

United Nations Global Compact: Communication on Progress 2009



ARUP

United Nations Global Compact: Communication on Progress 2009

A report on Arup's position in relation
to the Compact and its Principles



Introduction

Arup is an independent firm of designers, planners, engineers, consultants and technical specialists offering a broad range of professional services. The firm is the creative force behind many of the world's most innovative and sustainable building, transport and civil engineering projects and design technologies. Through our work, we make a positive difference in the world.

Since 1946, we have been helping clients create a more sustainable future by integrating environmentalism and social purpose into our projects. This commitment to sustainability influences the way we conduct our business, the way we treat our staff and the way we interact with the community and society as a whole. Our mission to 'shape a better world' defines our purpose.

We have over 10,000 employees based in more than 90 offices across 37 countries, working on up to 10,000 projects at any one time. Our unique structure, with the firm held in trust on behalf of its employees, gives us complete independence. Our multidisciplinary approach means that any given project may involve people from any or all parts of Arup. Our aim is to achieve excellence in all we do by bringing together the best professionals in the world to meet our clients' needs.

At the heart of our business – and the way we do business – lies the Key Speech and our core values. These are the ways of working that were defined by our founding partners in 1946 and expressed (in the Key Speech) by Ove Arup in 1970. The principles which we try to work by comprise six aims (quality of work; holistic approach; humane organisation; straight and honourable dealings; social usefulness; and reasonable prosperity of members); four means (a membership of quality; efficient organisation; solvency; and unity and enthusiasm); and three results (satisfied members; satisfied clients; and good reputation and influence).

The Key Speech is the high-level framework that guides appropriate behaviour within the firm. Our Global Codes of Practice support this with appropriate policy-level statements, which are supported by local procedures as necessary.

Our culture, values and ethos have always defined how we operate all aspects of our business. They reflect how we have always endeavoured to be: holistic, innovative and creative, while also being socially responsible. But Arup is on a journey of continuous improvement. Rapid growth over the last few years has meant that we have had to look at our position in more procedural ways so as to be consistent about our approach to it across the firm and to effectively measure our progress. We launched our Sustainability Policy in September 2007. Owned by our Group Board and born out of staff engagement, it calls for a systematic approach to sustainability across all areas of business, highlighting our objectives and outlining the actions that we will take in four key areas: our business, our people, our facilities and our external relationships. The Policy provides a shared language to talk about and implement sustainability across the firm, influencing our firm for the better. We report externally on what we achieve via our annual Corporate Report (see **Attachment 1** for our Corporate Report 2008). We do not want to be prescriptive about the delivery of the policy. Instead, we have focused on measurements appropriate to the intended outcomes of the policy. We measure progress against key performance Indicators aligned with the four sections of the Policy. To reflect the changing world and the way Arup also evolves, we regularly review and update the Policy.

In October 2005, Arup Group became a signatory to the UN Global Compact. The Compact has successfully engaged thousands of companies globally in considering their responsibilities towards labour standards, human rights and environmental management. These are all areas which Arup believes need active consideration and management, and our Communication on Progress aims to set out our position on the themes that the Compact highlights and identifies areas where we are aiming to develop our performance.



Human Rights

Principle 1:

Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence; and

Principle 2:

make sure that they are not complicit in human rights abuses.

Arup approach

Our people are our most significant asset. The goals set out in our Sustainability Policy are closely aligned to our human resources goals. It is vitally important to ensure that we employ staff that share our vision for a sustainable future and that we retain staff by giving them the opportunity to fulfil their potential.

We operate globally; our services and advice are developed and delivered across the world. In the course of conducting business in 'high risk areas', we are committed to ensuring that we are not complicit in human rights abuses and monitor this within our sphere of influence. Consultation and interplay between management and staff are managed on a country-by-country basis to ensure cultural appropriateness.

We aim to act honourably in our dealings with our own and other people; treating people fairly, respecting the sanctity of human life and allowing gifted people to unfold. We are also committed to providing a work 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. We aim to operate 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.

If we were to find ourselves inadvertently implicated in abuses of human rights, we would take immediate steps to rectify such a situation.

Implementation



See **Attachment 2** for our Global Harrassment Code of Practice.
See **Attachment 3** for our Global Human Rights Code of Practice.



Labour Standards

Principle 3:

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4:

the elimination of all forms of forced and compulsory labour;

Principle 5:

the effective abolition of child labour; and

Principle 6:

eliminate discrimination in respect of employment and occupation.

Arup approach

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 deliver.

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

We recognise that labour standards and conditions may vary from country to country. Our employment and recruitment practices will adhere to, and strive to exceed, local legislation wherever we work in the world. We aim to ensure that our people have satisfactory wages and working conditions, and that there is no exploitation of labour that we are aware of and don't knowingly condone. We comply with the relevant laws relating to employment and employment conditions in each country we work in. Subject to relevant laws in the countries where we operate, we fully respect the right of our people to freedom of association and representation. We have developed peer-to-peer communications channels and we have effective formal and informal channels between management and staff. *(continued overleaf)*



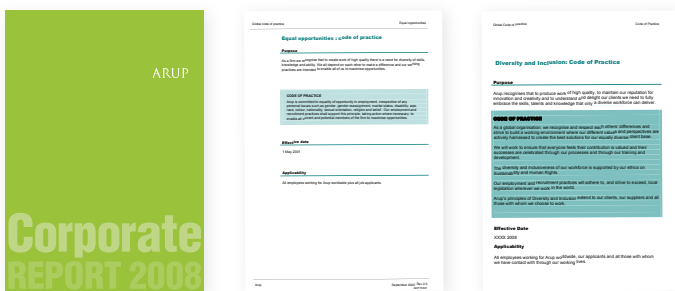
Labour Standards (cont.)

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. We offer equal employment opportunities to all. The people we recruit and promote are selected on merit and suitability.

The goals set out in our Sustainability Policy are closely aligned to our human resources goals, which include increased diversity to reflect the communities in which we operate and the desire to facilitate appropriate work-life balance.

If we were to find ourselves inadvertently implicated in abuses of labour standards, we would take immediate steps to rectify such a situation.

Implementation



See **Attachment 1** for our Corporate Report 2008 (the 'Our people' section).
See **Attachment 4** for our Global Diversity and Inclusion Code of Practice.



Environment

Principle 7:

Businesses should support a precautionary approach to environmental challenges;

Principle 8:

undertake initiatives to promote greater environmental responsibility; and

Principle 9:

encourage the development and diffusion of environmentally friendly technologies.

Arup approach

Our line of business means that we have a particular interest in the environmental aspects of development and redevelopment. We feel that we are in an excellent position to work with our clients to improve environmental impacts of our projects for them, as well as working to maintain high standards in the way that we undertake our business.

We have embraced the concept of a combined management system, which involves the alignment of our processes and management systems to incorporate quality and environmental best practices.

We work with our clients to pursue, promote and develop sustainable outcomes that support their businesses. It is our intention to incorporate sustainability into all our projects: to provide value to our clients by building upon our reputation for integrated design and a holistic approach.

We evaluate our service offering, skill sets and clients from a sustainability perspective. We look at the risks and opportunities of our projects and, most importantly, commit to discussing these with our clients. We continually assess our performance to ensure the long-term economic, environmental and financial viability of the firm. In all instances we will support innovative approaches. Our Sustainability Policy will be implemented through local strategies and will not be prescriptive. In order to maximise the opportunity for us to give excellent sustainability advice to our clients, we will strive to find ways to embed this thinking into everyday consulting life for all staff.

Our facilities and operations reflect our values and commitment to sustainability. All business activities have an impact on the environment and it is crucial that decisions made in this area minimise this impact.

We are working towards a clearer understanding of our environmental impacts due to travel and operations. By putting in place a coordinated management approach and by setting targets for usage of energy, water and other consumables in the office environment, we can begin to measure our progress in these areas. 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. Sustainable procurement of goods and services will also be addressed. *(continued overleaf)*



Environment (cont.)

We continue to create a working environment that is conducive to our designers, engineers, planners and consultants working together to create cost-effective sustainable outcomes. Our goal is to have facilities of a high standard, with minimal environmental impact. Furthermore, these facilities should be designed to help improve productivity, morale and staff health. They should be places that we are proud to bring our clients to, where we can demonstrate we are 'walking the talk' as far as sustainability is concerned.

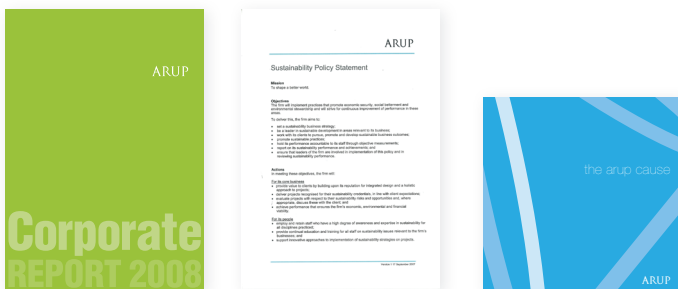
Our Design and Technical Executive promotes the highest standards of design and technical excellence in all that we do to ensure that the firm is one of the world's leading practitioners in its chosen fields.

Our Research and Development Team provides the focus for research, development and foresight across the firm and plays a fundamental role in the development of our most valuable product – our collective knowledge.

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. The team is charged with maintaining a focus for logical, analytical thought about the many possible futures that we confront. The aim is to create tangible solutions through the implementation of change. The output of the work is threefold: to gain insight into 'new' and 'next' technologies and their potential impact, to gain enhanced insight into the forces influencing future business, and to create a roadmap of a future world from the perspective of those experiencing it.

Our *Working at Arup Survey* (2007) revealed that 83% of our staff believe that the company makes a positive difference to the world we live in. We recognise that the firm must live up to staff expectations and continue to make a difference.

Implementation



See **Attachment 5** for our Global Sustainability Policy.

See **Attachment 6** for our Arup Cause brochure.

See **Attachment 1** for our Corporate Report 2008.

Business practice

Principle 10:

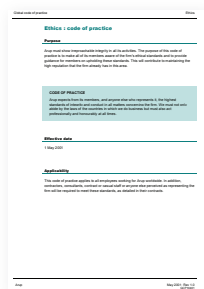
Businesses should work against corruption in all its forms, including extortion and bribery.

Arup approach

Our work takes us to locations where corruption can be considered a normal part of doing business. The firm is adamant that none of our members should be involved, or feel pressured to be involved, in such practices and we make clear our position on these matters to all who may be in such a situation.

Overall, the firm adheres to an Ethics Code of Practice that rejects corruption absolutely. We expect from our members, and anyone else who represents the firm, the highest standards of integrity and conduct in all matters concerning the firm. We must not only abide by the laws of the countries in which we do business but must also act professionally and honourably at all times. We endeavour to maintain our high standards and work with others who have similar views.

Implementation



See **Attachment 7** for our Global Ethics Code of Practice.

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Attachment 1:
Corporate Report 2008



ARUP

Corporate REPORT 2008



Chairman's

Foreword



2008 was a fantastic year for Arup. It was the year in which Beijing seemed a living showcase of Arup's work, the year in which the California Academy of Sciences museum and research facility opened to the public in San Francisco, a year in which a number of our staff won awards for their innovation and sustainable thinking, a year in which we launched our regional sustainability strategies, and the year our revenue grew by 27% and our profitability increased from 8.5% to 11.2%.

2008 was also a challenging year. The world around us has changed, and continues to change, rapidly. In an increasingly uncertain world, we are increasingly certain about our responsibility as planners, designers, engineers and managers of the built environment. We must understand, inspire, create and manage that change and do so as conscientiously as we are able in our professional and personal capacities.

Our trust ownership allows us to shape and influence our own direction, devoting all of our attention to benefitting and serving our clients, our staff and society. This independence – this freedom – is an enormous strength. We can make choices about what we do. But, with true freedom comes great responsibility. We must take responsibility for the choices we make. The great thing is that our ownership structure, our holistic approach, and the continued commitment of our Group Board have always allowed us to take the long-term view. We chose to hold ourselves accountable for our actions long before there were any requirements to do so. Our passion to shape a better world has kept us strong and focused on finding solutions and improving the quality of our offering.

This Corporate Report 2008 brings together two of our previously separate reports – our Sustainability Statement and our Financial Statements. Although we are not required to, we are excited to report our results. Our strong sense of responsibility has always allowed us to set the agenda rather than follow it; it has allowed us to be leaders. We use our freedom wisely to improve the lives of our clients, of the end-users of the projects we create and are involved in and of those in the related communities. It has allowed us to improve ourselves – but this is an ongoing process. We need to know how we are performing so we can progress and evolve on our journey.

I believe Arup is in a stronger position than ever to face the challenges ahead.

Terry Hin

ARUP

Sustainability
REPORT 2008

Our external relationships

Our facilities

Our people

Our business

Sustainability

Report

The journey continues

Rapid growth of the firm over the last few years has meant that we have had to formalise our approach to sustainability or consistency across the firm and to allow us to effectively measure our progress. Formalising something that is so inherently a part of who we are is challenging. To be successful, our approach must work for everyone. It must be relevant to our staff and to the wider community. It must be true to our values and, most importantly, it must continue to make sense for our business.

