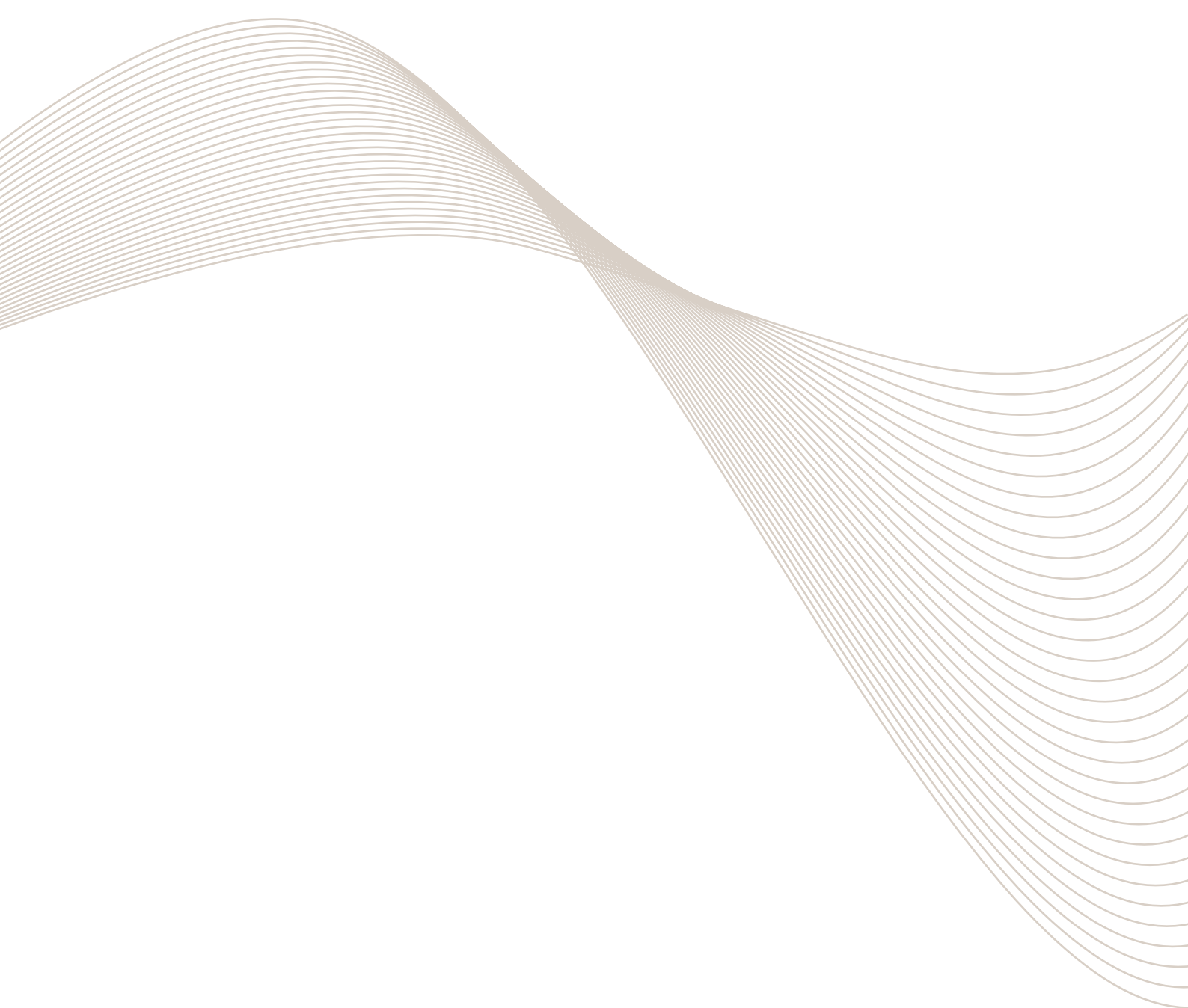


United Nations Global Compact

Communication on Progress 2014

ARUP



United Nations Global Compact:
Communication on Progress 2014

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United Nations Global Compact:
Communication on Progress 2014

A: Introduction

Your ref
Our ref
File ref

UNCOP 2014

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For the attention of:
H.E. Ban Ki-moon
Secretary-General
United Nations
New York, NY 10017
USA

20 July 2014

Dear Sir

UN Global Compact Communication on Progress 2014

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

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

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

Often this is through our projects where we apply sustainable design principles and encourage corporate social responsibility, but it also includes how we work and who we work with.

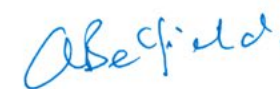
Examples from this year include:

- Jo da Silva, who leads our International Development team, and Hayley Gryc won the Overseas prize for the best paper published by the ICE journal in 2013. The paper ‘Global engineers thinking locally: creating kindergartens for Africa’, discusses their work on Sabre Kindergartens in Ghana. They argue that to deliver the most sustainable outcomes, engineers need to think locally and understand the local environment. They will receive their award at the Institution of Civil Engineers UK this October. Arup and the Sabre Charitable Trust were also awarded the 2013 Third Sector Excellence Awards Corporate Partnership Award for this 5 year collaboration and our pro bono work.

- In June 2014, ConnectOut (our LGBT network) hosted their third Annual Diversity Lecture. This year's speakers were Beth Brooke (Global Vice Chair – Public Policy), and Lix Bingham (Managing Partner for Talent – UK & Ireland), of Ernst & Young. They shared their perspectives on what it means to be out and proud in the upper echelons of a global organisation, and how authenticity breeds success.
- Arup is owned by our staff via trust, for the benefit of past, present and future employees. This independence enables us to stay true to our values and maintain our distinctive culture. In the UK, this model is being promoted on the recommendation of the Nuttall Review, due to the greater democratic structure, economic resilience and innovation with which it is associated. As one of the largest Employee Owned organisations in the UK, Arup has become a pivotal member of the Employee Ownership Association (EOA) and Terry Hill is a Board member. We continue to host EOA events, following our prominent role in the UK's first annual Employee Ownership Day in July 2013, when we welcomed two government ministers to a breakfast event to meet some of our innovative employee owners.

We look forward to supporting the UN Global Compact in 2014 and beyond.

Yours faithfully



Alan Belfield
Director of OAPIL

A Introduction

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

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

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

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

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

The indicators used in this Communication on Progress are those that we include in our corporate report, along with with additional indicators appropriate to the UNGC.

Introduction to Arup

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

We have:

- over 11,000 people
- over 60 years
- projects completed in 170 countries
- over 10,000 concurrent projects
- over £900m turnover
- trust ownership

Please see Attachment 14 for our financial statements for 2013.

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

Arup is owned in trust for the benefit of our employees, giving us all a genuine share in our success. Each year we set aside 40% of profits to share with our staff – an employee's share allocation is based on their grade and length of service. Profit share is paid twice a year in addition to salary.

"...our lives are inextricably mixed up with those of our fellow human beings, and that there can be no real happiness in isolation..." Sir Ove Arup, November 1970.

A better way

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

Many of Arup's projects leave a legacy to subsequent generations: a legacy that outlasts any one individual. With

over 10,000 projects at any one time, Arup is doing the best possible job for current and future generations. Putting sustainability at the heart of our work is one of the ways in which we exert a positive influence on the wider world. Put simply, Arup people are driven to find a better way.

Our independent ownership structure allows the needs of our clients, our commercial imperatives, and our conviction to influence all our decision-making, resulting in thoughtful contributions to society.

