assistance Programme.

### **3.3 Employees**

- All employees must comply with this policy and take steps to ensure that harassment does not occur.
- Any employee who feels bullied should feel confident that complaints will be taken seriously and dealt with in confidence.
- Any employee who is made aware of harassment by a colleague must respect the confidence of the parties involved and should encourage the person being harassed to consider using the correct procedure.
- If an employee believes that a colleague is being harassed and that they have not complained about it, then it is the employee's duty to report the harassment of the colleague to their Leader or to the Human Resources Group.

United Nations Global Compact:  
Communication on Progress 2013

Attachment:

- Global Health & Safety Policy

# Global Health and Safety Policy

ARUP

## Mission

To shape a better world

## Objectives

To deliver this, the firm will:

- ensure, so far as is reasonably practicable, 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;
- implement programmes for the prevention of injury and ill health and continued improvement in the management and performance of our health and safety systems;
- integrate health and safety considerations into our design and business decisions; 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.



**Lup-Moon Lui**

Arup Group Health and Safety Director

Leader for .....

.....

.....

..... Sub-region/Group

**[www.arup.com](http://www.arup.com)**

United Nations Global Compact:  
Communication on Progress 2013

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

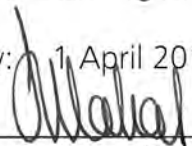
Original QMS Approval: 20 October 1994

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



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## 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.

Provision of multi-disciplinary design and consultancy services.

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Page 1 of 1



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United Nations Global Compact:  
Communication on Progress 2013

Attachment:

- UK Disciplinary Procedure

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## Conduct & Performance : UK disciplinary procedure

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### 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.

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### 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.

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**3 The procedure**

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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**

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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**

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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**

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

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## Conduct & Performance : code of practice

### Purpose

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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

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1 May 2001

### Applicability

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

United Nations Global Compact:  
Communication on Progress 2013

Attachment:

- Corporate Report

# Corporate Report

## 2011/2012



ARUP



# Steady performance in a tough global climate

Focusing on diversification and resilience provides a solid platform to face the uncertainties of the global economy



The 2011-2012 financial period has undoubtedly been another challenging year for a sector beset by continuing uncertainty in Europe and Middle East. Yet Arup has maintained our strategic focus, worked hard with our clients and continued to deliver steady results in a tough economic environment.

At the end of the financial year, the Group Board was pleased to report that Arup managed to maintain rising income and profits in a very competitive global marketplace. Income grew modestly to hit £991.8 million, while full-year profits stayed positive at £31.1 million.

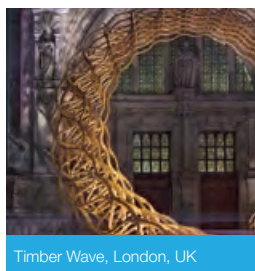
This resilience stands as a testament to the commitment and hard work of everyone across the Arup family. Yet we are also aware that we cannot afford to be complacent and it is important we guard against that across the firm. As a result, we remain just as keenly focused on improving efficiency and productivity as we are in achieving the highest design standards for our clients.

The firm also continues to follow a path toward becoming more diversified both across businesses and geographies – a strategy that has helped provide stability in the choppy waters generated by the global economic environment of recent years. As a result, we remain well placed to meet the uncertainties of the market in the year ahead with excellent people on board and a strong pipeline of both talent and projects coming through.

The highlight of 2012, though, is the chance to showcase our abilities to deliver to a gold medal standard in this Olympic year. London 2012 represents a boost in income for the firm, but far more importantly it once again highlights our ability to deliver complex projects on time, to budget, and to the very highest standards – a benchmark we fully intend to continue to strive for on every project we tackle.

A handwritten signature in blue ink, reading "Philip Dilley".

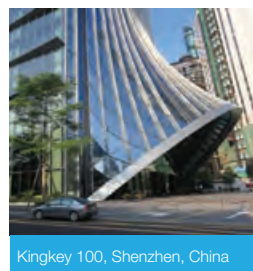
Philip Dilley, Group Chairman



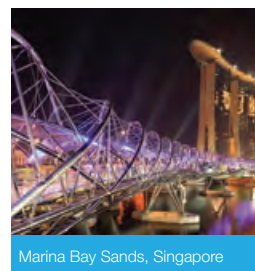
© Dennis GilbertVIEW



© MetroSantiagoChile



© Kerry Ip



© Darren Soh



International Finance Centre, China

# Owned in trust for a secure, independent future

Arup's ownership structure has been the foundation for decades of solid growth and sound finance. Most importantly, it allows the firm to maintain its independence

The ability to offer impartial, trusted advice is the foundation for much of Arup's success over the decades. Whether on major infrastructure works like High Speed 2 in the UK, building projects like the International Finance Centre in Guangzhou, China, or consulting projects such as providing transaction advice on the re-development of the Presidio Parkway in San Francisco, USA, our independence is never in doubt.

That independence of thought is a key component of our business model, putting us in a trusted position with clients and external stakeholders. At the same time, it has also proved important to the firm's financial foundation over the years. As a Trust-owned firm, Arup is owned for the benefit of the employees, past and present. In practice, this leaves us free to pursue long-term business strategies without the distraction of serving the needs of short-term shareholder profits.

Today, the responsibility for maintaining that legacy falls to the Trustees who administer the Ove Arup Employee, Charitable and Service Trusts. Among other things, the Trustees are responsible for appointing the Group Board. The Group Board is led by the Chairman, Philip Dille, along with 13 Directors, including two non-executives, and supported by three officers. The Group Board is responsible for setting the overall direction, strategy and policies to deliver the firm's objectives.

To reflect the complexity of our multi-disciplinary work, the Group Board has devised a matrix structure for the firm. This runs along strategic lines featuring Regions, Practices, Businesses and a number of senior level executive bodies tasked with supporting specific areas such as design, people and operational management.



© Ronald Tilleman

Government office, Groningen, The Netherlands

# design markets people operations

The regional structure covers five areas in total – the Americas, Australasia, East Asia, Europe and UKMEA (UK, Middle East and Africa). The three Practices cover the overarching disciplines of Building, Consulting and Infrastructure and help drive our focus on technical expertise and skills development. Meanwhile, the 18 Businesses are outward facing in recognition of the need to support our clients in key sectors such as rail, aviation, waste and energy.

Overall, the structure is managed in such a way as to provide internal cohesion between the many skills we have, while maintaining external clarity across the intersecting multi-disciplinary activities that feature in the firm's work.

In combination, Arup is able to develop the skills and careers of our people, while engaging with clients and stakeholders at all levels across multiple disciplines and business areas. This allows Arup to provide the highest quality work and make the most of new opportunities.

## Strategic approach

Arup is widely recognised as a world leader in delivering design and consulting engineering services, as well as numerous other architectural and professional skills. Spanning these multiple skillsets and business areas, the Group Board has set out a strategy that aims to promote excellence in four key areas:

- to be leaders in design
- to invest in markets for the future
- to invest in our people and make Arup an employer of choice
- and to inspire operational excellence across the board

These four overarching strategic objectives have implications for everything we do. For example, our ambition to be leaders in design has driven Arup to become partners on cutting edge schemes such as the Rokko Observatory in Japan, as well as developing a global series of 'Penguin Pool' events to engage with artists and designers across the globe.

The strategy of investing in markets for the future has prompted a number of initiatives from the expansion of our activities in fast-growing markets in China to the development of a new induction charging technology for electric vehicles in the form of HaloIPT, which proved to be a success for Arup and for low carbon transport.

Making Arup an employer of choice means not only reinforcing our commitment to career progression through continuous professional development and the Arup University programmes, but also through developing robust diversity policies across the globe.

In each area of the firm's activities, we also aim to promote operational excellence by cutting red tape and focusing on the quality of the work rather than pursuing growth targets, for example, as well as ensuring that sustainability and innovation remain at the heart of our design approach across the board.

In short, Arup's strategy is framed around attracting the best and brightest people and then developing their skills so that Arup can deliver the best projects for our clients and stakeholders. In doing so, we strive to shape a better world.

## Group Board



Peter Bailey



Jenny Baster



Alan Belfield



Robert Care



Tristram Carfrae



Andrew Chan



Philip Dille



Greg Hodgkinson



Michael Kwok



LM Lui



Mahadev Raman



David Whittleton

## Non-Executive Directors



Michael Bear



Ngaire Woods

## Officers



Martin Ansley-Young



Cathy McNulty



Matt Tweedie



Bill & Melinda Gates Foundation, HQ, Seattle, USA

# Resilience drives progress in competitive global markets

Arup aims to stay profitable and build a better business for our people and our clients

Arup's business performance in 2011-2012 was influenced by a number of external factors, not least the continuing after-effects of the global financial crisis and uncertainty in the Eurozone and the Middle East. Despite the impact of these geopolitical difficulties on specific markets, the picture for the Group as a whole has been characterised by solid returns and a resilient performance.