We have made significant progress on this journey of integrating sustainability into our strategies, our management and our business. We launched our Sustainability Policy in September 2007. Owned by our Group Board and born out of staff engagement, it calls for a systematic approach to sustainability across all areas, highlighting our objectives and outlining the actions that we will take in four key areas: **our business, our people, our facilities** and **our external relationships**.

The Policy provides a shared language to talk about sustainability across the firm. Following the launch of the Policy, each of our regions prepared a strategy that addresses the four elements of the Policy and their implementation in their geographic region. This is the key to making sustainability relevant across the firm. Each region has clients, cultural issues, laws, priorities, and ways of working that are specific to it; the sustainability approach must accommodate this diversity.

Each step of the journey informs the next step. Early in 2008, we released a Sustainability Statement which reported a set of performance metrics for the period 1 April 2006 to 31 March 2007 against the new framework set out in our Sustainability Policy. We do not want to be prescriptive about its delivery. Instead, we have focused on measurements appropriate to the intended outcomes of the Policy.

Reporting against these metrics influenced our thinking about how to measure our progress during the following year. Preparation of this report has made us realise that there is more we need to be accountable for; more we want to be accountable for. As we developed our regional strategies this year, we also developed and included additional performance metrics to more accurately measure our progress. In the pages that follow, we report our performance for 1 April 2007 to 31 March 2008.

Looking forward

Looking forward, the next step on our journey is to review the Sustainability Policy to ensure it is still relevant and that it continues to evolve as the firm does. One outcome that we plan to achieve over the coming year is the incorporation of our Environmental Policy into our Sustainability Policy. This will be done in such a way that our Sustainability Policy covers our objectives for both the environment and for wider sustainability issues. We believe that our Environmental Policy objectives (see the chart to the right) are aligned with the measures we have developed for our Sustainability Policy, as can be seen by inspection of both existing policies.

We remain committed to the view that the implementation of our Sustainability Policy will help us to develop a sustainable business that is environmentally responsible, while ensuring that we continue to be aligned with core Arup values. A sustainability-focused approach to our business, our people, our facilities and our external relationships will underpin the long-term success of our firm and ensure that we continue to influence the future together.

Environmental Policy Objectives

- Consider environmental factors when making business decisions.
- Use resources in a way that provides for future generations.
- Use its skills and influence to improve the built environment and to maintain the integrity and quality of the natural and cultural environments.
- Work with clients, suppliers, contractors, regulators, professional bodies and the community at large to raise the environmental standards of the industries in which it operates.
- Publicise its environmental performance and achievements.
- Minimise usage of water, energy and other consumables in the office environment.

Sustainability Policy Objectives

Key Performance Indicators

<p>Our business</p> <ul style="list-style-type: none"> provide value to clients by building upon its reputation for integrated design and a holistic approach to projects; deliver projects recognised for their sustainability credentials, in line with client expectations; evaluate projects with respect to their sustainability risks and opportunities and, where appropriate, discuss these with the client; achieve performance that ensures the firm's economic, environmental and financial viability. 	<p>Our business</p> <table border="1"> <thead> <tr> <th></th> <th>2007-2008 Result</th> </tr> </thead> <tbody> <tr> <td>Projects setting sustainability objectives/targets/plans</td> <td>12.4%</td> </tr> <tr> <td>Profit (% on turnover)</td> <td>11.2%</td> </tr> <tr> <td>Investments as % of income</td> <td>2.7%</td> </tr> <tr> <td>Cash at bank as value of weeks of costs (before profit share)</td> <td>8.1</td> </tr> <tr> <td>Repeat clients</td> <td>70%</td> </tr> </tbody> </table>		2007-2008 Result	Projects setting sustainability objectives/targets/plans	12.4%	Profit (% on turnover)	11.2%	Investments as % of income	2.7%	Cash at bank as value of weeks of costs (before profit share)	8.1	Repeat clients	70%
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<p>Our people</p> <ul style="list-style-type: none"> employ and retain staff who have a high degree of awareness and expertise in sustainability for all disciplines practised; provide continual education and training for all staff on sustainability issues relevant to the firm's businesses; support innovative approaches to implementation of sustainability strategies on projects. 	<p>Our people</p> <table border="1"> <tbody> <tr> <td>Women in the firm</td> <td>29%</td> </tr> <tr> <td>Staff who have received relevant sustainability training</td> <td>16.2%</td> </tr> </tbody> </table>	Women in the firm	29%	Staff who have received relevant sustainability training	16.2%								
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<p>Our facilities</p> <ul style="list-style-type: none"> maintain management systems to assist with implementation of sustainability objectives; aim to use resources efficiently and to minimise waste, usage of water, energy and other consumables in the office environment; develop a strategy to move towards minimising carbon emissions in its operations; endeavour to prevent pollution within the scope of its activities; develop a strategy for the firm to move towards sustainable procurement of the goods and services used in its operations. 	<p>Our facilities</p> <table border="1"> <tbody> <tr> <td>Staff working in offices with an EMS certified to ISO14001</td> <td>68%</td> </tr> <tr> <td>Carbon emissions per employee per year (tonnesCO₂/employee/year)</td> <td>3.56</td> </tr> <tr> <td>Total wastes generated per employee per year (kg)</td> <td>Not measured</td> </tr> <tr> <td>Lost time accidents per 100,000 employees</td> <td>156.02</td> </tr> </tbody> </table>	Staff working in offices with an EMS certified to ISO14001	68%	Carbon emissions per employee per year (tonnesCO ₂ /employee/year)	3.56	Total wastes generated per employee per year (kg)	Not measured	Lost time accidents per 100,000 employees	156.02				
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<p>Our external relationships</p> <ul style="list-style-type: none"> partner with organisations that practise sustainability and that enable the exchange of ideas and the promotion of sustainability leadership across its businesses; fund and work on community projects that achieve sustainability goals. 	<p>Our external relationships</p> <table border="1"> <tbody> <tr> <td>Charitable donations (to nearest £000)</td> <td>410,000*</td> </tr> <tr> <td>Investments and services provided primarily for public benefit through pro-bono engagement (equivalent staff cost, to nearest £000)</td> <td>109,000</td> </tr> </tbody> </table>	Charitable donations (to nearest £000)	410,000*	Investments and services provided primarily for public benefit through pro-bono engagement (equivalent staff cost, to nearest £000)	109,000								
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* The exchange rates used in calculating this figure differ from those used in our audited Financial Statements

OUR business

The work that we do plays a major role in shaping the built environment. Here, at the core of our business, our 10,000 staff have the biggest opportunity to ensure that our contribution leaves a lasting, positive legacy. Some would question the business case for sustainability in this time of economic uncertainty. We think this is the most important time to think sustainably; in fact, the business case is stronger than ever. Our history illustrates this because although we only recently adopted a formal Sustainability Policy, we have been pioneering and practising sustainability during our 60+ year history through myriad economic and market changes with continued success. Taking a proactive, holistic approach to integrating sustainability into our business has enabled us to identify opportunities for growth and innovation, creating both tangible and intangible value for both our clients and ourselves.

We are at the forefront of thinking about how to create a resilient and sustainable society; one that is socially, environmentally, economically and culturally sustainable. Our approach helps us not only to answer the questions our clients pose to us about their projects in this changing world, but it gives us the ability to add value by helping them to ask different questions – to look at the bigger picture.

Financial viability is one of the goals of our Sustainability Policy. We have a balanced approach to, and a business case for, all of the work we take on when considering sustainability at Arup, and the sustainability of Arup. We must meet our needs today without compromising the future of the firm. We can see that the key to the future is focus, balance and scale. If we focus on our areas of strategic intent, take a balanced approach to adopting solutions and maintain appropriate scale in our business operations, we will continue to deliver sustainable outcomes for many years to come.



The **California Academy of Sciences**, which will be LEED® Platinum rated opened on 27 September 2008 in San Francisco, California, USA to great fanfare and a mile-long queue of patrons waiting to get into the new space. Officials estimate that 17,000 people visited the museum on opening day to see how the close collaboration between Arup, the California Academy of Sciences and the architect, Renzo Piano Building Workshop,

Our business	Key Performance Indicators					Indicator derivation <i>Trend in performance</i>
	2007-08	06-07	05-06	04-05	03-04	
Projects setting sustainability objectives/targets/plans	12.4%	Not measured				Aggregated from regional estimates based on Project Plans, Project Quality Plans and various databases.
Profit (% on turnover)	11.2%	8.5%	7.2%	2.9%	4.4%	Profit on turnover (before tax and staff profit share). <i>Profitability has improved during a period of significant growth and increasing self-investment.</i>
Investments as % of income	2.7%	2.6%	1.9%	1.7%	1.8%	Investment in the business and its people, normalised for the size of the business. <i>Investment levels have increased (exceeding the target), while financial performance has improved.</i>
Cash at bank as value of weeks of costs	8.1	6.6	6.9	5.3	5.2	Cash reserves normalised for size of the business. <i>Cash reserves have increased during a period of significant growth.</i>
Repeat clients	70%	74%	57%	52%	40%	Aggregated from regional client satisfaction surveys and various databases. <i>Satisfactory level of repeat clients maintained during significant business diversification and growth.</i>



Photo courtesy of Brisbane Marketing and the Brisbane Lord Mayor's Business Awards

The Lord Mayor's Business Awards celebrates the achievements of business in Brisbane, Australia. It recognises and rewards excellence and outstanding contributions of the corporate sector to the growth of Brisbane's economy. We won the **Energex Award** for Sustainability in Business for embracing sustainability principles as a core business strategy, demonstrating excellence in green business practices and thought leadership through our Drivers of Change work which examines key sustainability impacts into the future.

yielded innovative strategies to help preserve the natural integrity of Golden Gate Park, conserve water and energy, reduce pollution and maximise natural ventilation and light. While many museums turn their backs on nature, the Academy is embracing and attempting to embody it in both form and function. With a projected 1.6m visitors annually, the building itself will be an exhibition – an educational tool for the general public.

We won the award for **Best Sustainable Business Practice** at *Building* magazine's Sustainability Awards 2008, held in London, UK. The award was presented to Arup in recognition of our continuing commitment to sustainability throughout the firm. The award is voted for by a judging panel comprising top industry figures. They said: "Arup's victory in this category is testament to the fact that it has really got a grip on sustainability...Arup has long been at the forefront of the eco agenda, but recent work shows it is anything but complacent."

OUR people

We believe that our people are the core of our business. With their aspirations, skills and desire to make a difference we have grown and developed outstanding, award-winning solutions for our clients. In general, larger scale change – organisational and environmental – starts with a change in the mindset of each individual. Our people believe that creating a sustainable environment and living a sustainable lifestyle truly adds value and shapes the future of the communities we live and work in. Their determination to live by their ideals and their creative ability to push boundaries have always been inspiring; they lead by example.

Arup is a place that encourages this leadership. The best people are attracted to work for Arup for many reasons, with our strong set of values and our unique trust ownership ranking highly. Our independence allows us to set our own direction, creating a special environment for everyone to develop to their full potential and to feel empowered to influence, shape and action their ideas, aiding us on our journey to become a more sustainable Arup community.

But as an organisation, we have a responsibility to our individual members to commit to making sustainability a priority in order to make it achievable for them. The development of regional strategies has brought the Sustainability Policy to life for our staff. We are ensuring that our they are trained – equipped – to better deliver sustainability and to do so in a way that is relevant to their respective geographies and businesses. We are giving our staff a framework by which to personally deliver sustainability on behalf of the firm.

We hope this will inspire our clients and those that benefit from their projects to continue to lead by example so that the journey to sustainability can be made shorter for the global community as well.



Arup has a history of success in **The Sunday Times 100 Best Companies to Work For**, the most comprehensive survey of employee opinion in the UK. We achieved 41st place in 2008 and experienced a range of positive feedback: we received a “positive score of 82% – fifth place – for making the world a better place to live and a score of 73% – seventh place – for giving something back to our community. 79% believe Arup does enough to protect the environment and 67% believe that our support of worthy causes is not publicity related. The survey states that Arup “encourages a broad curiosity in its employees and is an unusual business itself.”

Our people	Key Performance Indicators					Indicator derivation <i>Trend in performance</i>
	2007-08	06-07	05-06	04-05	03-04	
Women in the firm	29%	30%	29%	29%	28%	Based on staff at all grades. <i>Female participation rates have been maintained.</i>
Staff who have received relevant sustainability training	16.2%	Not measured				Based on training records and external accreditation for staff in our Americas, Australasia and East Asia Regions (excludes Europe Region).



A global, multidisciplinary Arup team was sent to Bangladesh from 1-9 March 2008. Staff from Durban, Hong Kong, London, Seattle, Sydney and Tokyo provided assistance to **Habitat for Humanity's (HfH) rebuilding programme** in the Patuakhali area after Cyclone Sidr devastated the region in November 2007. As well as constructing shelters, and raising awareness and funds for HfH, the team also carried out a review of their post-cyclone reconstruction programme in Patuakhali.