Arup took part in the first Employee Ownership Day in July 2013. Terry Hill (London) now sits on the Employee Ownership Association Board and Alden Whittaker-Brown (London) was one of this year's judges for the Philip Baxendale Awards, which showcase and recognise the very best of Britain's growing sector of employee owned organisations.



Vince Cable MP talking to Arup employees at the first Employee Ownership Day in July 2013



In October 2013 Arup and the Sabre Charitable Trust were awarded the 2013 Third Sector Excellence Awards Corporate Partnership Award for our on-going 5 year collaboration and pro bono work, and recognises our contribution to building quality sustainable kindergarten school infrastructure in rural Ghana.

"Our partnership with Arup brings credibility to our kindergarten school construction programme which is fast developing a reputation as being the best in Ghana." - Dominic Bond, Managing Director, The Sabre Trust.



Arup staff receiving the Third Sector Excellence Award

Hayley Gryc, from our Arup International Development team, was highly commended in the Young Consultant of the Year category of the British Expertise International Awards 2014. These awards celebrate the achievements of trail blazing UK based firms and inspiring individuals who are delivering world-class projects and services right across the globe. This category celebrates young consultants (under 35) that have demonstrated serious achievement on the international stage.

Jo da Silva, who leads our ArupID team, and Hayley Gryc won the Overseas Prize for the best paper published by the ICE journal in 2013. The paper 'Global engineers thinking locally: creating kindergartens for Africa', discusses their work on the Sabre Kindergarten project, Ghana, and argues that to deliver the most sustainable outcomes, engineers need to think locally and understand the local environment. They will receive their award at the Institution of Civil Engineers UK on 17 October 2014.

Other published papers include 'Initiating and sustaining action: Experiences building resilience to climate change in Asian cities' by Jo da Silva and Sam Kernaghan, published in Urban Climate Volume(s) 7m in November 2013 and 'Briefing: Visions of a resilient city, by Karol Yanez (Arup ID intern) and Sam Kernaghan published in the Proceedings of the ICE – Urban Design and Planning, Volume 167, Issue 3 in December 2013.

Arup also won the Guardian Sustainable Business Awards Consultant of the Year Award in May 2014.



In 2014, Arup's influence on the built environment goes far beyond engineering. Our global, multi-disciplinary consultancy practice delivers everything from traditional management consultancy, to environmental impact assessment, master-planning, and energy strategy services.

Under the Cities Resilience Index project supported by the Rockefeller Foundation, Arup produced The City Resilience Framework, which was launched at the World Urban Forum in April 2014. The framework establishes an accessible definition of resilience and four dimensions of city resilience and twelve indicators by which resilience can be understood.

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

United Nations Global Compact: Communication on Progress 2014

B: Human Rights

This section relates to the UNGC principles:

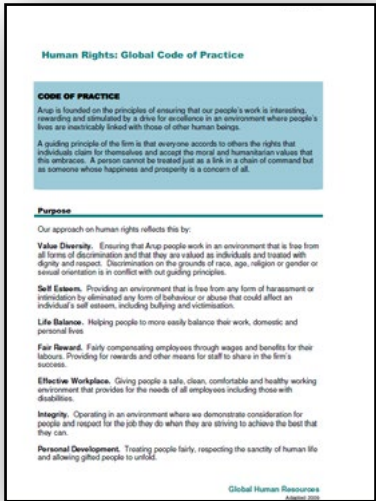
- Principle 1: Business should support and respect the protection of internationally proclaimed human rights
- Principle 2: Business should make sure that they are not complicit in human rights abuses

B Human Rights

Principle 1: Business should support and respect the protection of internationally proclaimed human rights

Principle 2: Business should make sure that they are not complicit in human rights abuses

Commitment



Arup supports and respects the protection of internationally proclaimed human rights, such as United Nations Universal Declaration of Human Rights, and ensures that it is not complicit in human rights abuses.

Our founder, Sir Ove Arup, believed that our work should be both sensitive to the environment and also have a social purpose. His early commitment to the principles of sustainability continues to influence us today, not only in the way we conduct our business, but in how we treat our people and the way in which we interact with our communities and society at large.

We have a written Global Human Rights Code of Practice. Please see attachment 2. This code states that:

- Arup is founded on the principles of ensuring that our people’s work is interesting, rewarding and stimulated by a drive for excellence in an environment where people’s lives are inextricably linked with those of other human beings.
- A guiding principle of the firm is that everyone accords to others the rights that individuals claim for themselves and accept the moral and humanitarian values that this embraces. A person cannot be treated just as a link in a chain of command but as someone whose happiness and prosperity is a concern of all.

Our approach to human rights covers the following areas:

- Diversity
- Self esteem
- Life balance
- Fair reward
- Effective workplace
- Integrity
- Personal development
- Acting honourably
- Social responsibility
- Respect

Our Mission Statement

“ To shape a better world”

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

A better world is one that provides improved living conditions for its inhabitants while addressing fundamental environmental, social and economic concerns. Through our projects, we seek to create places where people are safer, healthier, enjoy greater amenity, are inspired by their environments and find new opportunity and prosperity. By creating sustainable and equitable environments, each and every one of us can positively influence the future of the communities where we live and work.

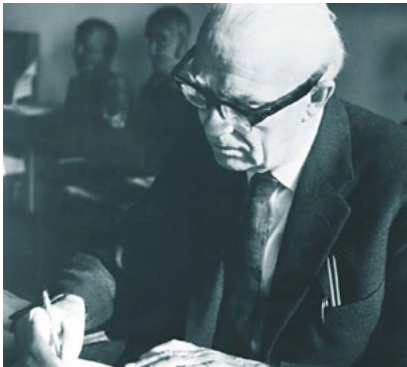
Our Approach

Our Business

Key Speech

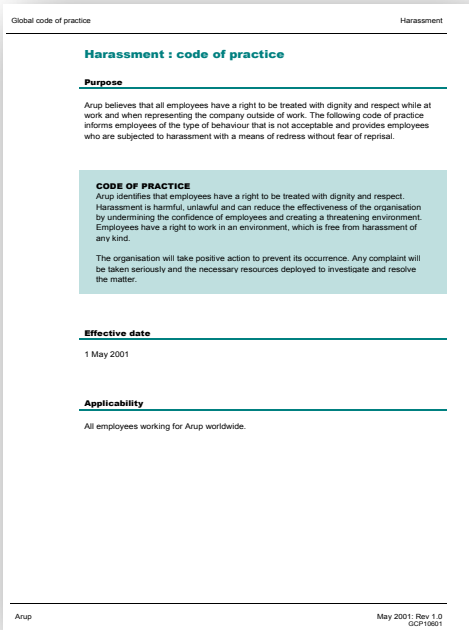
A speech written and delivered by our founder Sir Ove Arup in 1970, that defines who we are, and sets out our core values and guiding principles. The Key Speech is the high-level framework that guides appropriate behaviour within the firm. The speech sets out the firm’s humanitarian attitude which “leads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

All employees receive a copy of the key speech as part of their induction. Please see attachment 1.



Global Human Rights Code of Practice

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



Global Harassment Code of Practice

Arup believes that all employees have a right to be treated with dignity and respect while at work and when representing the company outside work. The Global Harassment 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. We also have a local Harassment and Bullying UK Policy which describes unacceptable conduct and provides additional guidance on resolving any incidents. Please see attachment 3.

Global Health & Safety Policy

Arup promotes the health and safety at work of all employees including temporary and contract staff, and of other persons affected by our actions. The firm has set objectives to provide health and safety training, specialist advice, information instruction and supervision, as may be necessary, to personnel at all levels. The firm operates within a management system that is registered as meeting the requirements of OHSAS 18001 or equivalent. Please see attachment 4.