In a very competitive global market, Arup Group's resilience saw income rise 2.6% to £991.8 million, while operating profits climbed 16.4% to £28.7 million. Performance was helped by the integration of the previously independent Arup Ireland into the Group and the sale of the HaloIPT electric vehicle venture, which pushed full-year profits to a positive £31.1 million.

These solid financial results demonstrate how the Group has responded to the challenges brought to bear in a patchy and cautious global investment climate. It also highlights the effectiveness of a strategic approach that emphasises excellence in design and operations alongside sound strategic investment in key markets and the people who are at the core of all our businesses.

Critically, the firm will maintain its tradition of adding value through innovative and sustainable design approaches across the business – the underpinning element that has helped guide Arup's success over the years.



© Marcel Lam Photography

Harbour Area Treatment Scheme, Hong Kong

## Across the regions

Analysis of the Group's performance over the year highlights the resilience of Arup's global diversification strategy. Increased turnover in Asia (up 18.1%), Australasia (up 9.5%) and the Americas (up 10.9%) helped offset declines in the Middle East and Africa region (down 18.2%).

At the same time, income in the UK and Europe held relatively steady, which the Board believes represents a commendable performance for the Group overall given the economic climate. There is no doubt that turnover is a useful metric for the firm, but the Group's key interest remains in delivering great projects for our clients as part of our ambition to shape a better world.

Looking across the regions there is no doubt that some outstanding projects were delivered over the period in each of the three main Practice areas – buildings, consulting and infrastructure.

In the buildings arena, a number of schemes stood out, not least the AAMI Park Stadium in Melbourne, Australia, the Education Executive Agency and Tax Office in Groningen (one of the most environmentally-friendly buildings in the Netherlands) and the Bill and Melinda Gates Foundation HQ in Seattle, USA. AAMI Park set new benchmarks in efficiency and sustainability, while the Seattle HQ demonstrates the true value of delivering sustainable design at scale as the Bill and Melinda Gates scheme became the largest non-profit LEED Platinum building in the world.

In a similar vein, the consulting teams have been enhancing the firm's global reputation with world-class projects such as the Singapore Sports Hub, which uses an energy-efficient spectator cooling system, as well as through work such as the joint publication of a Low Energy Lighting Guide for the BBC, which has helped the UK broadcaster cut energy use as well as costs.

In the other main Practice area – infrastructure – the firm's success is a truly worldwide phenomenon with several major projects nearing completion such as the prestigious A30 Autoroute in Montreal and the Harbour Area Treatment Scheme in Hong Kong – a new sewage system that will serve a population of five million on both sides of the Victoria Harbour.

In all these areas, the Practices work tirelessly to ensure that Arup maintains its world-beating edge in technical expertise and thought leadership, as well as maintaining our reputation for innovation and sustainability across the board.

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*The Group's key interest remains in delivering great projects for our clients*

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### Selected awards

#### **Moses Mabhida Commuter Station, Durban, KwaZulu Natal, South Africa**

Kwazulu Natal Institute for Architecture (KZ NIA) Award  
Southern African Institute of Steel Construction (SAISC)  
Steel Award Winner

#### **Sabiha Gokcen International Airport, Istanbul, Turkey**

European Steel Design Award

#### **Evelyn Grace City Academy, London, UK**

Royal Institute of British Architects (RIBA)  
Stirling Prize

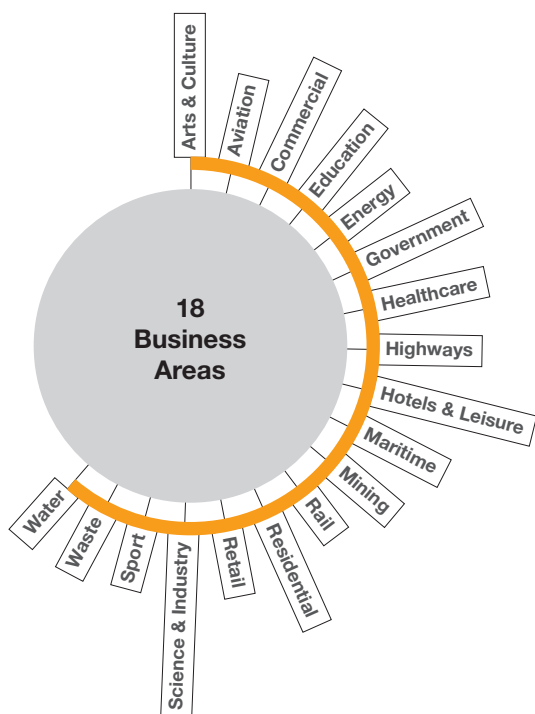


Gautrain, South Africa



A30, Montreal, Canada

© NAS30 CIV



## Arup Businesses

When it comes to dealing with clients, our approach is to strive to ensure that our teams ‘talk the same language’ as the people we deal with, both figuratively and metaphorically. This is why Arup aims to employ a diverse workforce, work with clients who share a passion for innovation, and run 18 Businesses across the firm, so that a complex mix of seamlessly integrated services are targeted and tailored to specific client audiences and stakeholder groups.

Rail, for example, is one of the firm’s largest Businesses and in this sector any project of significant scale requires a huge number of different skillsets. As a result, we have a dedicated global rail team which works with clients and at the same time each individual project team can draw on a wealth of in-house expertise. For example, environmental experts can be deployed to examine the route and look at impact mitigation such as the tunnels created for the Gautrain project in South Africa. The team might draw on high-level operational expertise to inform the design engineering for highly complex projects such as the Second Avenue Subway in New York. Or the firm’s acoustics expertise can be used to engage the public during consultation as Arup did on the HS2 high speed rail line in the UK.

The story is the same for other major Businesses such as Highways. The firm's internal networks allow internationally recognised experts from across the globe to collaborate seamlessly on vast infrastructure schemes including the Forth Bridge Replacement near Edinburgh in the UK or the Presidio Parkway in San Francisco, USA, where the project team is tasked with delivering a new approach to the Golden Gate Bridge while maintaining traffic flows of some 100,000 vehicles per day.

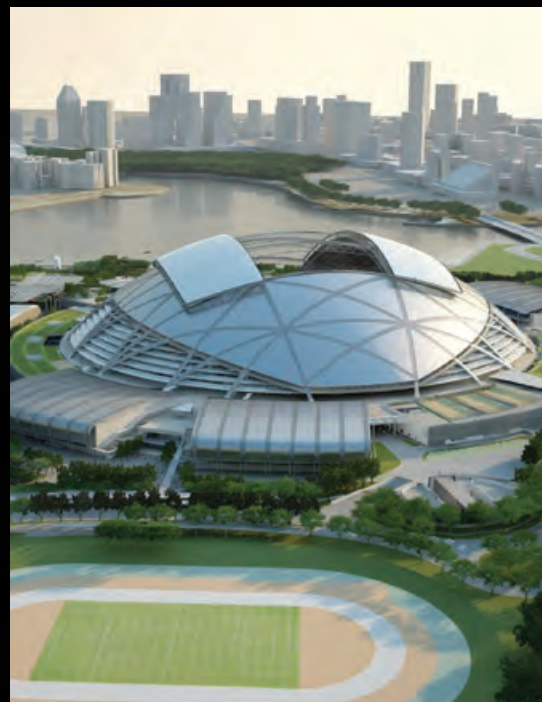
Across all our Businesses, we actively seek to work with clients who share our values and vision in terms of sustainability and this is clearly evident from many of the projects undertaken in another of Arup's major business areas – Commercial Property. A particularly interesting example is 1 Bligh Street in Sydney, Australia, which was the city's first 6-Star Green Star high-rise building. The project is the first high-rise in Australia to employ a double skin façade on this scale and set new standards for sustainability and innovation in high-rise development in the country. At the same time, the firm is enhancing our reputation for innovation with projects such as BSkyB's Harlequin building in London, UK, where Arup has helped design arguably the most sustainable broadcasting studio of its type in the world. The studio includes eight state-of-the-art, naturally-ventilated studios, offices and free-cooled data rooms, all following the client's design brief to create a world-leading, genuinely sustainable HQ.

These examples represent just a few of the many schemes where Arup once again combines innovation and sustainability.

## Global outlook

Despite the inevitable challenges created by a soft global trading environment, Arup approaches the year with confidence, safe in the knowledge that the firm boasts many of the world's best people working in fields ranging from sustainable masterplanning and acoustics to high speed rail and airport design.