Twenty-five delegates from across the firm attended the 2008 **Jack Zunz Forum**, held from 19-24 October in Penang, Malaysia. Named after a former Arup chairman who believed firmly in educating staff and who created the firm's first graduate training scheme, the aim of the biennial event is to prepare our emerging leaders for the career challenges to come. Participants were encouraged to actively explore their own leadership capabilities through a series of 'real-world' team exercises and one-on-one coaching sessions with representatives from our Learning and Development team. Selected directors each gave presentations sharing their views on different types of leaders. Throughout the week, the teams put their leadership skills into practice by working together to develop specific business strategies to aid the local Malaysian practice with its sustainability initiatives.



OUR facilities

Our facilities aim to deliver high-quality, stimulating environments for our people, enabling them to maximise what they contribute to our business, while reducing environmental impact. Our facilities comprise not only the offices we inhabit, but the goods and services we procure to support our business activities. Sustainability is a fundamental consideration in all these aspects.

Our staff offer advice to our clients on sustainable facilities on a daily basis. We tap into that knowledge when it comes to creating sustainable office management solutions for our own organisation so we can optimise resource use (including energy, water, and materials) and minimise travel impacts and waste. Our ability to control and influence the management of our offices varies across geographies and directly relates to the nature of our occupancy, but even small steps on this journey can lead to big gains in improving our operations, productivity and morale.

Much has been accomplished in our effort to improve the performance of our facilities. Regional strategies have especially helped us to set specific goals and implement tools for our offices and operations to achieve an efficient use of our resources, improving our carbon and pollution management, recycling and the employment of an effective sustainability procurement policy.

We estimated our carbon emissions for the first time in 2007-08. In 2008-09 we are exploring ways to manage and reduce our emissions.



Our facilities	Key Performance Indicators					Indicator derivation <i>Trend in performance</i>
	2007-08	06-07	05-06	04-05	03-04	
Staff working in offices with an EMS certified to ISO14001	68%	34%	43%	40%	41%	Based on the number of staff working in EMS (ISO 14001) certified offices in all regions. <i>Certification to ISO14001 in Europe Region has increased significantly, increasing the global proportion.</i>
Carbon emissions per employee per year (tonnesCO ₂ /employee/yr)	3.56	Not measured				Based on regional estimates of direct and indirect emissions (ie Scope 1 and 2) and including business travel (ie Scope 3) according to the World Resources Institute: 'The Greenhouse Gas Protocol – Corporate Accounting and Reporting'.
Total wastes generated per employee per year (kg)	Not measured	Not measured				Monitoring of waste generation was incomplete in 2007-08.
Lost time accidents per 100,000 employees	156.02	107.35	93.93	118.70	58.55	Based on regional records of lost time accidents and reportable accidents (2003-07 inclusive). <i>Improved awareness of and attention to Health and Safety is thought to explain the apparent increase in lost time accidents.</i>



Our **San Francisco office** recently outgrew its space and moved to a location on 1 December 2008 that best matched their needs and met their criteria for a sustainable and healthy workplace. The building's abundance of natural light and close proximity to public transport options were important considerations in its selection. Almost 75% of the waste created from retrofitting the office was diverted for re-use and did not go to landfill. Also, wherever possible, the design team selected materials which emit low levels of volatile organic carbons and used energy-saving, water-efficient and recycled building products. We also transferred our existing sustainable practices to the new office including programmes to reduce paper waste and recycle electronics; purchase fair trade and recycled office products; identify food caterers that minimise packaging waste; create bike parking; secure agreements for renting hybrid cars and eliminate the use of bottled water.

We have recently completed Phase II of the major redevelopment and refurbishment of our **central London campus**. Selected sustainability initiatives at the new No.8 Fitzroy office building (pictured) and related benefits include:

- **Free cooling water chillers** Reduces carbon emissions by 4 to 5%
- **Solar assisted domestic hot water** Reduces carbon emissions by 0.3%
- **Twin thermal wheels in air handling units** Provides year-round reuse of sensible and latent energy from exhaust air
- **Motion detector activated taps and WCs** Reduces water usage
- **Rainwater collection** Reused for WC flushing, reduces requirement for treated mains water
- **Internal blinds with daylight enhancement** Reduces use of artificial lighting and associated cooling
- **Green (Sedum) roofs to terraces** Improves insulation, reduces stormwater runoff, removes CO₂ from air
- **Enhanced building management system** Includes sub metering and increased monitoring/control
- **Daylight monitoring** Switches off artificial lighting when sufficient daylighting is available
- **Zero waste bins at desks** Reduces waste; encourage use of recycling stations around the office

OUR external relationships

Our unique structure and strong core values have given Arup the freedom to develop into a global community with a concern for society and the environment at its core. We have learned that the most effective way for us to give something back is to provide our people with experiences and opportunities that enable them to contribute to society in broader ways than their day-to-day jobs might allow them to. In the process, we have developed new and rewarding external relationships that have allowed a unique space for our staff to unite their energy, skills and experience to raise awareness and to tackle today's global challenges.

Arup has always been a collaborative organisation. Whether we are donating our expertise, our time or our funds (including those donations made through our Charitable Trust), we do so in a spirit of true partnership. We aim to help other organisations to build their capacity so they can, in turn, make a bigger impact on society. This applies to our humanitarian efforts in the developing world. Endeavours like the Arup Cause – a global initiative which aims to encourage and leverage individual capabilities of staff to reduce suffering and improve lives – create structured opportunities for our people to become involved in development. In so doing, it celebrates our determination to effect positive change in the developing world, particularly where a lack of access to safe water and sanitation or shelter perpetuates poverty. Our Poverty Action Network – a grassroots, umbrella network for staff interested in poverty alleviation, international development and disaster relief work – continues to grow.

This approach applies equally to our efforts in the developed world, where the challenges to our everyday existence are multiplying rapidly. We leverage our individual capabilities here to also give back to society in a meaningful way. Our significant investment in research and our range of in-house technical, design, creative and management skills help society understand and deal with the challenges that the future presents. Partnering with key organisations like the Climate Group, the UK Green Building Council and Hong Kong's Climate Change Business Forum can help those organisations to empower people to change the way they live to improve the built environment and beyond.

The relationships we develop, and the knowledge we gain from them are invaluable as we move forward on our own journey towards sustainability.



Arup and the Climate Group's new publication *The Business Guide to the Low Carbon Economy: California* aims to help organisations understand the steps they need to take to reduce their greenhouse gas emissions while also realising the significant opportunities that a low-carbon economy can generate. The publication, for which our sustainability team provided many hours of pro bono consultation and written content, walks businesses through prioritised steps from calculating a carbon footprint to implementing energy efficiency, considering renewable energy and as a last resort, offsetting emissions. Though the guide is specifically written to reflect the steps that California businesses need to take to reduce their carbon footprint, the message is transferrable to businesses of all sizes anywhere in the world.

Our external relationships	Key Performance Indicators					Indicator derivation Trend in performance
	2007-08	06-07	05-06	04-05	03-04	
Charitable donations (to nearest £000)	410,000*	-	-	-	-	Direct charitable donations in all regions, including those from the Ove Arup Charitable Trust.
Investments and services provided primarily for public benefit through pro bono engagement (equivalent staff cost, to nearest £000)	109,000	Not measured				Based on equivalent cost of pro bono staff engagement in all regions.

* The exchange rates used in calculating this figure differ from those used in our audited Financial Statements



“Our relationship with Arup is a genuine partnership. It involves a charitable contribution to our work, but also an exchange of ideas and lessons learned through experience. It is beginning to demonstrate the local economic and social value that can be added to the delivery of engineering services through business and NGOs working together.

The support we receive from Arup at a corporate level is mirrored by the commitment of many individual staff members who involve themselves in activities aimed at supporting our work in Africa and Asia.

We have found Arup to be very receptive to ideas about integrating poverty reduction and local economic development into successful contract delivery. This is the most effective and sustainable way for companies to contribute to development in poor regions.”

Petter Matthews – Executive Director, Engineers Against Poverty

Alice Chow, leader of Arup’s project management business in East Asia, joined four other volunteers from Médecins Sans Frontières to run relief logistics after the **Sichuan Wenchuan** earthquake in China. They delivered relief materials, provided assistance and technical services, as well as assessed immediate health needs in several affected areas. An employee in our Shenzhen office was approved by the Shenzhen Civil Planning Bureau to be one of the 20 people who were sent to Sichuan as the first group of the Rebuilding Aid Team of Shenzhen. Arup was also selected to contribute to the design of the reconstruction masterplan on a pro bono basis. Our work was commended for its understanding of the practical and more urgent issues, and the long-term vision on social recovery and sustainable development. The plan received a Silver Award from the Hong Kong Institute of Planners.





Financial

Statements



The latest financial statements for Arup, which follow in the next section, show that last financial year was a strong one for us. The headline figures show a 27% growth in the turnover for Arup Group to £726m, achieved through the continuation of our long-term strategy of organic expansion delivered through widening our business offering and increasing our geographic spread.

Profit remained strong, with an 11.2% return – £81m – on turnover before tax and staff profit sharing. We are ultimately owned by trusts for the benefit of our employees and we were able to return over £31m of this profit back to our people via our profit sharing schemes. The commitment to sharing the benefits of our work with all 10,000 of our staff is key to our culture and ethos.

The balance sheet reflects our commitment to maintaining our independence, with no intangibles inflating the assets base, and cash reserves of over £100m, up 50% on the previous year, providing a solid platform from which to address the changing market conditions.

Our reserves are substantial, we have no borrowings, and the fact that we are privately owned means that we have no share price issues to distract us from our focus on securing work and delivering high-quality services. This means that as we enter a more difficult economic period we are in a better position to partner with our clients to meet the challenges that lie ahead.

ARUP

Arup Group Ltd (Consolidated)

Financial STATEMENTS 2008

Arup Group Ltd and its
subsidiary undertakings

Financial statements

for the year ended
31 March 2008

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ARUP

Directors' Report

for the year ended
31 March 2008

The Directors present their report together with the financial statements for the year ended 31 March 2008 which were approved by the Board of Directors on 17 October 2008.

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

Principal activity

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

European Union branches

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

Review of the business and future developments

During the year the Group's turnover increased by 26.8% and the Group made a total profit before tax, dividends and staff profit share of £81.4m (2007: £48.5m).

The performance developments of the Group are in line with the expectations of the Directors.

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

- The results include the defined benefit pension scheme liabilities and assets as calculated under FRS17. This shows as a net liability on the balance sheet of £37.8m (2007:£49.8m).
- The disposal of freehold property has resulted in a gain of £5.2m within the Profit and Loss Account and a further £5.9m gain in the Note of Historical Profits.

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,

dividends and profit share payable to staff. For the year ended 31 March 2008, turnover per person was £81k (2007: £73k) and profit per person was £9k (2007: £6k).

Staff turnover is a key non-financial measure of business performance. For the year ended 31 March 2008, staff turnover was 10.8% (2007: 10.4%).

Directors and their interests

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

A J Belfield
R F Care (Appointed 01/09/07)
T G A Carfrae
A K C Chan
P G Dilley
T M Hill
G S Hodgkinson (Appointed 01/09/07)
L M Lui (Appointed 01/09/07)
J C Miles
M Raman (Appointed 01/09/07)
D J Singleton
A Turnbull (Resigned 06/06/07)
D A Whittleton

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

Auditors

The auditors, Horwath Clark Whitehill LLP, will retire at the forthcoming Annual General Meeting and offer themselves for re-appointment.

Charitable donations

During the year the Group made charitable donations amounting to £449k (2007: £239k).

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, or by training, in an alternative job; and
- disabled persons are given equal consideration for training, career development and opportunities for promotion within the Company.

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

Statement of Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company at the end of the year, and its profit or loss for the year then ended. In preparing those financial statements, the Directors are required to:

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

The Directors are responsible for keeping proper accounting records which 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 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention of fraud and other irregularities.

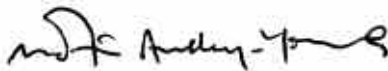
Legislation in the United Kingdom governing the preparation and dissemination of the accounts and the other information included in Annual Reports may differ from legislation in other jurisdictions.

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

Audit

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

By Order of the Board



M J Ansley-Young
Company Secretary

Dated: 17 October 2008
Registered Office:
13 Fitzroy Street, London, W1T 4BQ

Directors' Report

for the year ended
31 March 2008

**Independent
auditors' report to
the shareholders of
Arup Group Ltd
and its subsidiary
undertakings**

for the year ended
31 March 2008

We have audited the Group and parent Company financial statements ('the financial statements') of Arup Group Ltd for the year ended 31 March 2008 which comprise the Group Profit and Loss Account, the Group Note of Historical Cost Profits and Losses, the Group Statement of Total Recognised Gains and Losses, the Group and Company Balance Sheets, the Group Cashflow Statement and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the Group's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of
Directors and auditors**

As described in the Statement of Directors' Responsibilities, the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, the financial statements are properly prepared in accordance with the Companies Act 1985, and the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

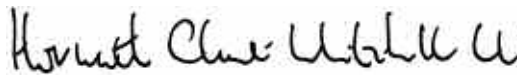
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Unqualified opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and the parent Company's affairs as at 31 March 2008 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information provided in the Directors' Report is consistent with the financial statements.