Disciplinary Procedure

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

Our Facilities

Sustainable Procurement

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

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

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

Activities and Implementation

Our People

Communication of Policies and Procedures

All employees are made aware of our strategies, policies and procedures with respect to human rights, equal opportunities, diversity and inclusion, sustainability, performance, and harassment. These are also made available to all staff via our intranet and our human resources team.

As a humane organisation we aim for zero incidents of harassment, bullying and grievance.

In the event of a breach of our policies or a reason for grievance, we provide guidance for informal and formal resolution in our Local Harassment and Bullying UK Policy. This also identifies the roles and responsibilities of our managers, our human resources team, and our staff. Please see attachment 3.

Guidance for staff on how to resolve human rights issues is provided within our harassment, bullying, grievance and other Arup Management System (AMS) policies and procedures and from our human resources team. The AMS is compliant with ISO 9001:2008, OHSAS 18001:2007 and ISO 14001: 2004.

Training and Support

We provide training in Health and Safety, sustainability, and diversity and gender bias awareness for leaders and recruiters. Our employee support includes networks, forums, and events for female and LGB staff, and staff from minority groups and all religions and cultures.

Our Facilities

Sustainable Procurement

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

Outcomes and Progress

Our Business

Projects

Following the Rana Plaza garment factory in Dhaka collapse, Inditex asked us to develop a methodology for the rapid assessment of structural safety. Our reaction was swift and supported globally. We established an office in Dhaka, and are working with local graduate engineers, sharing our knowledge and experience, and inspecting over 750 factories. Just over one year on from Rana Plaza, almost 1000 factories have been inspected and safety upgrades are under way. The “Accord on Fire and Building Safety in Bangladesh”group has been set up by clothing brands and labour unions, with Inditex as a founding member. This Accord now has over 170 members with 1500 factories, and has set up a Fire, Electrical and Structural Safety Inspectorate. A significant body of work remains, but we continue to influence worker conditions and the built environment in Bangladesh.

In December 2013 Arup achieved Category A Supplier status on the Network Rail PRISM assessment method. PRISM takes into account KPIs including Safety Performance, Engineering Assurance and Stakeholder Interface. Only five suppliers have achieved Category A, and Arup is one of only 2 designers in this category. We have achieved this by increasing our score in each period since January 2013.

Our People

We confirm that in the last three years we have not been the subject of a formal investigation by the Equality and Human Rights Commission or an equivalent body, on the grounds of unlawful discrimination, and no findings have been made against us.

In the results of the 2013 Working at Arup survey 93% of respondents agreed that “I have a good understanding of Arup’s values,” with 6% neutral.

Health and Safety

Our Global Sustainability Strategy defines measures of success which includes the health and safety of our staff (e.g. lost time accidents).

- Lost time accidents for 2013 - 2014: 0 per 100,000 employee hours.
- Accident Incident Rate for 2013 - 2014: 0 per 1000 employees.
- Accident Frequency Rate for 2013 - 2014: 0.01 per 100,000 employee hours.
- LA6: We have a pro-active UKMEA Health & Safety Committee which meets every three months with 21 representatives from across the region and business groups.
- LA8: We have provided asbestos awareness training in the UK to 141 people, and E-learning on asbestos to 29 people in the last year.

Arup is registered with the following construction industry Health and Safety Accreditation schemes: CHAS, Safecontractor (number SN5708), SMAS (number 20464) and UDBV Verify (number 060548).

Our Facilities

Sustainable Procurement

Examples of our activities include:

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

Reviewing occurrences of anti-competitive practice within our supply base.

Our Awards

In April 2014 our Hong Kong office was presented with the Caring Company Award for the ninth consecutive year by the Hong Kong Council of Social Service, to recognise our continued commitment to corporate social responsibility and our demonstration of our caring concerns for the community, employees, and the environment.



Arup Hong Kong staff receiving the Caring company award

United Nations Global Compact:
Communication on Progress 2014

C: Labour

This section relates to the UNGC principles:

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

C Labour

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

Commitment

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

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

We are committed to the ILO’s fundamental principles and rights at work including:

- freedom of association and the effective recognition of the right to collective bargaining;
- the elimination of all forms of forced or compulsory labour;
- the effective abolition of child labour; and
- the elimination of discrimination in respect of employment and occupation.

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

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

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

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

Addressing gender imbalance in Arup is our priority in a wider diversity drive. We believe improving gender balance will help us to nurture creativity and innovation, tap hidden capacity for growth and improved competitiveness, and positively impact financial performance. The proportion of women employees at all grades, and the number of women in management positions has continued to rise annually since we commenced measurements in 2008.

Our Mission Statement

“ To shape a better world”.

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

Human Rights	Labour	Environment	Anti Corruption	Development
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Our Approach

Our Business

Key Speech

A speech written and delivered by our founder Sir Ove Arup in 1970, that defines who we are, and sets out our core values and guiding principles. The Key Speech is the high-level framework that guides appropriate behaviour within the firm. One of the six core principles is a “humane organisation” which should result in satisfied members. All employees receive a copy of the key speech as part of their induction. Please see attachment 1.

Ove Arup also said *“If we can reach a stage where each man or woman is respected for the job they do, and is doing his or her best because the atmosphere is right, because they are proud of what we are and do and share in the general enthusiasm, then we are home.”*

Freedom of Association and Representation

Arup’s terms and conditions are not governed by a collective agreement.

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

We have developed peer communications channels and we have effective formal (‘ Airtime’) and informal channels between management and staff.

Global Sustainability Strategy

In 2013 we launched our 2013-2015 global strategy, which delivers our policy and provides a framework, setting out our sustainability expectations from the top levels of the firm. It defines our approach and responsibilities, and it enables us to maintain our position of leadership in this area. It states that “We remain committed to placing sustainability at the heart of all that we do, helping us in our mission to shape a better world.” Responses from the staff sustainability survey, conducted in September 2012, were instrumental in shaping this strategy and its focus on our business, our people, our facilities and our external relationships. These areas cover our projects, client engagement, staff training, sustainable operations and community engagement.

Human Rights	Labour	Environment	Anti Corruption	Development
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We set global and regional targets for the numbers of women on our Boards in management positions, and regional targets for the numbers of women in our overall regional workforce. We also set targets for numbers of staff in management positions to have completed diversity and inclusion training.

UKMEA Regional Diversity Strategy

Arup has a global commitment to being an ‘employer of choice’ manifested in our Global Diversity Policy, Action Plan and associated training. Diversity is championed at Group Board level by Alan Belfield who is supported by Amanda Harrison, a chartered occupational psychologist and people and behaviours specialist. The vision of our diversity steering group is “to create a work environment based on fairness, respect and merit which embraces difference and enables talented people to flourish.” Our UKMEA region 2012-2014 Diversity Strategy was formulated to deliver this vision, with a focus on in four broad areas and a systems approach to behaviour change to address any barriers at all levels of our organisation.

Corporate Report 2013

Our Corporate Report is published annually. Our 2013 report is not yet available and will be submitted separately. Pages 10 and 11 of our 2012 corporate report relate to Arup being an employer of choice. Our people are essential to us creating a sustainable business. Attracting, nurturing and developing the skills of people who share our values is key to the Arup model. Please see attachment 7.

Our People

Equal Opportunities Procedure

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

Conduct, Performance and Disciplinary Procedure

Our global Conduct and Performance Code of Practice provides guidance on the standards expected from all our members. The firm takes its commitment to equal opportunities very seriously. Any acts of discrimination by its members will result in disciplinary action, including termination of employment if appropriate, in accordance with the firm’s disciplinary procedures.