The firm's Trust-owned structure also means that Arup retains the ability to plan for a long-term future. That advantage, allied with another solid financial performance and the rising number of existing and potential clients around the globe who share the group's culture and passion for excellence, innovation and sustainable solutions means that Arup is optimistic the firm will see an even better 2012-2013.



Singapore Sports City

© Oaker





Employee engagement is a key factor in Arup's success

# The art of being an 'employer of choice'

Attracting, nurturing and developing the skills of people who share our values is key to the Arup model

It is often said that Arup is 'unique'. One of the reasons for this is that Arup is a Trust-owned firm run for the benefit of the employees. As such, the group values its people greatly. This is why one of the strategic goals Arup has set itself is to invest in our people and have Arup recognised as 'an employer of choice'. It is a critical ambition for the firm as it is one of the key ways in which the group can sustain its culture, its expertise and its talent pool, and in turn maintain and grow Arup's reputation and standing around the globe.

As a professional services company, practically everything the firm does for clients and partners depends on the quality of the people who work at the group. So at every level, Arup is committed to attracting those who share our core values, nurturing their talents, developing their skills and striving to provide the best projects and working conditions to enhance our ability to deliver for clients and stakeholders.

This long-term commitment to excellence and being an 'employer of choice' manifests itself in a number of ways. For example, Arup actively promotes and pursues a global diversity policy, action plan and associated training to ensure that we attract and retain the broad range of people needed to reflect the diverse global stakeholder base the firm serves. Arup's approach means that these principles of diversity and inclusion extend to our clients, our suppliers and all of those with whom we choose to work.

The firm has also sought to maintain graduate recruitment in an uncertain global economic climate to ensure that we sustain the lifeblood of the firm, maintaining the pipeline of new talent coming into the group. Indeed, in the past year Arup took on more than 400 graduates, on a par with pre global recession levels. This reflects the group's confidence in the future and ensures that Arup's people continue to be supported – and challenged – by the pool of new talent coming through.

Once on board, new Arup staff are regularly given responsibility for key deliverables during the early stages of their careers. This helps promote responsibility and engagement, which is then reinforced in other ways, for example, via the firm's commitment to promote global mobility and ensure the group is well-placed for the best international projects. Today, 1 in 20 of our people around the globe are on secondment at any one time, providing tremendous scope for individual development, as well as helping Arup to nurture the global perspective and leadership needed to sustain an international firm serving clients in the long term.

## Selected awards

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### Ric Snowden

Consulting Engineers South Africa (CESA) Aon Engineering Excellence Awards - Mentor of the Year

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### Tim Chapman

Institution of Civil Engineers (ICE) President's Medal

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### Dervilla Mitchell

Women of Outstanding Achievement Award

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### Phil Nedin

Institute of Healthcare Engineering and Estate Management (IHEEM) Lifetime Achievement Award



Global mobility is an important goal



Arup University is a visible commitment to continuous learning

# 86%

"I feel proud to work for" Arup

# 84%

"I would recommend Arup as a place to work"

Source: 2010 Arup Staff Survey

The firm's ambition to promote continuous development is apparent at every level, including the development of critical technical expertise gained via external professional bodies; senior leadership courses designed to reinforce the ethics and culture of the group; and through the Arup University – an organisation established within the firm to increase the return on intellectual capital.

Among other things, Arup University accelerates the development of staff capabilities through the provision of modules, workshops, e-learning and formal courses at Professional, Masters and Doctoral level. Just in the past year, for example, Masters Modules on topics such as Sustainability Leadership and Business Economics were completed by 65 students, while a further 90 students were accepted and enrolled on Modules for the coming period. The Arup University continues to work with internal and external partners such as Imperial College and UCL to develop our engagement in this area.

Learning and development has always been highly valued within Arup, because it is so critical to the future of the firm. By attracting, developing and retaining a talented and diverse group of people who share Arup's values and ambitions, the firm enhances its relevance and sustainability for current and future generations, putting great design at the service of our clients, partners and communities.



Sludge Treatment Plant, Hong Kong

# Turning thought leadership into action on sustainability

Thought leadership is not enough, which is why Arup is determined to pursue 'do leadership' on sustainability and resilience

Arup has a tradition of being in the vanguard of new thinking about how we should operate as a firm and this is very much the case when it comes to the wider sustainability agenda. From the earliest days, the firm's founder, Ove Arup, set out the importance of having a joined-up approach to design, which included sensitivity to the environment and aiming to achieve a social purpose. This early example of thought leadership has been fundamental to the firm's development ever since and remains embedded in the group's thinking, reflected in how we approach our business, our people, our relationships and even our facilities.

The firm's long-held aspirations in these areas are formalised in Arup's Sustainability and Policy Strategy. The key elements of the strategy are found in the Group's philosophy, not least the overarching mission to 'shape a better world'. By detailing the agenda across four specific areas - business, people, relationships and facilities - Arup has developed explicit policy goals against which to match progress across the group (see indicators on page 14).



In many of these areas, the firm is doing relatively well. For example, in a short time Arup has managed to ensure that 99% of its people work in offices certified to ISO14001 environmental management standards. Inevitably, though, there are areas where further progress can be made, such as boosting gender diversity. Yet arguably the most important aspect of the Sustainability Strategy is that it represents a commitment to further progress across the regions and ensures that sustainability remains firmly at the core of the business.

Today's focus on sustainability is evident across the four main planks of the strategy. For example, we work with clients to optimise social, economic and environmental performance on extraordinary projects such as the Hong Kong Sludge Treatment Facility. This particular project combines a striking architectural design with sludge treatment and energy production, spas, and environmental, educational and exhibition facilities. Not only is it set to be one of the world's largest sludge treatment works, it also opens a new chapter in the integration of work, education, health and social wellbeing.

In the same way, we encourage people at all levels in the firm to put sustainability high on their agenda as part of their everyday work by providing targeted training. As a result, Arup nurtures the level of environmental awareness the firm is noted for, while developing the high calibre personnel who can make their mark as thought leaders in the field, supporting and encouraging clients, partners and other stakeholders following the same path.

This is why Arup is known as a 'go to' global firm for sustainability projects such as the pioneering study – 'Copenhagen: Solutions for Sustainable Cities'. Here, Arup and the City of Copenhagen authorities collaborated on an in-depth study into how the Danish city could develop the principles of green growth to deliver real-world economic and environmental benefits. The partners hope to build on the report's findings in the future to help Copenhagen lead the green growth agenda as the city works to create a smarter, cleaner and healthier environment in the future.

#### Selected awards

##### Central Park and Canals, Songdo City, South Korea

American Council of Engineering Companies (ACEC) –  
Diamond Award for Engineering Excellence – Special Projects

##### Arup

2012 Sustainability Leaders  
Best Environmental Consultancy Award

##### HaloIPT

CleanEquity Monaco Awards  
Award for Excellence in the Field of Environmental Technology Research

##### BSkyB HQ, London, UK

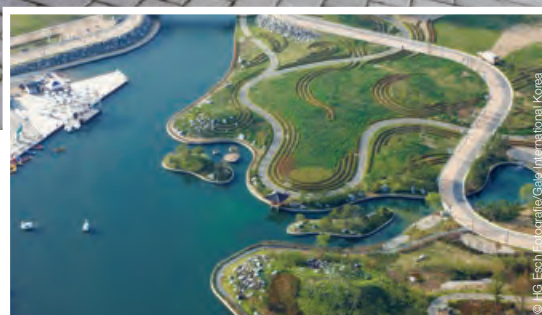
Energy Efficient New-Build Project Winner

##### Yale School of Forestry & Environmental Studies, USA

American Council of Engineering Companies (ACEC)  
Excellence Award



Halo IPT electric vehicle induction charging



New Songdo, South Korea

KPI	2009-2010	2010-2011	2011-2012
Projects setting sustainability objectives (%)	22.9	25.3	27.3
Profit (% of turnover)	2.6	4.8	6.1
Investments (% of turnover)	1.5	1.2	1.3
Cash at bank (weeks of costs, before profit share)	7.7	6.9	5.3
Repeat clients (%) <sup>[2]</sup>	76.4	65.1	83
Women in the firm (all grades (%))	29.5	30	30.5
Women in management positions (grades 7-9 (%))	12.8	13.7	14.3
Staff who have received relevant sustainability training (%)	40.7	33.2	23.6
Staff working in offices with and EMS certificated to ISO 14001 (%)	70.1	99.1	99.7
Carbon emissions per full-time employee per year (tonnes CO <sub>2</sub> ) <sup>[4]</sup>	3.4	3.6	3.3
Paper consumption per full-time employee per year (kg) <sup>[5]</sup>	—	35.5	40.1
Lost time accidents per 100,000 employees	99.7	120	120
Charitable donations (£, to nearest £000)	742,000	749,000	743,000
Pro bono engagement (£ equivalent staff cost, to nearest £000)	582,000	560,000	843,000

The firm's ambition to engage with organisations that share our values and ambition to promote sustainability leadership means Arup has worked closely with partners such as the World Economic Forum to highlight the multi-billion dollar market potential for energy-efficient buildings. This is a vital contribution as buildings are responsible for 40% of the world's energy consumption and generate 40% of all carbon emissions. As such, retrofitting buildings to improve their energy efficiency presents a tremendous opportunity to reduce costs and impact on the environment.