Dated: 29 October 2008
Horwath Clark Whitehill LLP
Chartered Accountants and Registered Auditors
London

£'000

	Notes	2008	2008	2007
Turnover	1c & 2		725,638	572,381
Staff costs	3		(393,038)	(310,850)
Other operating charges				
Charges from sub-consultants and other direct project costs		(174,509)		(145,708)
Accommodation		(39,182)		(31,730)
Depreciation		(10,264)		(7,898)
Communications and other overheads		(73,720)		(53,598)
			(297,675)	(238,934)
			(690,713)	(549,784)
Operating profit	5		34,925	22,597
Profit on disposal of freehold property			5,157	-
Other finance income	25		7,185	6,290
Interest receivable			3,224	1,942
Interest payable	6		(123)	(12)
Profit on ordinary activities before taxation	2		50,368	30,817
Taxation on ordinary activities	1e & 7		(21,068)	(8,906)
Profit for the financial year	17 & 18		29,300	21,911

Profit and loss account

for the year ended
31 March 2008

£'000

	2008	2007
Profit Before Tax	50,368	30,817
Difference between profit on disposal based on historical and revalued cost	5,868	-
Historical cost profit before tax	56,236	30,817
Tax on ordinary activities	(21,068)	(8,906)
Historical profit after tax	35,168	21,911

Note of historical cost profits and losses

for the year ended
31 March 2008

£'000

	2008	2007
Profit for the financial year	29,300	21,911
Exchange translation (losses)/gains	(9)	3,143
Realised surplus on revaluation of properties	5,868	-
Actuarial gains recognised in the pension scheme	6,116	6,315
Deferred tax liability movement related to the actuarial gain	(1,705)	(1,895)
Total gains recognised since last annual report	39,570	29,474

Statement of total recognised gains and losses

for the year ended
31 March 2008

Balance Sheet

Arup Group Ltd and its
subsidiary undertakings as at
31 March 2008

	Notes	2008	2008	2007
Fixed assets				
Tangible assets	8		54,091	41,216
Unlisted investments at cost	10		35	61
			<u>54,126</u>	<u>41,277</u>
Current assets				
Debtors	11	240,476		179,142
Investments	12	273		55
Cash at bank and in hand		<u>103,891</u>		<u>67,300</u>
		<u>344,640</u>		<u>246,497</u>
Creditors:				
Amounts falling due within one year	13	<u>(286,425)</u>		<u>(198,662)</u>
			<u>58,215</u>	<u>47,835</u>
Net current assets			<u>58,215</u>	<u>47,835</u>
Total assets less current liabilities			<u>112,341</u>	<u>89,112</u>
Creditors:				
Amounts falling due after more than one year				
Lease incentives			(1,341)	-
Finance leases			<u>(146)</u>	<u>(20)</u>
			<u>(1,487)</u>	<u>(20)</u>
Provision for liabilities and charges				
Deferred taxation	1e		-	(29)
Net assets excluding pension liabilities			<u>110,854</u>	<u>89,063</u>
Pension liability	25		<u>(37,847)</u>	<u>(49,759)</u>
Net assets after pension liabilities			<u><u>73,007</u></u>	<u><u>39,304</u></u>
Share capital				
	16		120	120
Reserves				
	17			
Capital reserve		3		3
Profit and loss account		71,710		32,140
Revaluation reserve		<u>1,174</u>		<u>7,041</u>
			<u>72,887</u>	<u>39,184</u>
Shareholders' funds			<u><u>73,007</u></u>	<u><u>39,304</u></u>

Approved by the Board of Directors on 17 October 2008 and signed on its behalf:



T M Hill, Chairman

£'000

	Notes	2008	2008	2007
Fixed assets				
Tangible assets	8		2,620	11,969
Investment in subsidiary undertakings	9		36,824	36,821
Unlisted investments at cost	10		4	32
			<u>39,448</u>	<u>48,822</u>
Current assets				
Debtors	11	42,372		27,934
Creditors:				
Amounts falling due within one year	13	<u>(50,852)</u>		<u>(49,257)</u>
Net current liabilities			<u>(8,480)</u>	<u>(21,323)</u>
Net assets			<u>30,968</u>	<u>27,499</u>
Share capital				
	16		120	120
Reserves				
	17			
Profit and loss account			30,848	21,511
Revaluation reserve			-	5,868
Shareholders' funds			<u>30,968</u>	<u>27,499</u>

Balance Sheet

Arup Group Ltd excluding subsidiary undertakings as at 31 March 2008

Approved by the Board of Directors on 17 October 2008 and signed on its behalf:



T M Hill, Chairman

The notes on pages 8 to 23 form part of these financial statements.

Cashflow statement

Arup Group Ltd and its
subsidiary undertakings
for the year ended
31 March 2008

	Notes	2008	2007
Net cash inflows from operating activities		<u>60,198</u>	<u>33,050</u>
Returns on investment and servicing of finance			
Interest received		3,224	1,942
Interest paid		(123)	(12)
Net cashflow		<u>3,101</u>	<u>1,930</u>
Taxation			
Corporation tax paid		(9,489)	(8,826)
Capital expenditure and financial investment			
Payments to acquire fixed assets		(31,653)	(17,347)
Receipts from sales of fixed assets		14,500	112
Receipts from sales of investments		25	224
Payments to acquire investments		(250)	(83)
Net cashflow		<u>(17,378)</u>	<u>(17,094)</u>
Increase in cash		<u>36,432</u>	<u>9,060</u>
Reconciliation of net cashflow to movement in net funds	15		
Net funds at 1 April		67,220	58,160
Movement in net funds in the period		36,432	9,060
Net funds at 31 March		<u>103,652</u>	<u>67,220</u>
Notes to the cashflow statement			
Reconciliation of operating profit to net cashflow from operating activities			
Operating profit		34,925	22,597
Depreciation charges		10,264	7,898
Exchange differences		(1,061)	3,756
Loss on disposal of fixed assets		141	14
Difference between pension charge and cash contributions		(5,385)	(14,020)
Decrease in current asset investments		32	169
Increase in debtors		(60,375)	(21,695)
Increase in creditors		81,657	34,331
Net cashflow from operating activities		<u>60,198</u>	<u>33,050</u>

1 Accounting policies

a) Basis of accounting

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

b) Basis of consolidation

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

c) Turnover

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

d) Depreciation

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

e) Deferred taxation

In accordance with FRS19, full provision is made for timing differences at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted at the balance sheet date, in respect of timing differences which have arisen but not reversed at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the accounts, which are not permanent. Deferred tax is measured on a non-discounted basis.

In accordance with FRS19, no deferred tax has been provided for on revalued amounts, as no binding agreements to sell any property have been entered into prior to the balance sheet date or to the extent that any gain on any property contracted to be sold will be rolled over on 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

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 exceeds turnover, the excess is included as fees in advance, within creditors.

h) Other contracts

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

i) Pension costs

Contributions to the Group's defined contribution schemes are charged to the profit and loss account when they fall due. The Group also operates two defined benefit schemes as described in note 25. Under FRS17, the assets of the defined benefit pension schemes are measured at their fair (market) value at the balance sheet date and compared to the liabilities of the schemes, at the same date, measured on an actuarial basis using the projected unit method. The discount rate used is the rate of return at the balance sheet date on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The extent to which the schemes' assets exceed/fall short of their liabilities is shown as a surplus/deficit in the balance sheet. The surplus/deficit is shown net of deferred taxation.

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

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

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

j) Leased assets

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

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

k) Goodwill

Goodwill, representing the excess of the fair value of the consideration given over the aggregate fair values of the identifiable assets and liabilities of undertakings acquired, is capitalised and amortised on a straight line basis over four years. Provision is made where appropriate for any permanent diminution in value.

l) Company profit and loss account

In accordance with the concession quoted under Section 230(3) of the Companies Act 1985, the Company profit and loss account has not been separately presented in these financial statements.

Notes to the financial statements

for the year ended
31 March 2008

Notes to the
financial statements
(continued)
for the year ended
31 March 2008

2 Segmental report

£'000

Geographical Segments	UK	Other Europe	Asia	Middle East/ Africa	Americas	Australasia	Group
Turnover							
Turnover by destination							
Sales to third parties	343,361	81,232	108,575	32,693	60,741	99,036	725,638
Profit before taxation							
Segment profit	16,524	3,910	5,226	1,574	2,924	4,767	34,925
Net interest, other financing income & profit on disposal of freehold property							15,443
Group profit before taxation							50,368
Net assets							
Segment net assets	18,244	1,146	21,012	10,052	17,151	5,402	73,007

3 Staff costs

£'000

	2008	2007
Salaries	306,587	244,888
Staff profit sharing	25,197	17,022
Social security	27,248	19,926
Pension contributions	17,042	19,524
Other staff costs	16,964	9,490
	<u>393,038</u>	<u>310,850</u>
An analysis of the average number of persons employed by the Group is set out below:		
	Number	Number
Technical	6,979	5,706
Government Site Staff	448	632
Support services	1,502	1,226
	<u>8,929</u>	<u>7,564</u>

4 Directors' remuneration

£'000

	2008	2007
Aggregate remuneration:		
Aggregate emoluments paid or receivable	2,782	2,406
Aggregate contributions paid to money purchase schemes	66	42
Number of Directors accruing pension benefits under:		
	Number	Number
Defined benefit schemes	8	8
Highest paid Director:		
Total emoluments excluding contributions paid to pension schemes	307	311
Accrued pension from defined benefit scheme as at 31 March	43	43

5 Group operating profit**£'000**

	2008	2007
This is stated after charging/(crediting):		
Auditors' remuneration - audit services	384	546
Audit of the Company's subsidiaries, pursuant to legislation	19	-
Other services relating to taxation	355	390
Loss on disposal of fixed assets	141	14
Profit on foreign exchange from trading activities	(494)	(261)
Research and development costs	10,391	6,937
Operating leases - land & buildings	21,367	19,230
- plant & machinery	740	572
	<u>740</u>	<u>572</u>

**Notes to the
financial statements
(continued)**for the year ended
31 March 2008**6 Interest payable****£'000**

	2008	2007
Bank interest	9	12
Finance lease interest	8	-
Other interest	106	-
	<u>123</u>	<u>12</u>

Notes to the
financial statements
(continued)
for the year ended
31 March 2008

7 Taxation

£'000

	2008	2007
(a) Analysis of tax charge		
The charge for taxation comprises:		
UK Corporation Tax for the year at 30% (2007: 30%)	12,809	1,108
Less: double tax relief	(7,407)	(1,000)
	<u>5,402</u>	<u>108</u>
(Over)/under provision of UK Corporation Tax	(764)	191
	<u>4,638</u>	<u>299</u>
Foreign tax: current year	10,169	1,988
Under/(over) provision of foreign tax	1,129	(301)
	<u>15,936</u>	<u>1,986</u>
Current tax charge	15,936	1,986
Current year deferred tax	5,402	6,915
(Over)/under provision in respect of previous years	(492)	5
Restated opening balance due to change in rate of tax	222	-
	<u>21,068</u>	<u>8,906</u>
(b) Factors affecting the tax charge for the year		
The tax assessed for the year is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:		
Profit before tax	<u>50,368</u>	<u>30,817</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2007: 30%)	15,110	9,245
Effects of:		
Permanent differences	1,629	(322)
Timing adjustments	(3,753)	(7,022)
Foreign tax in excess of UK tax	3,076	988
Adjustments to tax charge in respect of previous years including foreign tax charge	365	(110)
Small company rate	(1)	(1)
Losses carried forward	1	21
Utilised losses brought forward	(160)	(813)
Unrelieved local tax brought forward from prior years	(340)	-
Foreign tax expensed	9	-
	<u>15,936</u>	<u>1,986</u>
Current tax charge	<u>15,936</u>	<u>1,986</u>

	Freehold land & property	Leasehold property	Assets under construction	Furniture, fittings & IT	Motor vehicles	Leased motor vehicles	Total
Cost or valuation							
Balance at 1 April 2007	10,600	17,669	1,434	67,301	822	320	98,146
Additions during the year	-	10,469	-	20,787	347	172	31,775
Disposals during the year	(9,350)	(604)	-	(2,442)	(73)	(206)	(12,675)
Transfers	-	1,434	(1,434)	-	-	-	-
Adjustment for exchange differences	-	(5)	-	1,452	45	66	1,558
Balance at 31 March 2008	<u>1,250</u>	<u>28,963</u>	<u>-</u>	<u>87,098</u>	<u>1,141</u>	<u>352</u>	<u>118,804</u>
Depreciation							
Balance at 1 April 2007	88	9,637	-	46,516	421	268	56,930
Charge for the year	40	1,151	-	8,893	160	19	10,263
Eliminated in respect of disposals	(128)	(491)	-	(2,341)	(66)	(165)	(3,191)
Adjustment for exchange differences	-	(4)	-	678	8	29	711
Balance at 31 March 2008	<u>-</u>	<u>10,293</u>	<u>-</u>	<u>53,746</u>	<u>523</u>	<u>151</u>	<u>64,713</u>
Net book value at 31 March 2008	<u>1,250</u>	<u>18,670</u>	<u>-</u>	<u>33,352</u>	<u>618</u>	<u>201</u>	<u>54,091</u>
Net book value at 31 March 2007	<u>10,512</u>	<u>8,032</u>	<u>1,434</u>	<u>20,785</u>	<u>401</u>	<u>52</u>	<u>41,216</u>

Notes to the
financial statements
(continued)for the year ended
31 March 2008

8 Tangible assets – Company

£'000

	Freehold property	Leasehold property	Total
Cost or valuation			
Balance at 1 April 2007	9,350	3,817	13,167
Disposals during the year	(9,350)	(27)	(9,377)
Balance at 31 March 2008	-	3,790	3,790
Depreciation			
Balance at 1 April 2007	88	1,110	1,198
Charge for the year	40	65	105
Eliminated in respect of disposals	(128)	(5)	(133)
Balance at 31 March 2008	-	1,170	1,170
Net book value at 31 March 2008	-	2,620	2,620
Net book value at 31 March 2007	9,262	2,707	11,969

Leasehold property

Included in the leasehold property of the Group and Company is long leasehold property at a cost of £3.6m (2007: £3.6m) and accumulated amortisation of £1.1m (2007: £0.9m).