Harassment Procedure

Global and local harassment procedures are in place. Any complaint of harassment will be taken seriously and the necessary resources deployed to investigate and resolve the matter and take appropriate action. Please see attachment 3.

Grievance: Code of Practice

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

Diversity and Inclusion: Code of Practice and UKMEA Diversity Strategy

Arup’s Global Diversity and Inclusion Code of Practice sets out our aim to “recognise and respect each others’ differences and strive to build a working environment where our different values and perspectives are actively harnessed to create the best solutions for our equally diverse client base”. Our Diversity Strategy is built into our operating budget, and discussed at every Board meeting. The diversity and inclusiveness of our workforce is supported by our ethics on sustainability and human rights. Arup’s principles of diversity and inclusion extend to our clients, our suppliers and all those with who we choose to work. Our UKMEA region 2012-2014 diversity strategy sets measurable diversity improvement actions for this period which are described below. Please see attachment 8 for our Global Diversity and Inclusion Code of Practice.

Young and Early Career Staff

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

The Early Career Group was formed in 2012 by the UKMEA Board. It offers a forum to discuss issues and share best practice internally, and promote collaboration both in Arup and externally for early career staff. It captures and acknowledges the ideas, opinions and concerns of those at the early stage of their careers for betterment of the firm, to make a difference from the bottom-up.

Apprentices

Arup recruits apprentices every October. We have set up a dedicated apprentice area on our intranet, which includes presentations and tips from previous apprentices. We have

also set up an apprentice forum, an internal network where apprentices can discuss issues, and exchange ideas and news.

Flexible Benefits

To retain the best staff we offer a strong remuneration and benefits package with competitive salaries, profit share payments and a flexible benefits fund to spend on the benefits that suit individuals’ requirements. Some of the inclusions in that package are: 25 days holiday plus public holidays; interest free travel season ticket loan or bicycle loan; free eye-tests; private medical insurance and life and accident insurance. The flexible benefits fund can be used to buy benefits that suit each employee, or can be taken as cash on top of their salary. Our occupational health service is an important part of our integrated health programme and helps us to minimise health risks at work and ensure staff well-being. These services are designed to provide a more comprehensive, responsive and integrated proposition which will help us to deliver on our new occupational healthcare vision.

Flexible Working

We offer enhanced maternity and flexible working benefits above the statutory requirements. We have a flexible working policy that encourages anyone wishing to work flexibly to make a request to their line manager and find a solution that works for them.

Activities and Implementation

Our Business

Global Sustainability Strategy

Specific performance targets are established against some KPIs, as proxies against which to gauge our progress relating to diversity and inclusion. We will gather data on these metrics on a regional level, enabling us to review progress and adjust our actions for ongoing performance improvement. We will report our global performance publicly in our annual corporate report. For example our global target is for 35% of staff to have received sustainability training. These KPIs are cascaded to our five regional sustainability plans.

UKMEA Regional Diversity Strategy

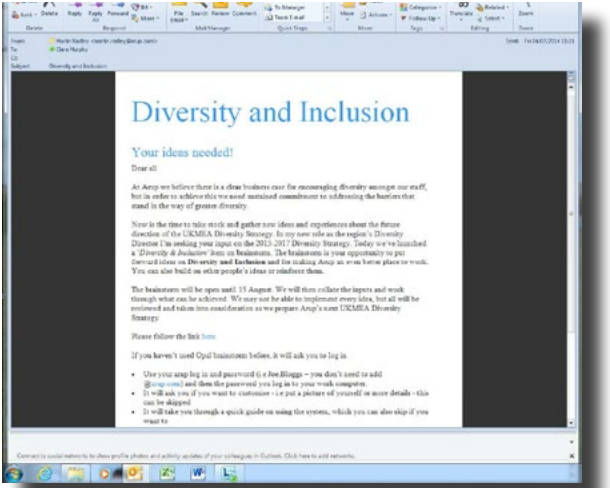
This strategy has been communicated internally through a variety of channels, including: film, intranet, internal publications, and Airtime (our staff forum for communications and consultation). Staff can also send emails to diversity@arup.com which are published

anonymously, to encourage further communication. The four areas are:

- Inclusive Leaders and Leadership:** We will equip our leaders with the skills, knowledge and framework to act as role models, be accountable for their team’s adoption of diversity practices, and challenge the status quo. Three key objectives include: introducing a new appraisal system requirement for leaders to seek feedback on their ability to lead inclusively (measured by system revision and % of leaders with positive feedback); building on our successful “inclusive leadership” workshops to provide training for all staff (measured by the % of staff trained) over 450 leaders have attended this course to date; and addressing areas of leadership development appropriate for staff from minority populations (measured by completion of needs analysis and demonstrable return on investment for attendees).
- My Career at Arup:** We will ensure that everyone is empowered to embrace diversity, that all our staff are free to express themselves fully and that we provide opportunities for networking, and skills and knowledge development. Three key objectives include: encourage informal mentoring of minority group staff by suitable role models (measured by % of female and other minority leaders mentoring); achieve a gender balance with women as 40% of our workforce and 20% of our leadership grades (measured by % achieved); and increase our Connect networks’ activities and expand into each sub region, with four ConnectWomen and three ConnectOut events per year (measured by number of events).
- A Diverse Organisation:** We will ensure that our policies, processes and mode of operating is supportive and does not hinder diversity, and that we move towards an organisational culture where diversity is evident in all we do. Two key objectives include: providing guidance and encouragement on how to challenge inappropriate behaviour (measured by % minority staff reporting that their leaders actively discourage inappropriate behaviour); and all groups to have a diversity plan for embedding and diversity (measured by % of groups with plans in place and with evidence).
- Our Diversity Brand:** We will achieve recognised benchmarks and awards, widening the recruitment pool, leading by example, and implementing a benchmarking process (measured by achieving a level which accurately reflects our progress and identifies areas for improvement).

This regional strategy also sets targets for women representing 40% of the regional workforce and 20% of the regional management positions.

Our newly elected Diversity Board Sponsor, Dervilla Mitchell, Diversity Regional Director Martin Radley and Diversity Manager Vicky Evans have set up an interactive ideas page and invited ideas from all staff for inclusion in the 2015 - 2017 Regional Diversity Strategy.



Sensitive Projects not Sensitive Subjects Meetings

Arup organised a recent series of internal meetings, open to all staff, covering the complex social, economic, and environmental impacts of engagement with projects including: resource extraction in the Arctic, growth in fossil fuel use, fracking in the UK, and tackling climate change - what would a “better world” look like and what can Arup do to help achieve it? These took the form of presentations from internal speakers with differing views, questions, and debate.

Our People

Communication of Policies and Procedures

All employees are made aware of our strategies, policies and procedures with respect to equal opportunities, diversity and inclusion, sustainability, performance, and harassment. These are also made available to all staff via our intranet and our human resources team.

In the event of a breach of our policies or a reason for complaint or grievance, we provide guidance for informal and formal resolution in our local Harassment and Bullying UK Policy. This also identifies the roles and responsibilities of our managers, our human resources team, and our staff.

Airtime

We have in place ‘Airtime’ a UK forum for staff communication and consultation. Airtime encourages us to influence our internal world, and enables us to work

together to provide an environment which addresses our personal and professional aspirations.

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

Airtime has a number of key principles:

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

Training and Support

We provide in house training via a full and varied programme of courses, with information available to all staff on our employee intranet. Specific individual training needs are identified as part of employees’ annual appraisals, and then included in their development plans. In addition our graduates and apprentices participate in formal training programmes to achieve professional qualifications. Courses include: technical skills, diversity awareness training such as ‘Inclusive Leaders and Leadership’ and Gender Bias Awareness Training for recruiters. Mentoring and guidance is available for all staff. In particular a successful womens’ mentoring programme pilot, completed in our midlands Campus, is now being rolled out across our North East UK offices.