Another example of cooperation in this area is the joint venture created between Arup and the Japanese group, Mitsui, aimed at sparking a wave of green investment around the globe. Arup and Mitsui signed a deal to form MBK Arup Sustainable Projects in 2011 with the aim of getting low carbon investments off the ground.

Moving to the final plank of the Sustainability Strategy – the firm's own facilities – Arup is well aware of the responsibility to practice what it preaches, endeavouring to minimise pollution, waste, and energy use. Here, the indicators show the firm is doing better on carbon with some work to do on paper consumption. At the same time, the group can point to some excellent high points over the year such as the Brisbane office's award for being the National Signatory of the Year for improving office energy efficiency under the national CitySwitch Green Office Program. The judges in this particular award were also impressed with Arup's Office Realtime data visualisation system, which allows staff members to directly see their energy, water, paper, and flight consumption trends, ensuring a correlation between individual actions and overall outcomes.

In short, the group is committed to turning a tradition of thought leadership into 'do leadership' in very practical ways. The concept of sustainability is constantly evolving as evidence, knowledge and understanding is accrued around the globe. Arup plans to play its part in both learning and disseminating best practice as a thought leader in the field.



WZQ Bridge, Yunnan Province, China

# Working in partnership around the world

Connecting with partners and stakeholders in communities around the globe is a key element in our work

Arup's aspirations to shape a better world put the firm at very heart of communities around the globe. Every day, the firm's work is helping to regenerate neighbourhoods, forge new physical and social infrastructure and transform lives for the better.

The nature of the work Arup undertakes means that people across the firm are acutely aware of the responsibilities we have toward partners and stakeholders in the wider community. This goes some way toward explaining why one of the many things that sets Arup apart from other firms is a deeply held commitment to communities and causes.

The founder, Ove Arup, established the firm to be 'an organisation which is human and friendly' and one that carries with it 'a wish to do socially useful work and to join hands with others fighting for the same values'. Today, Arup fulfils this commitment through:

- Giving – via corporate donations through our charitable trust and regional community engagement committees
- Doing – by funding staff to provide technical assistance to humanitarian and development organisations around the world through the Arup Cause, strategic partnerships or local charities
- Developing – encouraging staff to undertake networking and shared learning activities on charitable and community issues under the umbrella of Arup's Community Engagement Skills Network.

The end result is that Arup engages with communities around the globe in a vast array of direct and indirect initiatives.



Arup people engage with global communities through pro bono work and fundraising

One of the most straightforward indications of this commitment is charitable donations, which amounted to some £743,000 over the year (2011: £749,000). Some of the most sizeable contributions are listed below (see Top 10 Donations) and include the founder's own charitable body, The Ove Arup Foundation, as well as some well-known international organisations such as RedR and Habitat for Humanity.

In addition, the Group provided thousands of hours of pro bono work to various charities at a cost of approximately £843,000, while Arup staff will have added significantly to that total with 21,755 unpaid hours of volunteering and individual fundraising projects. For the Arup family, it is here that the story of community engagement really comes alive as staff at all levels get to use their skills and knowledge to make a difference to their communities.

Take the Rayalanka Island flood mitigation and adaptation project in India, for example. Working with the community and local partners, Arup staff were able to help develop an engineering solution that made use of locally available Vetiver grass, providing a long-term sustainable solution for erosion protection.

Another Arup Cause project in Uganda's Teso region saw volunteers from the firm help develop the Shalom International School – phase one of a vocational college for young people in the area that will serve as a model for similar projects in the future.

In Australia, Arup volunteers joined forces with Engineers Without Borders to deliver the Murra Murra Amenities project in collaboration with the Kooma Traditional Owners Association Incorporated at a remote aboriginal homestead in the Queensland outback. The team worked with Emergency Architects

#### Top 10 Donations

Name	Total
South Africa Education Trust	180,214
The Ove Arup Foundation	81,762
RedR	40,320
WuZhiQiao Charitable Foundation	31,635
SportsAid	20,464
Engineers Without Borders	16,313
Fairbridge Trust	16,000
The Smith Family	15,165
Habitat for Humanity	13,318
AtmosFair	12,482



# 21,755

Hours of voluntary work and fundraising

# £743,000

Charitable donations in 2011/12



Australia as part of a wider sanitation program in The Solomon Islands at Ranongga, which was among the areas hit by the 2007 earthquake and tsunami.

Another particularly interesting project took place in rural China at Mixia Village in Yunnan Province, close to the Vietnamese border. Here, Arup teams put in years of preparation alongside volunteers from the Wu Zhi Qiao Charitable Foundation and Hong Kong and mainland universities to build an Arup-designed bridge that will provide a safe passage for the local population to access schools and nearby communities.

All of these projects are backed by a whole host of mentoring and fundraising activities by Arup teams across the firm, which brought in £184,000 over the year. Staff in the New York office, for example, partnered with PENCIL, a non-profit organisation that brings together business leaders to strengthen New York City public schools.

Strategic partnerships have been set up with charities such as WaterAid to provide technical support for a country program in Nicaragua. And across the firm, sponsored bake sales, walks, cycle rides, and even moustache-growing have all featured in Arup offices as fundraising efforts have connected our people with communities in need around the world.

## Arup International Development

Separate from charitable donations and pro bono work, Arup International Development (ArupID) is a not-for-profit business within Arup, working in partnership with humanitarian and development organisations. ArupID strengthens the overall impact of the firm's work – helping to deliver strategic objectives and outcomes at organisational, programme or project level.

The team works across a range of sectors and often in challenging geographies to help combat poverty and vulnerability, working to increase wellbeing and resilience in the developing world.

A good example of its recent work is the Community-Based Disaster Risk Reduction (CBDRR) study carried out for the International Federation of Red Cross and Red Crescent Societies (IFRC). This global study first began when ArupID was asked to review the impact of the client's programmes following the 2004 Indian Ocean tsunami. The work has since been replicated in Latin America and the Caribbean, influencing the design and implementation of successful CBDRR programmes worldwide.

The group also helped guide the planning and design of a new Humanitarian Logistics Hub in Panama for the United Nations Office for Project Services (UNOPS). The project will improve the capacity of governments and international agencies to respond to natural disasters and other events that may require humanitarian assistance in the region.

Meanwhile in Haiti, following the devastating earthquake in 2010, ArupID helped Habitat for Humanity plan their aid programme and coordinate a long-term disaster response.

The firm and its staff are acutely aware that Arup can never do enough, but by engaging with communities around the globe, and forging new partnerships, we are taking positive steps towards fulfilling our aspiration – to shape a better world.



## Who we are

Arup is the creative force at the heart of many of the world's most prominent projects in the built environment and across industry. We offer a broad range of professional services that combine to make a real difference to our clients and the communities in which we work.

We are truly global. From 90 offices in 38 countries, our 11,000 planners, designers, engineers and consultants deliver innovative projects worldwide.

Founded in 1946 with an enduring set of values, our unique trust ownership fosters a distinctive culture and an intellectual independence that encourages collaborative working. This is reflected in everything we do, allowing us to develop meaningful ideas, help shape agendas and deliver results that frequently surpass the expectations of our clients.

The people at Arup are driven to find a better way and to deliver better solutions for our clients.

Acoustic consulting  
Advanced geometric design  
Advanced technology and research  
Airport planning  
Architecture  
Audio visual and multimedia  
Bridge design  
Building design  
Building modelling  
Building physics  
Civil engineering  
Cost management  
Economic planning  
Economics and planning  
Electrical engineering  
Energy strategy  
Environmental consulting  
Façade engineering  
Facilities management  
Fire  
Fluid dynamics  
Geotechnics  
Hydrogeology  
Infrastructure design  
Interchange design  
International development  
IT and communications systems  
Landscape architecture  
Lighting design  
Management consulting  
Maritime engineering

Masterplanning  
Materials  
Mechanical engineering  
Nuclear energy  
Oil and gas engineering  
Operations consulting  
Planning policy advice  
Product design  
Project management  
Public health engineering  
Quantity surveying  
Renewable energy  
Research  
Resilience, security and risk  
Seismic design  
Site development  
Software products  
Specialist technical services  
Structural engineering  
Sustainability consulting  
Sustainable buildings design  
Sustainable infrastructure design  
Theatre consulting  
Thermal energy  
Town planning  
Transaction advice  
Transport consulting  
Tunnel design  
Vertical transportation design  
Water engineering  
Wind engineering



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*Cover image:*  
London Aquatics Centre, UK  
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United Nations Global Compact:  
Communication on Progress 2013

Attachment:

- Global Diversity and Inclusion Code of Practice
- UKMEA Region Diversity Strategy
- UK Equal Opportunities Local Procedure

## 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

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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

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1 January 2009

### Applicability

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

## Equal opportunities : local procedure for the UK

### 1 Introduction

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We must all be committed to ensuring that employment practices are applied fairly and equally, unless directed otherwise by law.