Revalued assets

The freehold properties held by the Group were externally valued at £1.25m by Strutt & Parker, International Property Consultants. The valuations were carried out as at 31 January 2006 and were based on market value, as defined by the RICS Appraisal and Valuations Standards (Red Book) 5th Edition. Had the freehold properties not been revalued, the net book value as at 31 March 2008 would have been £76k.

Notes to the financial statements (continued)

for the year ended 31 March 2008

9 Subsidiary undertakings

The companies noted below were all wholly owned by Arup Group Ltd at 31 March 2008. The operating companies were all engaged in the same principal activities as the parent company.

Direct holdings:

Arup Americas Inc
Arup Botswana Ltd
Arup bv
Arup China Ltd
Arup Consulting Engineers EPE
Arup Corporate Finance Ltd
Arup GmbH
Arup International Consultants (Shanghai) Co Ltd
Arup Italia Srl
Arup Kuwait Ltd
Arup MMLS
Arup Partner Pty Ltd
Arup Pty Ltd
Arup SARL
Arup SIGMA Ltd
Arup Singapore International Ltd
Arup Singapore Pte Ltd
Fitzroy Insurance Services Ltd
Ove Arup & Company Libya Ltd
Ove Arup & Partners Danmark A/S
Ove Arup & Partners Hong Kong Ltd
Ove Arup & Partners International Ltd
Ove Arup & Partners Isle of Man Ltd
Ove Arup & Partners Japan Ltd
Ove Arup & Partners Korea Ltd
Ove Arup & Partners Poland Sp Z O O
Ove Arup & Partners SA
Ove Arup & Partners Thailand Ltd
Ove Arup (Thailand) Ltd
Ove Arup Inc
Ove Arup Partnership Ltd
Rossmore Group Ltd

Country of incorporation

U.S.A.
England
Netherlands
Hong Kong
Greece
England
Germany
China
Italy
England
Turkey
Australia
Australia
France
Mauritius
England
Singapore
Guernsey
England
Denmark
England
England
Isle of Man
England
Korea
Poland
Spain
England
Thailand
England
England
England

Indirect holdings:

Arup Associates Ltd
Arup Canada Inc
Arup d.o.o
Arup Engineering Design and Consulting Services India Pte Ltd
Arup Environmental Consultants Pty Ltd
Arup Gulf Ltd
Arup International Ltd
Arup Ltd
Arup New Zealand Ltd
Arup North America Ltd
Arup Pacific Pty Ltd
Arup Services New York Ltd
Arup Texas Inc
Arup USA Inc
Arup Vietnam Ltd
Broomco (1469) Ltd
OASYS Ltd
Ove Arup & Partners Detroit Ltd
Ove Arup & Partners Ltd
Ove Arup & Partners PC
Ove Arup & Partners Scotland Ltd
Rossmore Dempsey & Co Ltd
Rossmore MCA Ltd
Rossmore Turner Lombard Ltd

England
Canada
Serbia
India
Australia
England
England
England
New Zealand
England
Australia
England
U.S.A.
U.S.A.
Vietnam
England
England
England
England
U.S.A.
Scotland
England
England
England

Notes to the financial statements (continued)

for the year ended
31 March 2008

Notes to the
financial statements
(continued)

for the year ended
31 March 2008

9 Subsidiary undertakings (continued)

£'000

Movement of investment

Cost at 1 April 2007	36,821
Additions	8
Disposals	(5)
Cost at 31 March 2008	36,824

10 Unlisted investments at cost

	Country of incorporation
1 Ordinary Share of £1 in Ovapart Nominee Ltd	England
100 Ordinary Shares of €1.269738 each in Arup Ireland Partner Ltd	Ireland
2 shares of £1 each in The Arup Partnerships Trustees Ltd	England
4 Ordinary Shares of US\$1 each in Arup Africa Inc	Mauritius
50 Ordinary Shares of 10,000 Riyals each in Arup Iran SSK	Iran
1,250 Ordinary Shares of £1 each in Architecture Today Plc	England
105,800 Ordinary Shares of 25p each in London & Continental Railways Ltd	England
30,000 Ordinary Shares of 1p each in St Helena Leisure Corporation Ltd	England
201 Ordinary Shares of A\$340.90 each in Balu Pty Ltd	Australia
6 Ordinary Shares of £1 each in Heathrow Hub Ltd	England

11 Debtors

£'000

	2008		2007	
	Group	Company	Group	Company
Amounts recoverable on contracts	38,458	5,213	33,816	6,477
Trade debtors	150,359	14,576	103,692	138
Amounts owed by Group undertakings	-	22,483	-	21,319
Foreign tax recoverable	660	-	189	-
Deferred taxation	2,752	-	2,744	-
Corporation tax recoverable	6,675	-	6,553	-
Other debtors	7,801	-	6,315	-
Prepayments and accrued income	33,771	100	25,833	-
	<u>240,476</u>	<u>42,372</u>	<u>179,142</u>	<u>27,934</u>

12 Current asset investments

£'000

	2008		2007	
	Group	Company	Group	Company
Unlisted investment	<u>273</u>	<u>-</u>	<u>55</u>	<u>-</u>

13 Creditors

£'000

	2008		2007	
	Group	Company	Group	Company
Amounts falling due within one year				
Fees in advance	167,470	-	122,821	-
Bank overdraft	23	-	12	-
Trade creditors	18,731	-	12,235	-
Amounts owed to Group undertakings	-	44,455	-	48,206
Amounts due on finance leases				
within one year	70	-	48	-
Provision for foreign tax	5,375	-	279	-
Corporation tax	3,884	2,840	1,809	-
Taxation and social security costs	10,226	-	9,166	-
Other creditors	17,670	2,173	9,959	43
Accruals and deferred income	62,976	1,384	42,333	1,008
	<u>286,425</u>	<u>50,852</u>	<u>198,662</u>	<u>49,257</u>

Notes to the financial statements (continued)

for the year ended 31 March 2008

14 Deferred taxation – Group

£'000

	2008		2007	
	Provided	Unprovided	Provided	Unprovided
Timing differences due to accelerated taxation depreciation allowances	(1,168)	-	(1,397)	-
Short term timing differences	(1,584)	-	(1,318)	-
	<u>(2,752)</u>	<u>-</u>	<u>(2,715)</u>	<u>-</u>
Movement of deferred tax provision :				
At 1 April	(2,715)		(3,645)	
(Over)/under provision of deferred tax in respect of previous years	(492)		5	
	<u>(3,207)</u>		<u>(3,640)</u>	
Movement in opening balance due to change in rate of tax	222		-	
Restated opening balance	<u>(2,985)</u>		<u>(3,640)</u>	
Charge for the year	5,402		6,915	
Less: Deferred tax on Pension Schemes deficit/surplus	(5,044)		(6,089)	
Exchange rate difference	(125)		99	
At 31 March	<u><u>(2,752)</u></u>		<u><u>(2,715)</u></u>	

15 Analysis of changes in net funds

£'000

	At 1 April 2007	Cashflow	At 31 March 2008
Cash at bank and in hand	67,300	36,591	103,891
Overdrafts	(12)	(11)	(23)
	<u>67,288</u>	<u>36,580</u>	<u>103,868</u>
Finance leases	(68)	(148)	(216)
	<u><u>67,220</u></u>	<u><u>36,432</u></u>	<u><u>103,652</u></u>

Notes to the
financial statements
(continued)
for the year ended
31 March 2008

16 Share capital

£'000

	2008	2007
Group and Company		
Authorised:		
200 Voting Shares of £1 each (2007: 200)	-	-
999,800 Equity Shares of £1 each (2007: 999,800)	1,000	1,000
	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid:		
65 Voting Shares of £1 each (2007: 65)	-	-
120,000 Equity Shares of £1 each (2007: 120,000)	120	120
	<u>120</u>	<u>120</u>

17 Reserves

£'000

	Capital reserve	Group Property revaluation	Profit and loss account	Company Property revaluation	Profit and loss account
Balance at 1 April 2007	3	7,041	32,140	5,868	21,511
Retained profit for the financial year	-	-	29,300	-	3,469
Actuarial gain recognised in the pension schemes	-	-	6,116	-	-
Deferred tax liability movement related to the actuarial gain	-	-	(1,705)	-	-
Exchange translation differences	-	1	(9)	-	-
Revaluation of freehold property	-	(5,868)	5,868	(5,868)	5,868
Balance at 31 March 2008	<u>3</u>	<u>1,174</u>	<u>71,710</u>	<u>-</u>	<u>30,848</u>
Profit and loss reserve excluding pension liability			109,557		
Pension liability			(37,847)		
Profit and loss reserve			<u>71,710</u>		

18 Reconciliation of movements in shareholders' funds – Group**£'000**

	2008	2007
Balance at 1 April	39,304	9,830
Retained profit for the financial year	29,300	21,911
Exchange translation differences	(8)	3,143
Actuarial gains recognised in the pension schemes	6,116	6,315
Deferred tax liability movement related to the actuarial gain	(1,705)	(1,895)
	<u>73,007</u>	<u>39,304</u>
Closing shareholders' funds	<u>73,007</u>	<u>39,304</u>
Shareholders' funds excluding pension scheme liabilities	110,854	89,063
Pension scheme liabilities	(37,847)	(49,759)
	<u>73,007</u>	<u>39,304</u>
Closing shareholders' funds	<u><u>73,007</u></u>	<u><u>39,304</u></u>

Notes to the financial statements (continued)

for the year ended 31 March 2008

19 Trust monies

The Group operates a number of bank accounts which are maintained in the name of Group companies in Australia on behalf of third party clients. These accounts are not available to meet any liabilities of the Group and are therefore excluded from the consolidated balance sheet. The total of such accounts at 31 March 2008 was £8.4m (2007: £12.8m).

20 Contingent liabilities

The Company has guaranteed bond support facilities granted to other companies in the Group. The guarantee is supported by a secured debenture dated 1 June 1998. No borrowings were outstanding as at 31 March 2008.

21 Capital commitments**£'000**

	2008		2007	
	Group	Company	Group	Company
Contracted for	<u>828</u>	<u>-</u>	<u>846</u>	<u>-</u>

22 Other financial commitments

£'000

The Group and Company have the following property leasing commitments in the year to 31 March 2009 in respect of leases expiring in the years ending 31 March:

	Group	Company
2009	980	-
2010	2,539	-
2011 - 2013	7,115	-
2014 onwards	<u>18,100</u>	<u>-</u>

23 Ultimate controlling party

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

24 Related party transactions

The Company and its wholly owned subsidiaries transact with each other in the normal course of business. These transactions are, in accordance with FRS8 paragraph 3, not disclosed, as the transactions and balances between Group entities have been eliminated on consolidation.

25 Pension commitments

The Group operates two, contributory, defined benefit retirement schemes for employees, a UK registered scheme and a Hong Kong registered scheme.

UK Registered Scheme

Contributions to the scheme are made in accordance with the advice of independent qualified actuaries on the basis of triennial valuations. The most recent valuation was at 31 March 2007 using the projected unit method. The actuarial valuation of the scheme's assets at 31 March 2007 on an ongoing basis represented 92% of the actuarially calculated liabilities for benefits that had accrued to members and the scheme's assets had a market value of £463.5m at that date. The most significant assumptions made by the actuary in carrying out this valuation were that the investment return would be 7.25% pre-retirement and that salary inflation would be 5.0% pa for the first 5 years and 4.5% pa thereafter. There were employers contributions for the year to 31 March 2008 of £15.0m (2007: £12.5m). No special employer's contribution was made during the year to 31 March 2008 (2007: £15m). The next actuarial valuation will be carried out as at 31 March 2010.