Female Leaders

We set out annual targets for percentages of women on our Regional Board. We also hold a series of lunches with women who show high potential, to encourage networking, familiarity and support.

Connect Women

Connect Women is our internal network, set up in 2009, for improving the opportunities for women in Arup, to enable them to maximise their valued contribution to the firm, our clients and our industry. The Connect Women Network is open to all Arup employees (regardless of profession, position or sex) who support our aim of improving opportunities for women within our industry. Recent events include an undergraduate networking event in our Bristol

office, to allow female students to interact and network with members of staff, and gain an insight into life at Arup from discussion and presentations by female staff (November 2013).

Connect Out

Connect Out is the firm’s lesbian, gay, bisexual and transgender (LGBT) network and forum, set up in 2012, and is open to all employees (regardless of profession, position or sex). Connect Out advocates a work environment that respects, welcomes and supports LGBT professionals, and empowers them to perform to their fullest potential and contribute to the greater goals of the firm.

Connect Out is supported by the UKMEA Board diversity champion, Dervilla Mitchell and the UKMEA diversity and inclusion steering group and managed by a committee of volunteers who meet regularly to plan activities and initiatives. Connect Out has also set up a diversity and inclusion forum for to host employees’ ongoing discussions, which is available to staff in an open or closed (confidential membership name) format.

Connect Cultures

This is the newest strand in our family of diversity networks (set up in 2013). This network aims to celebrate and promote the benefits of cultural, ethnic and religious diversity in our workplace and foster an inclusive and equal opportunity work environment that respects our individual differences and the value they can bring to the firm.

Young Engineers, Apprentices and Graduates

Our YES forum is an intranet network hosting young engineers’ discussions, and is used for asking questions and sharing experiences and opportunities.

In October 2013 we recruited eighteen new apprentices to our UK offices, and Arup Apprentices were involved in two high profile events during National Apprenticeship Week: Matthew Hancock MP, Minister for Skills and Enterprise joined our London apprentices for lunch. The Minister listened to the apprentices talk about the range of projects they were involved in since joining Arup, including their experiences of college. Kori Hamilton, a mechanical apprentice in London, was fortunate enough to attend Deputy Prime Minister Nick Clegg’s #MadebyApprentices reception at Admiralty House. Arup currently has 36 apprentices nationally and plans to recruit over 30 more to start in September 2014.



Apprentice Kori Hamilton meeting Deputy PM Nick Clegg

Flexible Benefits

We made improvements to our occupational health service during this year by changing our provider to Axa PP Healthcare, with a new internet based wellbeing information and management self service Health Gateway, and a new UK contract with Medical Express to undertake staff medicals.

Our Facilities

Sustainable Procurement Vision

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

Outcomes and Progress

Our Business

In August 2013, our Accessible Environments team hosted an evening client event to promote inclusive design which ensures that buildings and landscapes are accessible for all users and maximises independence for disabled people. Throughout the course of the evening guests were given the opportunity to challenge their sensory understanding through taste, sight, sound, smell and touch. The event also included a presentation by gold winning Paralympic Athlete Richard Colman, who shared his experience of the London 2012 Games.

Our People

Arup does not pay below the minimum wage.

We confirm that in the last three years we have not been the subject of a formal investigation by the Equality and Human Rights Commission or an equivalanet body, on the grounds of unlawful discrimination.

In the 2013 Working at Arup survey 93% of respondents agreed that “I have a good understanding of Arup’s values” with 6% neutral, and 88% agreed that “I feel proud to work at Arup,” with 9% neutral. The results have informed board level, regional, and group action plans to improve our performance further.

‘Inclusive Leaders and Leadership’

Our global target is that 40% of leaders will have completed training on diversity and inclusion, with a future aim to increase this to 100%. ‘Inclusive Leaders and Leadership’ has been attended by 450 staff (out of 974) at the beginning of 2014.

‘My Career at Arup’

In line with our Global Sustainability Strategy the proportion of women employees at all grades, and the number of women in management positions (Grades 7-9) has continued to rise annually since 2008. Operating in the traditionally male-orientated industry, in the UK 31.1% of our workforce are women (26.6% of our technical staff) and 17.4% of our management positions are held by women in the UKMEA region.

The Arup Career Progression Guide was published in July 2013 in response to feedback collected via the Working at Arup and My Arup Journey surveys, to provide more clarity around how promotion decisions are made, and how to develop and progress in grade terms.

The successful womens’ mentoring programme pilot completed in our midlands Campus is now being rolled out across our North East UK offices.

‘Our Diversity Brand’

Our benchmarking process was implemented in March 2013 and completed by an external consultant and reported on in September 2013 via the ‘Diversity (gender) organisation review for the UK’.

The results were very positive and recommendations for further improvement then formed the basis of a supplement to our 2012-2014 UKMEA Diversity Strategy. Recommendations included increasing the range of gender related indicators and for these to be monitored and reported to the UKMEA Board every six months. Indicators included the proportions of women at every level of managment in the region, sub-regions and groups, and their pay levels and ratios of women recruited and promoted.



Female Leaders

Our regional workforce is currently 32 % against a regional target of 40%%.

Our regional target is for at least 20% of management positions to be (grades 7-9) to be occupied by women by the financial year 2014-2015, and our current level is 17.4%.

Our UKMEA region target for female Board members is three (we currently have two).

A New Scientist ‘Women at Work’ article in November 2013 on women in engineering featured Arup graduate engineer Kirsty Burwood.

We share case studies of senior staff who work flexibly, to encourage others to do so when this fits their circumstances. Our March 2014 internal Bulletin featured an article on Gigi Kam, a Senior Engineer in Hong Kong, who returned to work after a year as a full time mother, on a flexible working arrangement.

Connect Women launched Director Level Women’s Journeys in December 2013. This is the intranet publication of interviews with the most senior women at Arup, celebrating their careers, and sharing their journeys, inspirations, and advice for future generations of women at Arup. The first women to be interviewed were Erin McConaghey, Principal and Mechanical Engineer in the Americas and Kate Hall, Director and Infrastructure Leader in the Midlands. Nominations for further interviews have been invited via internal news feeds.

Connect Women

We exceeded our Diversity Strategy ‘My Career at Arup’ target of four ConnectWomen and three ConnectOut events this year.

In July 2013 Connect Women hosted a breakfast event to explore the challenges faced by women in Science Technology Engineering and Maths (STEM) careers, which was attended by delegates from business, academia, government and STEM outreach programmes, and reported on the BBC News website. The event’s findings then fed into a report commissioned by Peter Luff MP, to generate policy recommendations to government on this issue.



Connect Women STEM Breakfast

Other Connect Women events included:

- October 2013 Chi Onwurah MP speaker/discussion event for staff and guests on careers for women in the STEM sectors;
- November 2013 hosted book launch for The Invention of Difference;
- March 2014 combined celebration of International Women’s Day and five years of Connect Women, with events in multiple offices; and
- April 2014 Power of Profile presentation.



Connect Women Power of Profile Event

Connect Out

Recent Connect Out Events include: bi-monthly networking opportunities, a Gay Womens’ Network panel discussion, with external panel members, to discuss being gay, balancing cultural pressures, and maintaining authenticity in the workplace (October 2013), and hosting a third annual lecture by Beth Brooke (Global Vice Chair – Public Policy), and Liz Bingham (Managing Partner for Talent – UK & Ireland), of Ernst & Young on 19 June 2014. This discussion, on the value of authenticity and being different in the workplace, was attended by over 70 staff and guests.