The Human Resources Group will monitor our employment policies and practices to ensure that they conform to relevant legislation, remain free from bias and enable us all to take advantage fully of available opportunities. The Human Resources Group will take action to redress any examples of discriminatory employment practices, direct or indirect. Any such examples within Arup should be brought to the attention of the Human Resources Group.

### 2 Procedures

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#### 2.1 Recruitment

Our equal opportunities code of practice applies equally to all recruitment activities, both internally and externally.

Those involved in the recruitment process must be familiar with the code of practice and its proper implementation. Information and training in support of this code of practice are available; each Arup employee is responsible for obtaining these as necessary.

The selection process shall be based on a job description which relates to the particular experience, knowledge and skills that are needed for the safe and effective performance of the job.

In the event of any complaint or criticism being made by any job applicant in relation to the application of the code of practice, the firm's grievance procedure is to be followed.

#### 2.2 Training

Training is available to all members of Arup in accordance with our training code of practice. Any selection criteria applied to training opportunities will take full account of this equal opportunities code of practice.

#### 2.3 Career development and promotion

The selection criteria for promotion and other career development opportunities within Arup will consider the relevant qualifications, experience and requirements that are needed for the safe and effective performance of the job and shall take full account of this equal opportunities code of practice.

#### 2.4 Pay

Your salary and benefits will take account of your experience, knowledge and skills, in accordance with the spirit of this equal opportunities code of practice.

#### 2.5 Selection for redundancy

If job functions become redundant, the selection process shall take full account of this equal opportunities code of practice.

The firm will ensure that any criteria applicable from time to time to the selection for redundancy are not directly or indirectly in conflict with this code of practice.

Those responsible for selecting and informing employees of redundancy must be familiar with the equal opportunities code of practice and its proper implementation. Information and training in support of this code of practice are available; each employee is responsible for obtaining these as necessary.

## **2.6 Grievance**

If you believe you have not been treated equitably in accordance with this code of practice, you should refer to the firm's grievance procedure for details of action that may be taken.

If the grievance issue relates to the behaviour or actions of the person to whom you report or if you are not comfortable talking to the person to whom you report because of the nature of the grievance eg sex discrimination, the matter may be raised instead with an alternative member of Arup. This should be either a member of the Human Resources Group or another member of Arup who is at least as senior as the person to whom you report. In this event, the manager approached should notify the Human Resources Group directly that a grievance has been raised. All grievance matters raised will be treated confidentially.

## **2.7 Monitoring**

Both members of Arup and job applicants are expected to provide certain reasonable personal data in order to ensure that our policies and employment practices are applied equitably throughout the firm. Such information will be collected when you apply when you become a member of the firm, and from time to time, as requested.

Any such information collected will be treated confidentially and will only be used for the purpose of monitoring whether our practices meet the aims stated in this code.

# **3 Responsibility**

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3.1 *Every member of Arup* has a responsibility to uphold our equal opportunities code of practice in order to ensure that everyone with whom we work is treated equally and honourably.

3.2 *Leaders* have a particular responsibility to ensure that grievances are investigated, that confidentiality is maintained and that appropriate action is taken.

3.3 *The Human Resources Group* has a particular responsibility to ensure that the firm's employment practices do not discriminate, directly or indirectly, against its members and job applicants. It will do this by monitoring procedures and providing a framework, which facilitates access to opportunities. The Human Resources Group will also support the grievance procedure.

3.4 *The firm* takes this commitment 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 procedure.

United Nations Global Compact:  
Communication on Progress 2013

Attachment:

- Global Grievance Code of Practice
- UK Grievance Procedure

## Grievance : code of practice

### Purpose

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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

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1 May 2001

### Applicability

---

All employees working for Arup worldwide.

## Grievance : UK procedure

The framework outlined below is intended to be fair. It is designed to give you the appropriate opportunity to have your personal employment-related concerns heard within Arup. Your concern ("grievance") will be investigated thoroughly, and taken seriously, and you will be informed of the outcome.

### 1 Initial contact

You should always be able to talk in the first instance to the person to whom you report if you have a concern about an aspect of your employment with the partnership. If you do not feel it is appropriate, because of the nature of your concern, to talk to the person to whom you report you will have the facility to contact your next level of management, in which case you should contact your representative from the Human Resources Group for guidance. In the case of members of the Human Resources Group, they should contact another nominated leader within the same Division in order to seek guidance on how to proceed. Any discussion you have will be confidential between the people involved unless you specify otherwise.

The matter may be resolved at the time of the discussion, or the person to whom you report may need to check information. In any event, it is intended that you are notified of the outcome of your discussions within 10 working days.

The outcome of the discussion will take into account all the facts and be sensibly and carefully considered. If you are unhappy with the decision reached, you may raise the concern again, formally.

### 2 Raising a concern formally

You should submit a written summary of your concern to the person to whom you report. A meeting will be arranged within 10 working days, subject to postponement by mutual agreement to discuss the issue and attempt to resolve the matter.

If the matter is not dealt with to your satisfaction then an appeal may be made, in writing, to the next level of management within five working days of receipt of the original decision. Should this person be a Divisional Director, it shall be treated as the final stage of the procedure.

If you remain dissatisfied with the decision on appeal then a further appeal may be made, in writing, within 10 working days to the next level of management. This will be the final stage of the procedure and no further appeal will be possible.

### 3 Guidelines

At each stage of the formal procedure you may be accompanied by a colleague from within Arup and you should notify the person to whom you report if you intend to do this.

Although this procedure may be used to pursue an allegation of sexual harassment there is a separate procedure designed specifically for this which you may prefer to use.

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Every effort will be made to give you a written explanation of the decision about your grievance within 10 working days, subject to postponement by mutual agreement.

#### **4      The Responsibility of the Human Resources Group**

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The Human Resources Group are available to provide advice and guidance to all members involved in the use of this code of practice. The Leadership is responsible for notifying Human Resources when a formal grievance is raised, and for keeping Human Resources informed, and involved as necessary, throughout the process. A Human Resources representative will attend any meetings addressing an appeal. In the case of appeals from members of the Human Resources Group, any meeting will be attended by a member of the leadership team within the same Division.

United Nations Global Compact:  
Communication on Progress 2013

Attachment:

- UK Sustainable Procurement Vision Statement

# ARUP

## 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.



Dick Lee  
Chair of Facilities Executive  
July 2009

United Nations Global Compact:  
Communication on Progress 2013

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 2013

Attachment:

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

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## Ethics: global procedure

### 1 Introduction

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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:

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- 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:

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- 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.

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## 4 Gifts & Entertainment:

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- 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.

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## 5 Competition:

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

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## 6 Confidentiality:

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- 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

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## 7 Conduct & performance at work:

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- 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:

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- 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:

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- 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

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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

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- 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:

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- 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:

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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

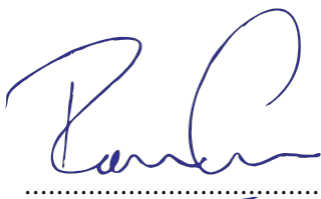
To deliver this, the firm will:

- 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.