Contributions to this scheme have been maintained at a higher level as reported last year.

Notes to the financial statements (continued)

for the year ended 31 March 2008

25 Pension commitments (continued)

Hong Kong Registered Scheme

Contributions to the scheme are made in accordance with the advice of independent qualified actuaries on the basis of regular actuarial valuations. The most recent valuation was at 1 April 2008 using the attained age method. The actuarial valuation of the scheme's assets at 1 April 2008 on an ongoing basis represented 120% of the liabilities that had accrued to members and had a market value of approximately £22m at that date. The most significant assumption made by the actuary in carrying out this valuation was that the investment return would be 6% per year. There were employer's contributions for the year to 31 March 2008 of £1.6m (2007: £1.7m). The next actuarial valuation will be carried out as at 1 April 2011.

The valuation positions of both schemes were reassessed at 31 March 2008 by a qualified independent actuary for the purposes of FRS17. The major assumptions used in the calculations required under FRS17 were:

	UK			Hong Kong		
	2008	2007	2006	2008	2007	2006
At 31 March						
Future average rate of increase in salaries	4.50%	4.05%	3.75%	4.50%	4.05%	3.75%
Future average rate of increase for pensions in payment and deferred pensions	3.50%	3.05%	2.50%	n/a	n/a	n/a
Future average rate used to discount liabilities	6.80%	5.53%	5.05%	6.80%	5.53%	5.05%
Inflation assumption	3.50%	3.05%	2.75%	n/a	n/a	n/a

The assets in the UK and Hong Kong schemes and the expected rates of return at 31 March were:

	Long term rate of return expected					
	UK			Hong Kong		
	2008	2007	2006	2008	2007	2006
Equities and property	7.75%	8.00%	8.00%	7.75%	8.00%	8.00%
Bonds	5.00%	5.25%	4.75%	5.00%	4.50%	4.75%
Cash including net current assets	5.00%	5.25%	4.75%	5.00%	4.00%	4.75%

	Value of assets in the schemes					
	UK			Hong Kong		
	2008	2007	2006	2008	2007	2006
	£m	£m	£m	£m	£m	£m
Equities and property	407.6	426.1	365.2	15.7	15.4	15.0
Bonds	36.5	34.7	34.1	4.8	3.4	3.2
Cash including net current assets	9.6	2.8	5.9	1.6	2.1	1.5
Total market value of assets	453.7	463.6	405.2	22.1	20.9	19.7
Present value of scheme liabilities	(511.8)	(538.5)	(504.4)	(16.4)	(17.1)	(18.0)
(Deficit)/surplus in the scheme	(58.1)	(74.9)	(99.2)	5.7	3.8	1.7
Less: Related deferred tax asset/(liability) (company tax rate - 28%:30%:30%)	16.3	22.5	29.8	(1.6)	(1.1)	(0.5)
	<u>(41.8)</u>	<u>(52.4)</u>	<u>(69.4)</u>	<u>4.1</u>	<u>2.7</u>	<u>1.2</u>

Notes to the financial statements (continued)

for the year ended 31 March 2008

25 Pension commitments (continued)

£ million

	UK		Hong Kong	
	2008	2007	2008	2007
Analysis of the amount chargeable to operating profit				
Current service	(9.8)	(13.7)	(1.5)	(1.5)
Total operating charge	<u>(9.8)</u>	<u>(13.7)</u>	<u>(1.5)</u>	<u>(1.5)</u>
Analysis of the amount credited to other finance income				
Expected return on pension scheme assets	36.4	31.4	1.7	1.5
Interest on pension scheme liabilities	(29.9)	(25.7)	(1.0)	(0.9)
Net return	<u>6.5</u>	<u>5.7</u>	<u>0.7</u>	<u>0.6</u>
Analysis of the amount recognised in the statement of total recognised gains and losses				
Actual return less expected return on pension scheme assets	(54.3)	5.4	(0.5)	1.2
Experience gains and losses arising on the scheme liabilities	(5.0)	(20.6)	-	-
Changes in assumptions underlying the present value of the scheme liabilities	64.4	20.0	1.5	0.3
Actuarial gain recognised in the statement of total recognised gains and losses	<u>5.1</u>	<u>4.8</u>	<u>1.0</u>	<u>1.5</u>
Movement in (deficit)/surplus during the year				
(Deficit)/surplus in scheme at the beginning of the year	(74.9)	(99.2)	3.8	1.7
Movement in the year				
Current service cost	(9.8)	(13.7)	(1.5)	(1.5)
Contributions	15.0	27.5	1.6	1.7
Interest cost	(29.9)	(25.7)	-	-
Other financial income	-	-	0.7	0.6
Expected return on assets	36.4	31.4	-	-
Actuarial gain	5.1	4.8	1.0	1.5
Adjustment for exchange differences	-	-	0.1	(0.2)
(Deficit)/surplus in scheme at end of year	<u>(58.1)</u>	<u>(74.9)</u>	<u>5.7</u>	<u>3.8</u>

Notes to the financial statements (continued)

for the year ended 31 March 2008

25 Pension commitments (continued)

One of the main factors contributing to the reduction in the UK scheme's deficit and the increase in the Hong Kong scheme's surplus was the actual return earned on the assets over the year over and above the expected return on the assets. Some of the assumptions adopted in valuing the liabilities (including strengthening the mortality assumptions) adversely affected the UK scheme's deficit and the Hong Kong scheme's surplus, but the net result is still an improvement in the situation of both schemes.

	UK				
	2008	2007	2006	2005	2004
History of experience gains and losses					
Difference between the expected and actual return on scheme assets					
Amount (£million)	<u>(54.3)</u>	<u>5.4</u>	<u>54.5</u>	<u>16.4</u>	<u>42.7</u>
Percentage of present value of scheme assets	<u>(12.0%)</u>	<u>1.2%</u>	<u>13.5%</u>	<u>5.3%</u>	<u>15.9%</u>
Experience gains and losses on scheme liabilities					
Amount (£million)	<u>(5.0)</u>	<u>(20.6)</u>	<u>(11.2)</u>	<u>(0.9)</u>	<u>(12.3)</u>
Percentage of present value of scheme liabilities	<u>1.0%</u>	<u>3.8%</u>	<u>2.2%</u>	<u>0.2%</u>	<u>3.1%</u>
Total amount recognised in the statement of total recognised gains and losses					
Amount (£million)	<u>5.1</u>	<u>4.8</u>	<u>4.6</u>	<u>27.7</u>	<u>16.7</u>
Percentage of present value of scheme liabilities	<u>1.0%</u>	<u>0.9%</u>	<u>0.9%</u>	<u>6.6%</u>	<u>4.2%</u>

Notes to the financial statements (continued)

for the year ended
31 March 2008

25 Pension commitments (continued)

	Hong Kong				
	2008	2007	2006	2005	2004
History of experience gains and losses					
Difference between the expected and actual return on scheme assets					
Amount (£million)	<u>(0.5)</u>	<u>1.2</u>	<u>1.3</u>	<u>-</u>	<u>2.3</u>
Percentage of present value of scheme assets	<u>(2.3%)</u>	<u>7.0%</u>	<u>6.6%</u>	<u>0.0%</u>	<u>17.2%</u>
Experience gains and losses on scheme liabilities					
Amount (£million)	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.7</u>	<u>0.4</u>
Percentage of present value of scheme liabilities	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>5.0%</u>	<u>2.8%</u>
Total amount recognised in the statement of total recognised gains and losses					
Amount (£million)	<u>1.0</u>	<u>1.5</u>	<u>0.5</u>	<u>1.3</u>	<u>2.0</u>
Percentage of present value of scheme liabilities	<u>6.1%</u>	<u>8.8%</u>	<u>2.8%</u>	<u>9.3%</u>	<u>14.1%</u>

Notes to the financial statements (continued)

for the year ended
31 March 2008

Printed on paper containing 50% recycled fibre by Beacon Press using their *pureprint* environmental print technology. All the electricity used in the production of this report was generated from renewable sources. Vegetable-based inks were used throughout. 95% of any solvents and 98% of all dry waste used in the process have been recycled. Beacon Press is a CarbonNeutral Company® and accredited with Environmental Management System, ISO 14001 and registered to EMAS, the Eco Management and Audit Scheme.

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Attachment 2:
Global Code of Practice for Harrassment



Harassment : code of practice

Purpose

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

CODE OF PRACTICE

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

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

Effective date

1 May 2001

Applicability

All employees working for Arup worldwide.

Attachment 3:
Global Human Rights Code of Practice



Human Rights: Global Code of Practice

CODE OF PRACTICE

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

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

Purpose

Our approach on human rights reflects this by:

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

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

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

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

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

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

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

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

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

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

Effective Date

1 January 2009

Applicability

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

Attachment 4:
Global Diversity and Inclusion Code of Practice



Diversity and Inclusion: Code of Practice

CODE OF PRACTICE

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

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

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

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

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

Purpose

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

Effective Date

1 January 2009

Applicability

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

Attachment 5:
Global Sustainability Policy



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 practiced;
- 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 practice 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.



D. Singleton

(Arup Group Sustainability Director)

www.arup.com

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(Leader for.....)

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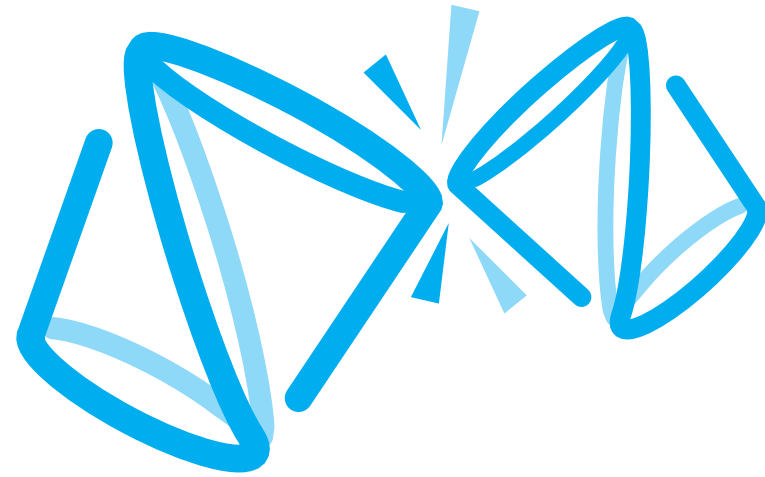
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Attachment 6:
Arup Cause Brochure



the arup cause

ARUP



Mission

- As a global organisation, we choose to work together to further our humanitarian aims in a way that is central to our shared values and our overall mission to 'shape a better world', seeking to reduce suffering and to improve people's lives.
- The Arup Cause provides a focus for our activity, encouraging and leveraging the individual abilities and contribution of our staff for maximum impact.

Objectives

- To enhance the capacity of humanitarian and development organisations by providing technical assistance or fundraising for specific **projects**.
- To improve awareness and understanding of poverty and its alleviation by capturing, sharing and disseminating **learning**.

Foreword

In 2006, Arup celebrated its 60th anniversary. Naturally, we recognised Sir Ove Arup, our visionary founder whose values, as articulated in his *Key Speech* of 1970, still inspire us today. The firm has developed into a global community with a concern for society and the environment at its core. A significant percentage of our people volunteer their time, money or expertise to humanitarian causes.

We wanted to mark six decades of this kind of commitment with a lasting legacy. We also wanted to provide a focus for the many community-centred and educational activities being carried out with energy and enthusiasm by people within Arup, who are keen to share their knowledge and time to benefit others.

The firm decided to invest in a global initiative, the **Arup Cause**. We sought to reward and encourage our people's abilities and interest, and to apply our collective technical expertise and creative ability to reduce suffering and improve people's lives. By bringing together a wide range of individual initiatives under a common global theme, we hoped to ensure that the many individual activities initiated by our people across the firm worked in concert and to maximum effect. We also wanted to provide more structured opportunities to

allow people to develop personally, deploy their professional skills and contribute to development globally.

Our research into the 'drivers of change' – key issues that play a role in our future – identified lack of water and basic sanitation as a fundamental cause of poverty, which affects almost all of the UN's Millennium Development Goals. Water was the theme and focus of the Arup Cause in 2006. In 2007, we added a second theme of shelter. Both are an essential need and also a focus for social networks and communities. Over time, we expect these key issues to evolve, and so our approach will too.

The groundswell of support for the Arup Cause across all our regions has exceeded our expectations. You can read in this booklet about some of the diverse projects that Arup people have undertaken, supported by this initiative. These people inspire me. I hope that we experience another six decades of commitment to humanitarian causes at Arup.

David Singleton

Chair, The Arup Cause
Member, Arup Group Board



Larry Pitt

The Arup Cause

We shape a better world

Arup is the creative force behind many of the world's most innovative projects in the built environment. As a global design and business consultancy of over 10,000 people in 37 countries, we have significant expertise which can be harnessed to reduce suffering globally. We also have a strong tradition of commitment to humanitarian causes at the core of our values and culture.