Connect Cultures

Following a succesful Islam @Arup event in 2013, the Connect Cultures launch event, on 17 July 2014, was a presentation by and discussion with David Lammy, MP for Tottenham, on the benefits of cultural diversity and his personal experiences relating to this topic.

Young Engineers, Apprentices and Graduates

In 2013 our regional female graduate intake increased to 42% and against a pool of 14% women, which exceeded our expected 36%. The national industry standard recruitment level is 9%.

In March 2014 Arup supported the UK Government Cabinet Office’s compact initiative for raising the proportion of female graduate engineers. We have pledged to continue to offer at least 30% of our 150 Summer university student placements to women, to increase our current proportion of new female apprentices from 10% to 30% by 2030, to recruit at least 30% females in our annual graduate intake from 2014, to continue holding an Annual Female Undergraduate Day in London, and to launch a Regional Annual Female Undergraduate Day from 2015.

We will encourage our women graduates to join the STEM network and actively participate as STEM Ambassadors in their regions. We currently have over 40 female STEM Ambassadors. In addition to these five pledges we confirmed that we will continue to encourage our female engineers to speak out about their experience of being a woman engineer, via our Connect Women Network, our Early Career Groups and our Speaker for Schools initiatives.

Arup is now one of the first choices for female graduates in the UK and Arup was short listed for the 2013 WISE Diversity Award which recognises ‘organisations reaching women and girls from diverse backgrounds.’

The Early Development Scholarship (EDS) scholarship programme is promoted by our Early Career Group and run by our HR International Mobility Team and invites applications from less experienced staff for overseas assignments These give opportunities for working with colleagues and clients within different cultures, developing technical skills knowledge and understanding, and widening the assignee’s network across the firm. Scholarship numbers have increased from 26 in 2011 to 36 in 2013.

Flexible Working

Our enhanced maternity and flexible working arrangements result in increasing numbers of female staff returning to work after childbirth. Between 2011-2014 98% of such women returned to work in the UKMEA region.

Our Awards

This year for the first time, Arup was listed in the 2014 Sunday Times 100 Best Companies to Work For.

In the UK, Dervilla Mitchell was appointed, by the Prime Minister David Cameron, to the Council for Science and Technology. The council’s remit is to advise the Prime Minister on strategic science and technology policy issues that cut across the responsibilities of individual government departments.

Hayley Gryc was highly commended in the Young Consultant of the Year category of the British Expertise International Awards 2014. These awards celebrate the achievements of trail blazing UK based firms and inspiring individuals who are delivering world-class projects and services right across the globe. This category celebrates young consultants (under 35) that have demonstrated serious achievement on the international stage.

In South Africa, Georgina Smit won the Green Building Council of South Africa Green Star SA Leadership Awards - Rising Green Star of the Year Award.

In the UK, Jenny Austin won the Ground Engineering Young Geotechnical Engineer of the Year Award.

In the UK Jess Batchelor won the Chartered Institute of Ecology and Environmental Management Promising Professional Award.

In the UK, Florence Lam won the Lighting Design Awards - Lighting Designer of the Year Award.

Connect Out was presented with a Star Performer Network Group Award by Stonewall for 2014. The award recognises the invaluable contribution that Connect Out makes to the experience of lesbian, gay and bisexual staff in their organisation and beyond. This was presented alongside our

jump up the Stonewall Workplace Equality Index from 257th to 145th in the Top Employers list, and was a real achievement as it is not usually awarded to organisations outside the Top 100. We are the only firm in the engineering or construction industries to enter the index. Stonewall's 2014 Working Equity Index survey is an annual benchmarking for ranking top UK employers for LGB staff. This process identifies the organisations that are doing the most to make their workplaces, processes and experiences inclusive, for staff, clients and stakeholders alike. Arup scores increased significantly on previous figures in all categories, and we scored 100% for 'My manager supports me as an LGB member of staff.'



United Nations Global Compact:
Communication on Progress 2014

D: Environment

This section relates to the UNGC principles:

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

D Environment

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

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

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

Commitment

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

Responsibility for our sustainability, at UKMEA regional Board level, is held by Ian Rogers (Director). Our Foresight and Innovation team is dedicated to managing the firm’s global innovation programme, gathering and taking views on emerging technologies, and sharing these experiences with Arup offices and our clients around the world. Every year we invest a percentage of our profits to fund this research.

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

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

Our Mission Statement

“ To shape a better world”.

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

Our Approach

Our Business

Key Speech

A speech written and delivered by our founder Sir Ove Arup in 1970, that defines who we are, and sets our core values and guiding principles. The Key Speech is the high-level framework that guides appropriate behaviour within the firm. Sir Ove Arup established the firm over 60 years ago with the principles of ‘total design’ very much at the fore - the integration of the design process and the interdependence of all the professions. He also championed the social value of innovation and the humanitarian purpose of good design. Today we understand this as a commitment to sustainability. Please see attachment 1.

Sustainability Policy Statement

Arup’s Sustainability Policy states that the firm will implement practices that promote economic security, social betterment and environmental stewardship and will strive for continuous improvement of performance in these areas. Please see attachment 11.

Global Sustainability Strategy

In 2013 we launched our 2013-2015 global strategy, which delivers our policy and provides a framework, setting out our sustainability expectations from the top levels of the firm. It defines our approach and responsibilities, and it enables us to maintain our position of leadership in this area. It states that “We remain committed to placing sustainability at the heart of all that we do, helping us in our mission to shape a better world.” Responses from the staff sustainability survey, conducted in September 2012, were instrumental in shaping this strategy and its focus on our business, our people, our facilities and our external relationships. These areas cover our projects, client engagement, staff training, sustainable operations and community engagement.

UKMEA Regional Sustainability Plan

This plan implements the global strategy within the UKMEA region, identifies roles and responsibilities, defines areas of focus for Ian Rogers, UKMEA Director of Sustainability to report bi-monthly to the UKMEA Board.

Arup Management System (AMS)

The Arup Management Systems embraces Health and Safety, Quality and Environmental Management. This provides the procedures, processes, and documentation to complete our projects. The AMS has achieved a “single certificate” to ISO 9001, ISO 14001 and OHSAS 18001 covering all UK offices. The AMS captures project sustainability objectives and is used to monitor and record achievements and outstanding actions.

Our People

SusNet

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

OvaGreen

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

Our Facilities

Environmental Management System (EMS)

A strategic approach has been taken to the implementation of our EMS within Arup. Implementation occurs at the group level, with our offices seeking certification locally to the requirements of ISO 14001:2004. While all of the environmental impacts of our activities require management, the assessment of each activity and consequent impact is used as a guide to prioritise action, via risk assessments, through the EMS. These assessments results in significance ratings, calculated by considering the likelihood, severity and legal implications.

Audits and Reviews of Sustainability Performance

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

Sustainable Procurement Vision

Arup’s Sustainable Procurement Vision aims to improve the environmental, social and ethical performance of its business by addressing these areas in the procurement of its goods and services. We communicate this to new suppliers at tendering stage and have revised our sourcing practices, supplier questionnaires, tender scoring criteria and supplier contracts. Please see attachment 10.

Activities and Implementation

Our Business

Global Sustainability Strategy

This strategy responds to staff feedback and includes our commitment to bring our sustainability approach and expertise to our projects, across all regions and all disciplines, to ultimately ‘shape a better world,’ develop our collaborations with clients for more sustainable design solutions, review and improve access to relevant sustainability staff training, continue to improve Arup facilities and operations’ resource-efficiency, embodying our vision and values, and enabling us to ‘walk the talk,’ and strengthen involvement in all communities in which we operate.