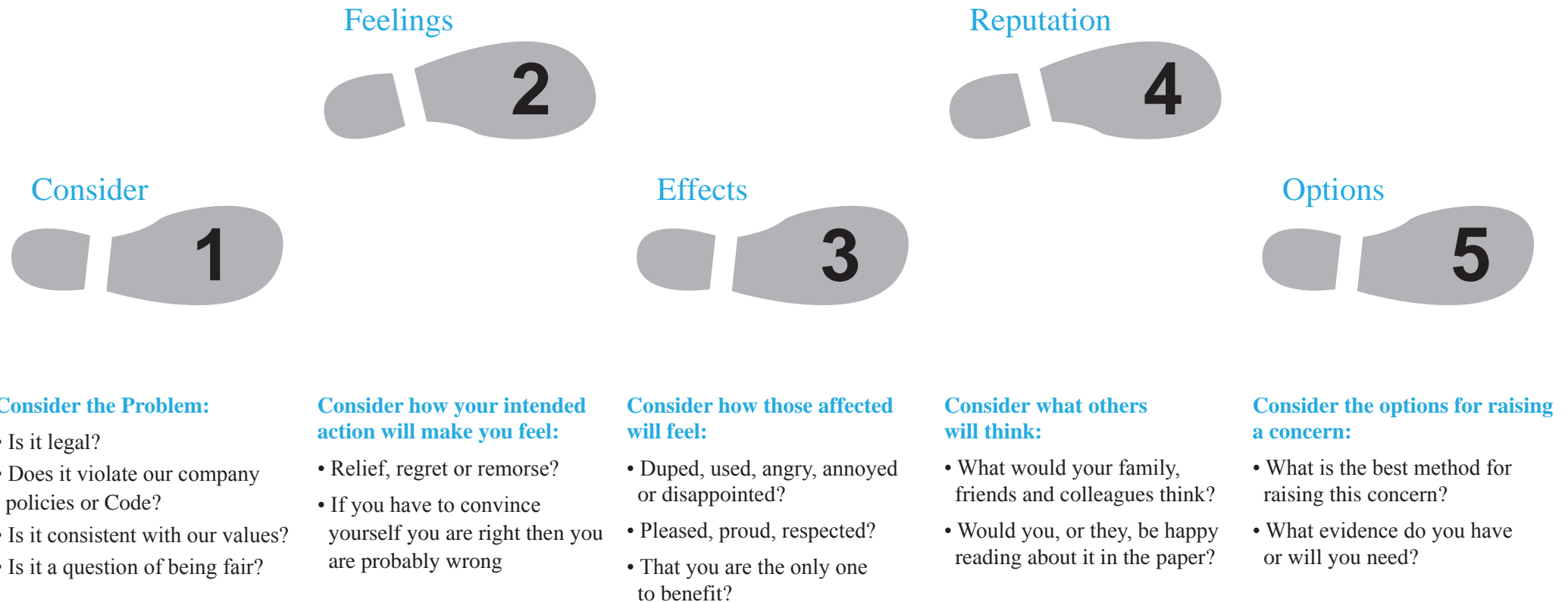
**Robert Care**

Arup Group Ethics Director

[www.arup.com](http://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 2013

Attachment:

- Global Conduct and Performance Code of Practice

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## Conduct & Performance : code of practice

### Purpose

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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

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1 May 2001

### Applicability

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

United Nations Global Compact:  
Communication on Progress 2013

Attachment:

- Financial Statements 2012 for OAPIL

Financial Statements 2012  
Ove Arup & Partners  
International Limited



ARUP



## Contents

Directors' report	1-3
Independent auditors' report	4
Profit and loss account	5
Statement of total recognised gains and losses	5
Balance sheet	6
Notes to the financial statements	7-19

## 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 2012, which were approved by the board of directors on 19 September 2012.

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 which 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 branches in the United Kingdom, Indonesia, Ireland, Moscow, Poland, Qatar, Romania and St Petersburg.

### Review of the business and future developments

These are the results for the Company for the financial year ended 31 March 2012. The results show a profit after taxation of £9.2m (2011: £13.0m).

During the year the Company's turnover decreased by 6.2% (2011: 2.8%) and the Company made a total profit before tax and staff profit share of £19.4m (2011: £21.3m).

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:

- Despite challenging economic conditions, the Company's UK market has stabilised with a slight decrease of 2% in turnover (2011: 24%). European markets continue to be affected but this has been offset by the marked growth in Asia and Australasia regions of 45% from prior year.
- 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 £0.1m (2011: £0.4m) 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 2012, turnover per person was £112k (2011: £106k) and profit per person was £5k (2011: £5k).
- Staff turnover is a key non-financial measure of business performance. For the year ended 31 March 2012, staff turnover was 16% (2011: 16%).

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

### Dividends

The directors do not recommend a dividend payment (2011: nil).

### Directors

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

J Baster\*  
 A J Belfield\*  
 R F Care\*  
 T G A Carfrae\*  
 A K C Chan\*  
 P G Dilley\*  
 T M Hill  
 G S Hodgkinson\* (Appointed 01/06/2012)  
 A R M Marcetteau  
 J C Miles (Resigned 01/01/2012)  
 J G Turzynski  
 D A Whittleton\*

All directors marked with an \* were also directors of Arup Group Limited at 31 March 2012.

## Directors' report (continued)

### 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

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 and 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 donations to charities and for charitable purposes of £280k (2011: £241k). The majority of the donations were made through the Ove Arup Partnership Charitable Trust, whose financial statements are publically available at the Charities Commission. In addition, the company provided approximately 6,700 hours of pro bono work to various charities, at a cost of approximately £280k.

### Employees

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

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

The Company is active in the field of employee communications and employees are encouraged to express their views on major policy issues. 'Working at Arup' surveys are conducted to obtain feedback from employees. This survey is confidential and is used alongside consultation with employees where appropriate.

## Directors' report (continued)

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume 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, disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the

Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

### 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

19 September 2012  
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 2012 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 directors' report 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 2012 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.

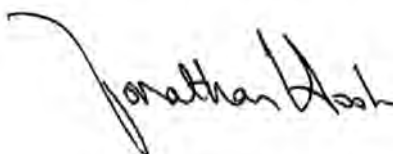
### Opinion on other matters prescribed by the Companies Act 2006

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  
19 September 2012

<b>Profit and loss account</b>		<b>2012</b>	<b>2011</b>
		<b>£'000</b>	<b>£'000</b>
	<b>Notes</b>		
<b>Turnover</b>	1b & 2	<b>406,095</b>	432,708
<b>Staff costs</b>	3		
Wages and salaries		(168,701)	(192,219)
Social security costs		(18,764)	(18,645)
Pension contributions		(13,723)	(15,198)
Other staff costs		(8,017)	(15,212)
		<b>(209,205)</b>	(241,274)
Depreciation	1c & 9	(10,153)	(10,618)
<b>Other operating charges</b>			
Charges from sub-consultants and other direct project costs		(98,526)	(87,064)
Accommodation		(32,214)	(33,459)
Communications and other overheads		(42,261)	(47,871)
Provision against balance due from Group undertakings		(1,252)	-
		<b>(174,253)</b>	(168,394)
<b>Operating profit</b>	5	<b>12,484</b>	12,422
Interest receivable and similar income	6	49	89
Interest payable and similar charges	7	(945)	(287)
Other finance costs	23	(1,300)	(500)
<b>Profit on ordinary activities before taxation</b>		<b>10,288</b>	11,724
Tax on profit on ordinary activities	8	(1,044)	1,330
<b>Profit for the financial year</b>	16 & 17	<b>9,244</b>	13,054

All activities of the Company are derived from continuing operations.

<b>Statement of total recognised gains and losses</b>		<b>2012</b>	<b>2011</b>
		<b>£'000</b>	<b>£'000</b>
	<b>Notes</b>		
<b>Profit for the financial year</b>	16 & 17	<b>9,244</b>	13,054
Exchange translation gains	16 & 17	77	436
Actuarial (loss)/gain recognised in the pension scheme	23	(31,000)	1,000
Deferred tax asset movement related to the actuarial loss/(gain)		4,241	(3,398)
<b>Total (losses)/gains recognised since last annual report</b>		<b>(17,438)</b>	11,092

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.

<b>Balance sheet</b>		<b>2012</b>	<b>2011</b>
		<b>£'000</b>	<b>£'000</b>
	<b>Notes</b>		
<b>Fixed assets</b>			
Tangible assets	9	<b>29,399</b>	34,472
Investments in subsidiary undertakings	10	<b>25,352</b>	25,352
		<b>54,751</b>	59,824
<b>Current assets</b>			
Debtors	11	<b>280,101</b>	243,232
Cash at bank and in hand		<b>24,228</b>	15,877
		<b>304,329</b>	259,109
<b>Creditors:</b>			
Amounts falling due within one year	12	<b>(242,693)</b>	(203,783)
<b>Net current assets</b>		<b>61,636</b>	55,326
<b>Total assets less current liabilities</b>		<b>116,387</b>	115,150
<b>Provision for liabilities</b>			
Dilapidation provision	13	<b>(1,825)</b>	(1,850)
<b>Net assets excluding pension liabilities</b>		<b>114,562</b>	113,300
Pension liability	23	<b>(96,030)</b>	(77,330)
<b>Net assets after pension liabilities</b>		<b>18,532</b>	35,970
<b>Capital and reserves</b>			
Called up share capital	15	<b>45,000</b>	45,000
Profit and loss account	16	<b>(26,468)</b>	(9,030)
<b>Total shareholders' funds</b>	17	<b>18,532</b>	35,970

The financial statements on pages 5 to 19 were approved and authorised by the board of directors on 19 September 2012 and signed on its behalf by:



**A R M Marcetteau**  
**Director**

## 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 UK 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 FRS 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 deferred income 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. Freehold property (buildings) are depreciated over 50 years, expenditure on leasehold properties is depreciated over the period of the lease and all other tangible fixed assets are depreciated over a 4 to 10 year period.