The aim of the Arup Cause is to create structured opportunities for our people to become involved in development. In so doing, it celebrates our determination to effect positive change in the developing world, particularly where a lack of access to safe water and sanitation or shelter perpetuates poverty.

An evolving approach

During our anniversary year we focused on the theme of water, access to which is a key issue for millions of people globally. To help focus our efforts, we formed a strategic partnership with the international charity WaterAid. The Arup Cause, launched on World Water Day in March 2006, has given us the chance to be as much an intellectual partner as a fundraising partner of WaterAid.

We set ourselves five distinct objectives for our first year – to **collaborate** with international aid agencies and charities, like WaterAid; to **donate** to worthy projects; to **participate** in activities and technical projects; to **educate** others and raise awareness of the issues; and then find solutions to these challenges and to **innovate** to bring about positive change – and we achieved all of them, exceeding our most optimistic expectations. In our second year, we added the theme of shelter.

To date, we have supported 30 projects around the world through the Arup Cause, bringing about positive change to the lives of many and working in-country, in collaboration with mainly local NGOs. We have also raised substantial funds for several WaterAid projects, some of which you can read about in this booklet, which have enabled more than 8,000 people to have access to water for life.

An awareness and understanding of what perpetuates poverty and how individual action can help to combat it is a critical part of the Arup Cause. 1.1 billion people do not have access to safe drinking water and 2.6 billion people do not have access to adequate sanitation. During its inaugural year, the Arup Cause developed educational material targeting our staff as well as our clients and the communities in which we operate, raising awareness of

poverty and, in particular, the fundamental need for safe water and sanitation. Some of our staff were also selected to take part in WaterAid's Supporters' Visits in Burkina Faso and Northern India in 2006 and 2007, respectively. This year several staff will gain hands-on experience with Habitat for Humanity, helping them to understand the importance of shelter.

The Arup Cause embodies our commitment to 'shape a better world' and to bring about positive change through **projects** and through **learning** more about the world and its challenges. It is an opportunity for staff to commit their energy and expertise to combating some of the big issues the world faces.

Arup has always been a collaborative organisation, exchanging ideas, sharing information and creating ideas and knowledge. The Arup Cause builds on this tradition, allowing our staff to develop skills and knowledge which will allow them to influence the future positively.



Pictured (top to bottom): **Ruth McBain**, **Isobel Byrne Hill** and **Dorothee Richter** all served as project managers for the Arup Cause, responsible for managing and coordinating all aspects of this initiative and for galvanising staff around the world.

Two heads are better than one

The power of collaboration

Our relationship with WaterAid goes beyond a traditional corporate partnership. As well as raising awareness and funds to help them carry out their valuable work, we offer a new dimension to this partnership, bringing long-term value through problem solving, creative thinking and knowledge sharing. Many Arup people observe that devoting their expertise to tackling problems, such as the lack of water for people struggling against poverty, ranks as one of the most satisfying experiences of their lives.

“Arup and WaterAid have enjoyed a long-standing relationship that continues to grow from strength to strength. The commitment of Arup extends across the entire organisation; the breadth of support starts at the grass roots with employees from across the world raising vital funds, and extends through to Arup’s considerable technical and strategic expertise directly benefitting our work in the UK and in our country programmes. WaterAid’s work now enables over one million people a year to access both water and sanitation, and the partnership with Arup will continue to help us grow and develop to enable even more of the world’s poorest people to escape poverty.”

Barbara Frost
CEO, WaterAid



Working with WaterAid in Bangladesh

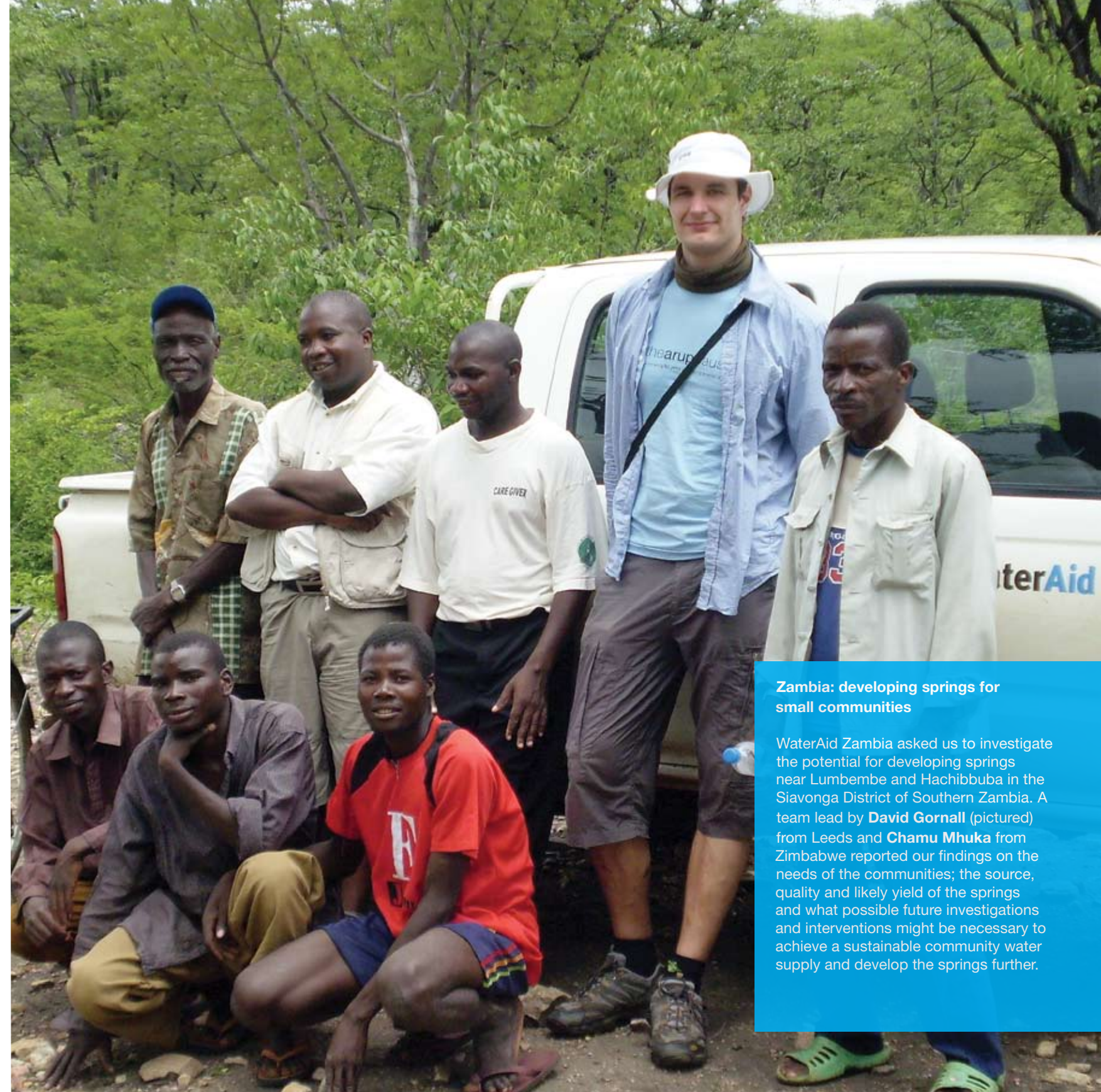
Bangladesh: investigating fresh water sources for saline areas

Saltwater shrimp farming, saline intrusion from the sea and arsenic contamination make freshwater scarce in the Satkira region of Bangladesh. Together with WaterAid Bangladesh, an Arup team, led by **Nick Swain** from our Adelaide office, assessed current water sources, identifying where alternative options such as rainwater harvesting might be viable and assessing the merits of various treatment options to improve water quality, including filters, solar distillation and desalination technology. We took account of traditional social structures, available skills and limited financial resources, recognising

that these are key issues in managing community-based schemes in less developed areas. Currently we are investigating reverse osmosis as a possible long-term solution and plan to develop case studies, with preliminary research, following a second, three week-long country visit.

Madagascar: improving construction and quality control of wells and latrines

WaterAid Madagascar identified examples of inadequate construction and quality control in wells and latrines in the area. **Alan Sam-Sun**, a Port Louis, Mauritius-based civil engineer, conducted a technical audit, reviewing technical designs and project approaches. Our recommendations included improvements in procedures for project selection, as well as how future monitoring and audits could be carried out most effectively, all of which are being implemented.



Zambia: developing springs for small communities

WaterAid Zambia asked us to investigate the potential for developing springs near Lumbembe and Hachibbuba in the Siavonga District of Southern Zambia. A team lead by **David Gornall** (pictured) from Leeds and **Chamu Mhuka** from Zimbabwe reported our findings on the needs of the communities; the source, quality and likely yield of the springs and what possible future investigations and interventions might be necessary to achieve a sustainable community water supply and develop the springs further.

Raising funds

The power of collaboration

Arup people throughout the world at all levels devote their time and energy to fundraising activities supported by the Arup Cause.

The creativity, the level of participation across the firm and the sheer range of activities are testament to the commitment of our people to humanitarian causes.



How did the money help?

Funding projects that make a difference



© WaterAid/Marco Betti

Nepal: water for life for 214 households and 1,289 people; sanitation installations for 1,560 people in 330 households in four communities

“I used to collect my water from the river – it was an hour away. I collected the water in the baskets on my head; it was very hard. I used to get up between 3am to 4am at night to collect the water otherwise there wasn’t any. I needed six to eight buckets per day. Each time I could carry two buckets so I had to go many times. It was two hours each time. There was no water before but now I have enough to grow vegetables to sell. Now I feel happy; it is very convenient with the water as we can sell the vegetables. I am very happy. I spend the money on the children and to purchase oil and salt, clothes and meat from the market, and for when guests come.”

China Maya B K
Tap volunteer, Terai community, Nepal

All money raised in 2006-07 was used to fund a range of WaterAid projects to improve, change and, often, save lives. These are just some of the projects funded with the **£103,213** raised by the Arup Cause in its first year:

Madagascar: building local skills and the capacity to deliver projects

We are working with WaterAid in Madagascar to build the capacity and the

skills of local staff in Madagascar. Part of this requires undertaking baseline studies and evaluating potential future projects.

Papua New Guinea, East Sepik Province: our next project

The project we will fund for WaterAid in 2008 will mean that over 400 people in Kumagora village will have access to sanitation and drinking water. Thanks to a project managed by Help Resource, a local

NGO, and jointly funded by WaterAid and the European Union, the village will now benefit from a gravity flow system of five community tap stands and four demonstration latrines, and villagers will receive hygiene education to gain maximum benefit from the new facilities.



© WaterAid/Suzanne Porter

Nigeria: a well serving 4,200 people

“Before the well was installed I had to go to the river at least three times a day for water. Each trip would take an hour to scoop and wait your turn, so three hours a day was spent just collecting water. My family got cholera and other sicknesses from drinking the water. One of my children died from this. After the intervention, all this has changed. I have more time and can make some extra money. We are not in debt from the medication and the extra money goes towards the cost of education and uniforms. All my school-age children are in school now. I used to have to keep them home to help me. Since the well I have more time to rest, the children don’t feel sick, and I am able to make things better for my family.”

Adana Haruna
30 year old mother of six
from Birnin Gaye, Nigeria

Building capacity

Helping organisations to achieve their objectives

Some Arup Cause projects aim to build the capacity of NGOs and other organisations in order to increase their sphere of influence and their effectiveness in achieving their objectives.

Maji na Ufanisi and the Freshwater Action Network (FAN)

Communications specialist **Karen Patey** and development expert **Jo da Silva** helped Kenya-based NGO Maji na Ufanisi to develop its capacity with strategic communications advice and a new visual identity. Following the project's success, the Freshwater Action Network (FAN) sought our advice on developing a global communications strategy to support their aim of providing a voice for civic society to influence global policy on water and sanitation. This was developed in conjunction with FAN at their Annual Advisory Committee meeting in Nairobi in October 2007 (pictured right), with guidance provided on implementation of that strategy.



A general brochure for IDE-UK

A key communication tool for International Development Enterprises (IDE)

Graphic designer **Nadia Georgiou** designed IDE-UK's general brochure, which is its key communication channel for its supporters. She used the opportunity to reinforce its brand and ultimately to raise its profile through design with potential sponsors and supporters.

WaterAid's website

Our corporate communications team helped WaterAid's web team to redevelop their internet site. We conducted a peer review of the site and surveyed web users from our own global network of activists. We compared it to those of key competitors, and our recommendations were given to WaterAid's external agency to develop further.



"Working with Arup on reinvigorating the Maji na Ufanisi website helped us to engage in a very deep reflection of the work we have done in the urban slums of Nairobi. The modern artwork and wonderful messages which resulted have literally given Maji na Ufanisi a much needed new look. We appreciate their professionalism and look forward to working together in the future".