Specific performance targets are established against some KPIs, as proxies against which to gauge our progress. We will gather data on these metrics on a regional level, enabling us to review progress and adjust our actions for ongoing performance improvement. We will report our

global performance publicly in our annual corporate report. For example our global target is for 35% of staff to have received sustainability training. These KPIs are cascaded to our five regional sustainability plans.

We recognise that our firm’s largest sustainability impact and influence is through our business (our projects). Our priority for 2013-15 is to deliver projects that not only meet local regulations, but achieve more sustainable outcomes, in line with client expectations and local objectives wherever we work.

Existing Buildings

With 40% of the UK’s energy usage and 50% of GHG emissions being attributed to existing buildings, Arup is committed to working to reduce the impact of these assets on their local communities. We have extensive experience of assisting the property sector to embrace sustainability and transform their property portfolios. This includes the retrofitting of existing assets and development of strategies to reduce energy use and change behaviours. We have produced existing buildings survival strategy guides to help owners to plan for the future of their buildings. These guides set out and explain research on market and legislative challenges, strategies for revitalising assets, initiatives and ideas for prioritising actions, and case studies.

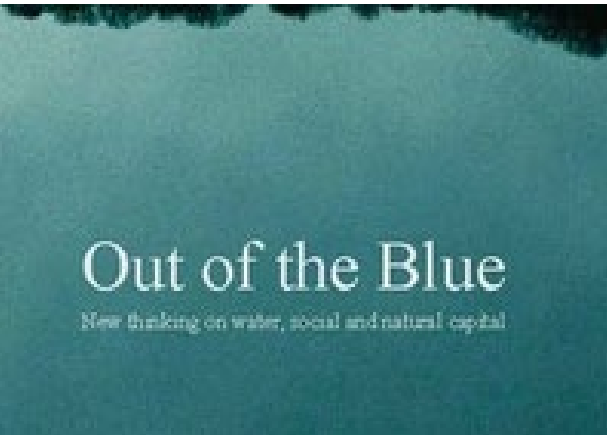
Asset MAP

Our building retrofitting services are underpinned by our proprietary software tool Asset MAP, which brings together architectural, engineering and financial risk analysis for us to analyse the economic and environmental improvement potential of a client’s building or property portfolio. This helps us to advise clients on where best to focus any physical interventions.



‘Out of the Blue’

In April 2014, Arup’s Global Water Business launched ‘Out of the Blue’, a publication that looks at the future of water and how social, environmental and economic factors can be better understood and valued. This brings together senior figures and policy experts from NGOs, academic institutions, agencies, businesses and Arup itself, with each contributing a piece on new thinking or practice.



Helping Cities Tackle Climate Change C40

Following from our previous input, the C40 Cities Climate Leadership Group (C40) and Arup have released a new study highlighting how mega-cities around the globe are tackling climate change. The report, Climate Action in Megacities Volume 2.0 (CAM 2.0), was published on 5 February at the C40 Mayors Summit in Johannesburg, South Africa. Drawing on our practical experience of designing and delivering city-scale climate action projects and our knowledge of how cities function, we designed the original survey and analysed one of the largest datasets on city action ever captured. The research is significant because it quantifies what is being done and identifies what works. It can therefore assist every city worldwide to build a road map of actions that make a meaningful difference.

Control of Waste in our Projects’ Environments

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

Working Collaboratively to Harness Water

As part of our sponsorship of the Manchester International Festival, we invited clients and opinion formers to discuss the challenges and benefits of working collaboratively to harness water in our built and natural environment. The Design with Water breakfast networking event on 17 July 2013 is the first in a series, and was addressed by:

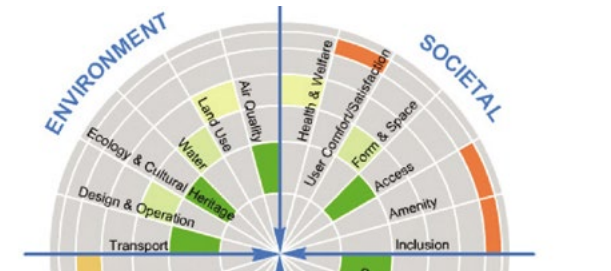
- Jessica Bowles, Head of Policy for Manchester City Council
- UK Environment Agency Flood Risk Manager Sally Sudworth; and
- Iain Taylor, Partnerships Director for Peel Holdings, one of the leading infrastructure, transport and real estate companies in the UK

BREEAM and LEED® Assessment/Rating Methods for Sustainable Buildings

These are most globally recognised methods of assessment for buildings’ sustainability. Arup currently has 49 trained BREEAM assessors who have assessed over 100 Arup projects in the UK to date, including 16 in-use building assessments. We also have over 140 projects certified or pre-certified and over 180 projects registered through the USGBC’s LEED® Green Building Rating System around the globe. We have over 250 LEED® assessors, with new additions regularly, in nearly every discipline of the firm.

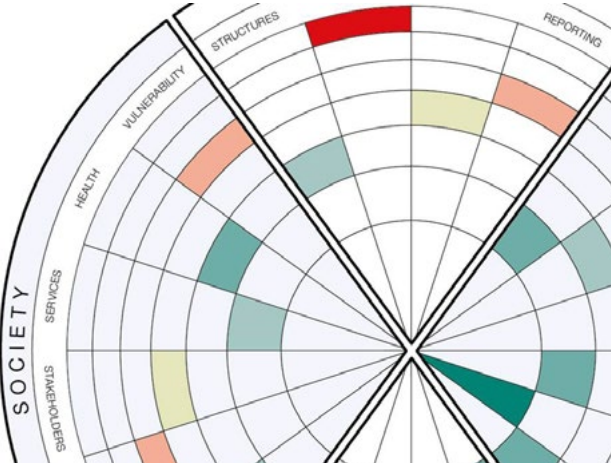
SPeAR® Sustainable Project Appraisal Routine

Our SPeAR® software based tool relates to environmental rating tools including LEED®, BREEAM and CEEQUAL, and was developed by Arup’s software and sustainability experts to help us to support clients’ sustainability goals. The tool encompasses quantitative and qualitative appraisal, based on 23 core indicators. This is presented graphically using a traffic light type system to indicate performance against key themes. A tabulated summary of the input data is also generated, ensuring that the process is robust and auditable. It can assist with improving the social, economical and environmental performance of projects, expedite planning approvals, and reduce project risks and costs. SPeAR® output is available in a range of languages including Chinese, German, Italian, Polish and Spanish.



ASPIRE (A Sustainability Poverty and Infrastructure Routine for Evaluation)

We created this software based tool to provide organisations with an analytical framework that comprehensively addresses three ‘pillars’ of sustainability, (environment, society, economics) and uniquely recognises institutions as a fourth critical dimension, in developing country contexts. It uses over 90 detailed indicators to ensure that users ask the right questions and consider all the critical issues. It is built on the SPeAR® platform, and has been developed by Arup International Development in collaboration with Engineers Against Poverty. This tool is currently being used to assess the sustainability of a rural development planning and implementation project for a remote village in the West Region of Ghana. This assessment is undertaken in partnership with Kounkey Design Initiative (KDI).



CEEQUAL the Sustainability Assessment, Rating and Award Scheme for Civil Engineering

Arup is a CEEQUAL Project Partner, is a member of the Technical Advisory Group, and has been involved with each stage in the design development of CEEQUAL. We have two accredited verifiers and 27 assessors. We routinely achieve ‘Excellent’ awards, and have a running total of 25 awards at interim and final stages, scoring in the Very Good and Excellent categories. These include, most recently, Bristol Water’s proposed 9,400 mega-litre Cheddar Reservoir Two project.