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 profit and loss account for the period except where the taxation arises as a result of a transaction or event that is recognised in the statement of total recognised gains and losses or directly in equity. Income tax arising on

transactions or events recognised in the statement of total recognised gains and losses or directly in equity is charged or credited to the statement of total recognised gains and losses 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 financial statements, 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.

### 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 deferred income, within creditors.

### h) Research and development

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

## 1 Accounting policies (continued)

### 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. The assets from the scheme are held separately from those of the Company in an independently administered fund. 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 costs 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 on a straight line basis over the term of the lease.

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.

### n) Dilapidation provision

The Company is required to perform dilapidation repairs on leased properties prior to the properties being vacated at the end of their lease term. Provision for such costs are made where a legal obligation is identified and the liability can be reasonably quantified. The provision is discounted to net present value at the balance sheet date using an appropriate discount rate.

**2 Segmental Report**

	2012 £'000	2011 £'000
<b>Turnover by destination</b>		
United Kingdom	255,556	260,846
Europe	52,630	63,480
Middle East & Africa	47,954	67,407
Asia	21,989	12,415
Australasia	15,285	13,281
Americas	12,681	15,279
	<b>406,095</b>	<b>432,708</b>

The Company only operates materially in the business of consulting engineering.

**3 Staff costs**

	2012 £'000	2011 £'000
Salaries	159,615	168,657
Staff profit sharing	9,086	9,587
Social security costs	18,764	18,645
Pension contributions	13,723	15,198
Redundancy costs	792	8,180
Other staff costs	7,225	7,032
	<b>209,205</b>	<b>227,299</b>

Prior year restatement for non-payroll staff costs

13,975

Total staff costs prior year

241,274

Prior year included non employed staff costs

**Average number of persons employed by the Company**

	Number	Number
Engineering and technical staff	3,012	3,116
Administrative staff	613	643
Directors	7	12
	<b>3,632</b>	<b>3,771</b>

Prior year statement for non-payroll staff numbers

301

Total staff numbers prior year

4,072

Prior year included non employed staff numbers

**4 Directors' remuneration**

	2012 £'000	2011 £'000
<b>Aggregate remuneration</b>		
Aggregate emoluments paid	2,775	2,337
Aggregate contributions paid to money purchase schemes	<u>65</u>	<u>27</u>
<b>Number of directors accruing pension benefits under</b>	<b>Number</b>	<b>Number</b>
Money purchase schemes	3	4
Defined benefit schemes	<u>7</u>	<u>8</u>

Some directors are included under both money purchase and defined benefit due to the closure of the defined benefit scheme.

	2012 £'000	2011 £'000
<b>Highest paid director</b>		
Total emoluments excluding contributions paid to pension schemes	479	330
Accrued pension from defined benefit scheme as at 31 March	<u>97</u>	<u>97</u>

During the year ended 31 March 2012, the highest paid director received a one-off payment on resignation as a director and employee of the Company, which is included in total emoluments paid of £479k (2011: nil).

**5 Operating profit**

	2012 £'000	2011 £'000
<b>This is stated after charging/(crediting)</b>		
During the year, the Company obtained the following services from the Company's auditor:		
- Fees payable for audit services	172	225
- Fees payable for other services relating to taxation	-	3
Loss on disposal of fixed assets	5	2
Loss/(profit) on foreign exchange	927	(1,701)
Research and development costs	12,477	13,822
Operating leases for land & buildings	18,527	18,290
Depreciation	<u>10,153</u>	<u>10,618</u>

**6 Interest receivable and similar income**

	2012 £'000	2011 £'000
Bank interest	<u>49</u>	<u>89</u>

**7 Interest payable and similar charges**

	2012 £'000	2011 £'000
Bank interest	8	1
Interest payable to group undertakings	928	285
Other interest	<u>9</u>	<u>1</u>
	<u>945</u>	<u>287</u>

**8 Tax on profit on ordinary activities****2012**  
**£'000****2011**  
**£'000****a) Analysis of tax charge**

The charge for taxation comprises:

UK corporation tax for the year at 26% (2011: 28%)	-	133
Less: double tax relief	-	(133)
	-	-
Adjustments in respect of previous years	-	(676)
	-	(676)
Non-UK tax for the current year	115	338
Adjustments in respect of previous years	756	-
	871	(338)
Current tax charge/(credit)	871	(338)
UK deferred taxation for the current year	(29)	(986)
Adjustments in respect of previous years	202	(6)
	1,044	(1,330)
<b>Total tax charge/(credit)</b>	<b>1,044</b>	<b>(1,330)</b>

**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 26% (2011: 28%)

The differences are explained below:

Profit on ordinary activities before taxation	10,288	11,724
Profit on ordinary activities at the standard rate of corporation tax of 26% (2011: 28%)	2,675	3,283
Effects of:		
Group Relief	(1,510)	(2,308)
Permanent differences	(2,609)	(1,063)
Timing adjustments	1,444	199
Non-UK tax in excess of UK Tax	115	205
Adjustments in respect of previous years	756	(676)
Unrelieved losses carried forward	-	22
	871	(338)
<b>Current tax charge/(credit)</b>	<b>871</b>	<b>(338)</b>

**c) Factors affecting current and future tax charges**

Effective from 1 April 2011 the UK main corporation tax rate was 26%. Following the March 2012 Budget Statement, the main rate of corporation tax was further reduced from 26% to 24% from 1 April 2012, and the relevant deferred tax assets have been re-measured. Further reductions to the main rate are proposed to reduce the rate 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**

	<b>Leasehold property</b>	<b>Furniture, fittings &amp; equipment</b>	<b>Motor vehicles</b>	<b>Leased motor vehicles</b>	<b>Total</b>
<b>Cost</b>					
Balance at 1 April 2011	33,285	44,371	140	40	77,836
Additions during the year	712	4,408	-	-	5,120
Disposals during the year	(1,612)	(6,842)	(26)	(40)	(8,520)
Adjustment for exchange differences	-	(67)	(5)	-	(72)
<b>Balance at 31 March 2012</b>	<b>32,385</b>	<b>41,870</b>	<b>109</b>	<b>-</b>	<b>74,364</b>
<b>Depreciation</b>					
Balance at 1 April 2011	11,330	31,897	106	31	43,364
Charge for the year	3,561	6,584	6	2	10,153
Eliminated in respect of disposals	(1,612)	(6,839)	(25)	(33)	(8,509)
Adjustment for exchange differences	-	(43)	-	-	(43)
<b>Balance at 31 March 2012</b>	<b>13,279</b>	<b>31,599</b>	<b>87</b>	<b>-</b>	<b>44,965</b>
<b>Net book value at 31 March 2012</b>	<b>19,106</b>	<b>10,271</b>	<b>22</b>	<b>-</b>	<b>29,399</b>
Net book value at 31 March 2011	21,955	12,474	34	9	34,472

**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 2012. The operating companies were all engaged in the same principal activities as the parent company.

<b>Direct holdings</b>	<b>Country of incorporation</b>
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
<b>Indirect holdings</b>	
Arup India Private Limited	India
Ove Arup & Partners Scotland Limited	Scotland

<b>Movement of investment</b>	<b>£'000</b>
Cost at 1 April 2011 and 31 March 2012	<b>25,352</b>

The directors believe that the carrying value of the investments is supported by their underlying net assets.