Edward Kairu
Executive Director, Maji na Ufanisi

Focus on water

Providing access to clean water and safe sanitation

Access to safe drinking water and sanitation is vital for the success of any community. Although water is an issue for communities all over the world, the problems are not the same: some people have too little water, others too much, or the wrong sort of water. An individual approach to each is essential. We have been involved in a range of water projects, from an assessment of water and sanitation on Wasini Island in Kenya to researching filtration technology for a community in Ghana. Read more about some of our work:

“It’s a humbling experience to meet entire families who struggle each day just to fill a single calabash. I left Benue with a renewed sense of what our collective resources can achieve and how many people we can impact.”

Gregory Hodkinson
Chair, Arup’s Americas Region and Chairman of WaterAid America, on his trip to Benue State, Nigeria

Nigeria: making existing WaterAid programmes more effective

On a three-month assignment to WaterAid Nigeria in late 2007, engineer **Zak Kostura** visited many communities where WaterAid is working with local communities to provide clean water and safe sanitation. With the



Zak Kostura working with WaterAid in Nigeria

support of Arup colleagues, he developed solutions to a number of technical and logistical challenges, including the innovation of lining household latrine pits with indigenous materials in areas where poor soil conditions have caused them to collapse. Zak is now back in New York, working to engage other Arup staff in support of WaterAid’s work in Nigeria and elsewhere.

Zambia: an ambitious hydroelectric scheme on the Zambezi

Sponsored by the North West Zambia Development Trust, this project created infrastructure to provide the clean water, sanitation, electricity and employment that the area lacked. It is small enough to avoid the environmental impacts of storage dams and only a small section of the



Borehole monitoring by Vicky Coy at Abonkosu

river experiences a change in flow. When complete, the project will operate as a private utility company, selling power to sustain itself. An Arup engineer and project manager took a year of unpaid leave of absence to provide design and design development on-site for the civil works during 2005/6.

Peru: combating high water levels in Lima

Around 12,000 people live in El Pinar, part of the Comas district of Peru’s capital Lima,



Children in Paposo, Chile



Sustainable development in Paposo, Chile

which is located in a natural, local depression of the ground. Since an extraction scheme for the city’s drinking water ceased, water levels have risen to their pre-settlement high, causing structural damage to dwellings and serious health problems for their occupants. Engineer **Alex Ramos** from our Madrid office provided technical and contractual engineering advice on solving the high water level problem. Excess water collected in four kilometres of new drains will feed a

lake within parkland at the lowest point of the depression, resolving the water table problems while providing a rare public amenity to residents.

Ghana: a sustainable water supply strategy for Ashanti

Hydrogeologist **Vicky Coy** and geochemist **Catriona Neath** from Arup’s London environmental team surveyed the water resources of villages in the Ashanti region of Ghana. Working with Ashanti Development, a registered charity that promotes health and development around the village of Gyetiase in Ashanti, Vicky and Catriona completed an initial desk review of available information followed by a site visit to Ghanaian institutes and around 20 visits to view community water sources such as boreholes, springs and streams. Their findings will inform a long-term strategy for the charity to provide water in this remote region.

Chile: sustainable development for Paposo

South American development specialist **Ignacio Barandiaran** from our San Francisco office heads a team that is providing technical advice and project leadership for a sustainable development plan for Paposo, a rural desert community in Chile. The plan aims to improve the town’s water supply and wastewater handling systems, encourage local businesses, improve the area’s infrastructure and promote environmental stewardship.

Focus on shelter

Improving living conditions for many

Shelter, a basic need for all, can be a literal building block for a community. Approximately one billion people are living in inadequate housing in urban areas, and about 100 million people worldwide are homeless. Shelter provides people with immediate health benefits and offers not only physical safety, but emotional and social safety as well. We have been involved in a range of shelter projects, from assisting orphanages in Uganda and Sri Lanka to the rebuilding of homes post-Hurricane Katrina in New Orleans. Read more about some of our work:



Nezi Gumpa structural survey team

India: Nezi Gumpa Monastery structural survey

The Nezi Gumpa monastery, located near Darjeeling in the foothills of the Himalayas, has been at the spiritual heart of its community for centuries, but is now crumbling. The Arup Cause supported a project where engineers **Brian Murrhy**, **Walied Jassat** and **Claudia Groth** surveyed the monastery and identified the repairs needed to preserve the 200-year old monastery building. They mapped the building and surrounds, undertook a mini-ground investigation and investigated the internal structure. Only local resources and skills will be used to carry out

the essential repair, to preserve this historic and spiritual centre for many more years to come.

Uganda: construction of a health centre

Five engineers from Arup's Cardiff office are taking part in the Institution of Civil Engineers Wales, Engineers for Overseas Development (EFOD) programme, which aims to assist in the development and training of engineers through working on public health programmes with local people in developing countries. The Arup team will be travelling to Soroti, Uganda to work with local partners on the construction of a medical centre. The team will help select

and procure materials for the centre and will be aiming to ensure that good safety and quality standards are adopted during the centre's construction.

India: digging foundations for homes in Bangalore

Building engineers **Hayley Gryc** and **Alfonso Senatore** from Arup's London office dug foundations, mixed concrete and helped with roofing, plastering, and painting the buildings as part of the Habitat for Humanity Community Challenge. The programme provides homes for poor families in Bangalore, India. The trip has contributed to strengthening Arup's relationship with Habitat for Humanity and we hope to assist on future projects.

Peru: post-earthquake mission

After an earthquake hit central Peru in August 2007, flattening about 90% of non-engineered structures in the area, the Earthquake Engineering Field Investigation Team (EEFIT), part of the UK Institution of Structural Engineers, undertook a post-earthquake field survey of structural damage with a view to understanding better the way in which non-engineered buildings respond to earthquake-induced loads.

The Arup Cause supported geotechnical and seismic engineering expert **Dr John Alarcon** to join the EEFIT mission and travel to Peru in September 2007. The survey was wide-ranging and included interviews with those affected and those in charge of relief operations. The resulting report was published on the Institution of Structural Engineers' website home page and was sent

to Peruvian authorities and to the European Commission to inform reconstruction.

South Africa: low-cost housing design

Mike Edmonds from Arup's Cardiff office is supporting Interactive Africa with their Design Indaba 10x10 Housing Project in Cape Town, South Africa. The aim of the project is to develop innovative designs, suitable for low-cost housing. We are providing technical advice on materials and construction, and we will assist in the capturing of the design principles of the project in a manual to be presented to South Africa's Minister of Housing. The information will be shared on an open-source, online space for architectural design, which will add to the international low-cost housing database.



Low-cost housing design in South Africa

Focus on learning

Raising awareness internally and externally



Daniel Lambert on a 'WaterAid Supporters' visit in Galior, Western India

Learning is crucial to the Arup Cause. When people understand the underlying cause of poverty and the impact they can have as individuals through their own actions and by influencing others, positive change can happen. Our staff have attended training courses on water and sanitation in Hong Kong and staff have taken to the streets of Leeds city centre in the UK to raise the general public's awareness of the issues of water, sanitation and hygiene in developing countries. Read more about some of our other initiatives:

World Water Day

The Arup Cause was launched with a series of global events on World Water Day – 22 March 2006. Nearly every employee wore blue for the day to raise awareness of World Water Day, and staff were encouraged to give a

donation for the use of taps and lavatories on that day. Over 540 people in 49 of our offices were connected electronically for a shared lunchtime educational presentation in a 'virtual wave' of learning across the Arup world.

Raising awareness of water issues: the drawing water exhibition

Arup engineers **Alistair Law** and **Will Laird** conceived *drawing water* – an exhibition where our architect and designer friends from around the world created hand-drawn postcards for auction on 'the meaning of water'. Over 300 original works of art were displayed at the Bargehouse at Oxo Tower Wharf in London, raising over £6,000 for WaterAid and setting the scene for the *drawing water challenge* described on the next page.



Raising awareness in Leeds city centre

WaterAid Supporters' Visits

Arup engineer **Sarah Hindle** spent two weeks in Burkina Faso with WaterAid in 2006. In 2007, engineers **Daniel Lambert** and **Claire Moore** attended the WaterAid Supporter's Visit to Gwalior in Western India, spending a fortnight visiting villages in the states of Madhya Pradesh, Uttar Pradesh and Chhattisgarh. All three engineers gained first-hand experience of the way in which WaterAid addresses the issues of need, poverty and equity in terms of water, sanitation and hygiene in the poorest and most vulnerable communities. They came back inspired by the way in which WaterAid helps communities, the context in which WaterAid operates and the challenges it faces.



Arup's drawing water challenge:

Supported by WaterAid, an Arup team created this international competition to find new ideas and concepts to help deliver clean water and sanitation. It attracted 91 entries from 19 different countries. Israeli architects Joseph Cory and Eyal Malka were the winners, for their design called *WatAir* (pictured) – an inverted pyramid that collects dew from the air, providing 48 litres of fresh water each day in almost any climate. The flurry of interest and activity around the challenge has culminated in many such successes for our entrants ranging from publicity in such prestigious media sources as the *New Scientist* to another entrant winning funding from multi-millionaire venture capitalists on the BBC programme *Dragons' Den* in the UK.

Enabling participation

Making connections

The **Poverty Action Network (PAN)** is a global network for Arup staff who are interested in poverty alleviation, international development and disaster relief work. PAN provides infrastructure support for the Arup Cause, with 24 coordinators globally. Talks from Arup people and speakers from universities and NGOs are teleconferenced monthly and attract up to 150 attendees. Some speakers give technical lectures; others share their personal experiences of working in developing countries. Some initiatives recently coordinated by PAN include:

Engineers Without Borders UK (EWB-UK)

EWB-UK is a charitable organisation based at British universities which draws together students, academics, and professionals to facilitate human development through engineering. Arup volunteers gave keynote speeches, coordinated role playing and training sessions about water and sanitation, management and marketing at EWB-UK's National Conference 2006, Sharing Skills for Development, pictured far right. Arup gave support to the National Conference for the second year in October 2007 which focused on building the capacity of the individual EWB-UK programme teams and university branches for the coming year. Ten Arup staff attended the event, supporting or presenting at workshops on project/placement planning, organisational management, fundraising, publicity and the professional network.



Stand Up Against Poverty

Arup staff joined over 38.8 million people in 110 countries on 16-17 October 2007 in support of a 24-hour global event – Stand Up Against Poverty – coordinated by the United Nations in support of the Millennium Development Goals (MDGs). It was the largest single coordinated mobilisation in history, exceeding last year's 23.5 million people in 87 countries. From all parts of the world, millions stood and spoke out to demand a more urgent political response to the growing crisis of global poverty and inequality. PAN coordinated 'Stand Up' events in Arup offices in Brisbane, Cardiff, Darwin, Gaborone, Leeds, London, Los Angeles, Manchester, Manila, New York, San Francisco and Sheffield which raised awareness of the MDGs, encouraged action by world leaders and highlighted opportunities to act.

World Scout Jamboree

Between the 27 July and the 8 August 2007, the World Scout Jamboree brought together 28,000 young people from all over the world. An Arup team organised the event and worked together with EWB to organise and run a workshop on water and sanitation in

slum communities. More than 200 scouts took part in the workshop over the eight days and it was great to see the different reactions of the groups from countries as diverse as Iceland, Trinidad and Tobago and the Sudan.



Going forward

Evolving with the issues



The Arup Cause has achieved so much. By focusing on water, sanitation and, more recently, shelter as key factors associated with poverty, and by joining together with partner organisations, we have been able to make a real difference to those most in need around the world.

We have done so in a number of ways, but most significantly we have done so by engaging the collective enthusiasm and commitment of our people. Learning from our efforts, being open to new ideas and changing direction if we need to are key to maintaining this positive contribution. We have learned that the most effective way for us to give something back is to provide our people with experiences and opportunities that enable them to contribute to society in broader ways than their day-to-day jobs might allow them to. In the process, we have developed new and rewarding relationships internally and externally.

As Arup's involvement with humanitarian causes evolves over the next few years to address new themes and key global issues, we hope to continue to provide a unique space for our staff to unite their energy, skills and experience to raise awareness and to tackle today's global challenges.

Jo da Silva

Arup Cause Steering Group



Printed by Beacon Press using their **pureprint** environmental printing technique

The background is a solid bright blue. Overlaid on this are several large, abstract, white and light blue shapes. These shapes are composed of thick, rounded lines that curve and intersect, creating a sense of movement and depth. The shapes are primarily located in the right and bottom-right areas of the frame.

arupcause@arup.com
www.arup.com/thearupcause

Attachment 7:
Global Ethics Code of Practice



Ethics : code of practice

Purpose

Arup must show irreproachable integrity in all its activities. The purpose of this code of practice is to make all of its members aware of the firm's ethical standards and to provide guidance for members on upholding these standards. This will contribute to maintaining the high reputation that the firm already has in this area.

CODE OF PRACTICE

Arup expects from its members, and anyone else who represents it, the highest standards of integrity and conduct in all matters concerning the firm. We must not only abide by the laws of the countries in which we do business but must also act professionally and honourably at all times.

Effective date

1 May 2001

Applicability

This code of practice applies to all employees working for Arup worldwide. In addition, contractors, consultants, contract or casual staff or anyone else perceived as representing the firm will be required to meet these standards, as detailed in their contracts.