<b>11 Debtors</b>	<b>2012 £'000</b>	<b>2011 £'000</b>
Amounts recoverable on contracts	14,715	16,786
Trade debtors	49,767	41,185
Amounts owed by group undertakings	180,774	155,315
Foreign tax recoverable	39	212
Deferred tax asset	4,209	3,240
Corporation tax	2,000	4,083
Other debtors	4,067	3,496
Prepayments and accrued income	24,530	18,915
	<b>280,101</b>	<b>243,232</b>

<b>12 Creditors: Amounts falling due within one year</b>	<b>2012 £'000</b>	<b>2011 £'000</b>
Deferred income	59,728	62,914
Trade creditors	11,559	8,490
Amounts owed to group undertakings	131,691	85,213
Provision for foreign tax	822	-
Taxation and social security costs	7,691	9,177
Other creditors	367	262
Accruals	30,835	37,727
	<b>242,693</b>	<b>203,783</b>

<b>13 Provision for liabilities</b>	<b>2012 £'000</b>	<b>2011 £'000</b>
Balance at 1 April	1,850	-
(Utilisation)/charge to the profit and loss account in the year	(25)	1,850
<b>Balance at 31 March</b>	<b>1,825</b>	<b>1,850</b>

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

14 Deferred taxation	2012 £'000	2011 £'000
<b>Movement of deferred tax asset:</b>		
At 1 April	(3,240)	(1,053)
Adjustment in respect of previous years	202	(6)
Restated opening balance	(3,038)	(1,059)
Charge for the year	(29)	(986)
(Plus)/less deferred tax on pension scheme deficit	(2,391)	890
Adjustment for change in corporate tax rate	1,249	(2,085)
<b>At 31 March</b>	(4,209)	(3,240)
The provision comprises:		
Accelerated capital allowances	(3,879)	(2,887)
Short term timing differences	(330)	(353)
<b>Deferred tax asset as at 31 March</b>	(4,209)	(3,240)
15 Called up share capital	2012 £'000	2011 £'000
<b>Issued, called up &amp; fully paid</b>		
45,000,000 (2011: 45,000,000) ordinary shares of £1 each	45,000	45,000
16 Profit and loss account	2012 £'000	2011 £'000
<b>Balance at 1 April</b>	(9,030)	(20,122)
Retained profit for the financial year	9,244	13,054
Actuarial (loss)/gain recognised in the pension scheme	(31,000)	1,000
Deferred tax asset movement related to the actuarial loss/(gain)	4,241	(3,398)
Adjustment for exchange differences	77	436
<b>Balance at 31 March</b>	(26,468)	(9,030)
Profit and loss reserve excluding pension liability	69,562	68,300
Pension liability (note 23)	(96,030)	(77,330)
<b>Profit and loss reserve</b>	(26,468)	(9,030)
17 Reconciliation of movements in shareholders' funds	2012 £'000	2011 £'000
<b>Balance at 1 April</b>	35,970	24,878
Retained profit for the financial year	9,244	13,054
Actuarial (loss)/gain recognised in the pension scheme	(31,000)	1,000
Deferred tax asset movement related to the actuarial loss/(gain)	4,241	(3,398)
Adjustment for exchange differences	77	436
<b>Closing shareholders' funds</b>	18,532	35,970

## 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.

<b>19 Capital commitments</b>	<b>2012 £'000</b>	<b>2011 £'000</b>
Authorised and contracted for	<u>136</u>	<u>226</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:

	<b>2012 £'000</b>	<b>2011 £'000</b>
Within one year	4,679	223
In two to five years	3,058	2,725
After five years	<u>11,506</u>	<u>14,936</u>

## 21 Ultimate parent company

Ove Arup & Partners International Limited's immediate parent company is Ove Arup Holdings Limited, a Company incorporated in England and Wales. The ultimate parent undertakings and controlling parties are the Ove Arup Partnership Employee Trust, the Ove Arup Partnership Charitable Trust and the Arup Service Trust. These are the owners of Arup Group Limited.

## 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 at 13 Fitzroy Street, London W1T 4BQ.

## 23 Pension commitments

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 were no employer's contributions for the year to 31 March 2012 (2011: £4.0m). A special employer's contribution of £10.5m was made during the year to 31 March 2012 (2011: £8.8m). 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 2012 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.

**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	
	2012	2011	2012 £'m	2011 £'m
Equities and property	7.8%	8.4%	371.1	320.9
Bonds and cash including net current assets	4.0%	4.5%	179.4	203.7
Total market value of assets			550.5	524.6
Present value of defined benefit obligation			(676.9)	(629.2)
Deficit in the scheme			(126.4)	(104.6)
Less: related deferred tax asset at 24% (2011: 26%)			30.3	27.2
<b>Net scheme liability</b>			<b>(96.1)</b>	<b>(77.4)</b>

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

	2012	2011
Equities	64%	57%
Gilts and bonds	32%	38%
Property	4%	4%
Other	0%	1%
	<b>100%</b>	<b>100%</b>

**Amounts recognised in the profit and loss account:**

	2012 £'m	2011 £'m
Current service cost	-	(4.2)
Interest on obligation	(35.9)	(34.8)
Expected return on scheme assets	34.6	34.3
<b>Net charge</b>	<b>(1.3)</b>	<b>(4.7)</b>
Actual return on scheme assets	36.5	38.4

**Movement of deficit during the year**

	2012 £'m	2011 £'m
Deficit in scheme at 1 April	(104.6)	(113.7)
<b>Movement in the year:</b>		
Current service cost	-	(4.2)
Employer's contributions	10.5	12.8
Interest cost	(35.9)	(34.8)
Expected return on scheme assets	34.6	34.3
Actuarial (loss)/gain	(31.0)	1.0
<b>Deficit in scheme at 31 March</b>	<b>(126.4)</b>	<b>(104.6)</b>

**23 Pension commitments (continued)**

<b>Reconciliation of the present value of the defined benefit obligation</b>	<b>2012</b>	<b>2011</b>
	<b>£'m</b>	<b>£'m</b>
Present value of defined benefit obligation at 1 April	<b>629.2</b>	608.5
Current service cost	-	4.2
Interest cost	<b>35.9</b>	34.8
Members' contributions	-	2.0
Actuarial loss on scheme liabilities	<b>32.9</b>	3.1
Benefits paid	<b>(21.1)</b>	(23.4)
<b>Present value of defined benefit obligation at 31 March</b>	<b><u>676.9</u></b>	<u>629.2</u>

<b>Reconciliation of fair value of scheme assets</b>	<b>2012</b>	<b>2011</b>
	<b>£'m</b>	<b>£'m</b>
Fair value of scheme assets at 1 April	<b>524.6</b>	494.8
Expected return on scheme assets	<b>34.6</b>	34.3
Actuarial gain on scheme assets	<b>1.9</b>	4.1
<b>Actual return on scheme assets</b>	<b>36.5</b>	38.4
Employer contributions	<b>10.5</b>	12.8
Members' contributions	-	2.0
Benefits paid	<b>(21.1)</b>	(23.4)
<b>Fair value of scheme assets at 31 March</b>	<b><u>550.5</u></b>	<u>524.6</u>

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

<b>At 31 March</b>	<b>2012</b>	<b>2011</b>
Future average rate of increase in salaries	<b>N/A</b>	N/A
Future average rate of increase for pensions in payment and deferred pensions	<b>1.8%</b>	2.5%
Future average rate used to discount liabilities	<b>5.2%</b>	5.8%
Retail price inflation	<b>3.2%</b>	3.5%
Consumer price inflation	<b>1.8%</b>	2.5%
Pension increases:		
Pre 88 Guaranteed Minimum Pension	<b>0.0%</b>	0.0%
Post 88 Guaranteed Minimum Pension	<b>1.7%</b>	2.3%
NGMP accrued before 01/10/2006 (5% LPI)	<b>3.0%</b>	3.3%
Pension accrued after 31/09/2006 (2.5% LPI)	<b>2.0%</b>	2.3%

NGMP - Non Guaranteed Minimum Pension

LPI - Limited Price Indexation

Mortality	2012 & 2011	PNA00 birth year mortality tables using the 92 series medium cohort projections, allowing for minimum improvements in mortality of 1% per annum.
Cash commutation	2012 & 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:**

	<b>2012</b>	2011
	<b>Number of years</b>	Number of years
Retiring today		
Males	<b>22.6</b>	22.5
Females	<b>25.0</b>	24.9
Retiring in 20 years		
Males	<b>24.5</b>	24.4
Females	<b>26.9</b>	26.8

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

<b>History of experience gains and losses</b>	<b>2012</b>	2011	2010	2009	2008
	<b>£'m</b>	£'m	£'m	£'m	£'m
Defined benefit obligation	<b>(676.9)</b>	(629.2)	(608.5)	(492.0)	(511.8)
Scheme assets	<b>550.5</b>	524.6	494.8	359.9	453.7
Scheme deficit	<b>(126.4)</b>	(104.6)	(113.7)	(132.1)	(58.1)
Experience adjustments on scheme liabilities	<b>(14.0)</b>	(23.7)	12.4	11.9	(5.0)
Experience adjustments on scheme assets	<b>1.9</b>	4.1	101.8	(138.2)	(54.3)
Total actuarial gains and losses recognised in statement of total recognised gains and losses	<b>(31.0)</b>	1.0	(66.0)	(81.9)	5.1

**Estimated contributions**

The employer's best estimate of contributions to be paid to the scheme by the employer next year is £9.5m (2011: £10m).

**Defined contribution schemes**

The Company has also made payments to defined contribution schemes of £14m (2011: £11m).

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