Pocket Habitat

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



Pocket Habitat installed on a central London office roof top

Our People

Communication of Policies and Procedures

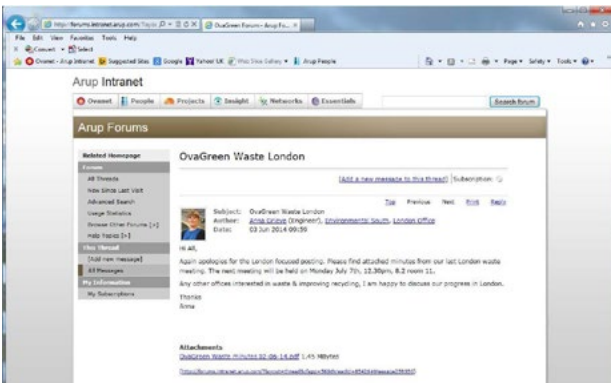
All employees are made aware of our strategies, policies and procedures with respect to sustainability. These are also made available to all staff via our intranet and our environmental and sustainability teams.

Training

Arup University sustainability E-learning modules are available to all staff, providing an excellent basis for the understanding of key sustainability topics relevant to the built environment. There is also a range of sustainability-related courses, workshops and talks available to staff, from the introductory to the advanced level. Our global target is for 35% of staff to have received sustainability training.

Forums

In addition to training we encourage regular sharing of sustainability best practice across offices and projects. We have a number of sustainability related intranet based staff communication forums for the sharing of ideas and knowledge including: Ecology, Environmental, Food and Agriculture, Landscaping and Green Infrastructure, Living Roofs, and OvaGreen.



Our Facilities

Sustainable Office Environments

We have been monitoring and reporting our carbon footprint since 2007. Our greatest source of carbon emissions is business travel, followed closely by emissions from indirect electricity generation to power our facilities. To ensure a safe and healthy workplace for our staff, we will maintain high standards of health and safety at our own offices, and require our clients to do likewise to ensure the protection of staff and their wellbeing while working on site.

Arup promotes multiple sustainability initiatives within the office environment focusing on reuse, recycling, energy consumption and behavioural change. We encourage our staff to consider their environmental impact and how we can work together sustainably and set global and regional targets to improve our facilities’ sustainability performance. Our regional sustainability plan target is that 100% of our resource data will be monitored via Credit 360. Our sustainable procurement vision outlines our approach to procuring products and services.

We work closely with first-tier suppliers and encourage them to adopt sustainable behaviour. We require them to have their own environmental policies and targets, thereby influencing overall supply chain performance. Examples include: minimising deliveries of stationary and other materials, and purchasing uniforms made from recycled materials. By embedding sustainability into procurement strategies, supplier selection processes, contracts, specifications and KPIs for suppliers, Arup has achieved consistent results. Please see attachment 10. Examples of sustainable initiatives are given below.

Office Energy Use and Supply

Arup now purchases 99% renewable, Climate Change Levy (CCL) exempt electricity, where we are responsible for the supply. Energy use data for our two largest London offices is made available to staff via our intranet and EPC certificates displayed in foyers. We are improving the management, control and efficiency of our office energy use, and looking at the introduction of “continuous commissioning” and energy-led maintenance to drive on-going improvement. Completed improvements include energy savings from: rescheduling AHU plant run times, upgrading boiler controls, and the replacement of dichroic bulbs with LEDs. This has saved 156 tCO₂ p/a. Additional planned improvements include further plant scheduling and balancing and upgrading lighting zoning and controls, to save a further 365 tCO₂ p/a.

Video Conferencing

Since 2001, we have invested in, and made extensive use of video conferencing and teleconferencing. This enables effective communication while reducing the need for excessive travel. Our global use of desktop video conference calls (via Microsoft Lync) continues to increase and we predict that desktop VC will be the main driver for face to face meetings in the future, alongside our use of meeting room VC.

Follow You Printing

The installation of print management software in the UK continues to reduce wasted prints by automatically deleting those not collected within 24 hours.

Night Watchman

This power management solution controls power and shuts down connected desktop computers at a scheduled time, preventing any computers still on after staff have left from consuming power overnight.

Bicycle Facilities

Arup has cycle storage with cyclist changing rooms and showers at all main offices in London. There is an active employee community of cyclists called BUG (Bicycle User Group). Since 2008 Arup has offered a cycle-to-work scheme in the UK, to encourage employees to enter a tax efficient bicycle rental agreement for cycling to work. We have just passed our 1000th cycle-to-work enrolment. Cyclescheme use the Arup scheme as an example of a successful long-running scheme with continually high engagement.

Stationery From “Green / Core” Products

Arup has a core list of stationary and office supplies from recycled, environmentally friendly and sustainable materials, which encourages the business to identify with the economic and environmental sustainability pillars. 87% of our printing paper is from a Forest Stewardship Council (FSC) certified source.

Office Waste and Recycling

Our offices follow the principles of waste prevention, reduction, re-use, recycling,/composting and energy recovery. We apply waste segregation and do not dispose of waste to landfill. We work with BPR who convert our waste to energy. We have a well publicised and organised waste policy and colour coded containers clearly identify the correct waste locations for our office staff. Please see attachment 11. Many items are sorted in our recycling room for reuse, including PCs and steel toe capped boots (reused in Africa), and other items which are donated to charities. We are currently trialling food composting, aiming to roll this out across our offices. Our office waste has been reduced by 15% since 2010/11.

Other

Further environmentally responsible initiatives include using all FSC sourced materials for furniture, and procuring fair trade or fairer trade food items. We work with all our suppliers, particularly in catering, to reduce packaging. An example is our fruit suppliers who now deliver in re-used plastic crates rather than cardboard boxes and paper wrapping. We also employ rainwater harvesting in our London offices.

In the UK, we introduced a Green Car scheme in July 2014, where each employee can obtain a new, low-emission vehicle to replace their older, more polluting model.

Our External Relationships

Shaping the Sustainability Agenda

All around the world, Arup people are actively involved in external organisations that promote and progress sustainability. This is a two - way activity, as they are also able to bring knowledge back into the firm, ensuring we are at the forefront of the latest thinking on sustainability. For example, this January David Singleton, Global Planning Leader, presented to 35 Board members by video link from Tata’s main operating companies (Jaguar Land Rover, Taj Hotels, Tata Steel and Tata Chemicals) for a program run by the University of Cambridge Programme for Sustainability Leadership. David was invited to share and discuss how sustainability is embedded at Arup – our history and client-focused approach - and the challenges faced by us to date and in the future. He concluded by highlighting how Tata Group can best address sustainability across their own group businesses from policy to accountability.

Outcomes and Progress

Our Business

Corporate Report

Our Corporate Report is published annually. Our 2013 report is not yet available and will be submitted separately. Within our 2012 Corporate Report, we celebrate some of the achievements from turning thought leadership on sustainability into action, including a chart reporting on our performance against the KPIs in our Global Sustainability Strategy collated from all our regions. Where we measured it, we have included historical data to demonstrate our trend in performance. Please see attachment 7.

Sustainability Objectives

In accordance with our global sustainability Strategy the proportion of our projects setting sustainability objectives has been steadily increasing since 2007 when we began measuring it. In 2012-2013, 24.3% of our global projects

set sustainability objectives, so we are still below our global target of 50% for projects with fees of £150,000 or more. We will continue to work on this area, focusing on the largest projects where our influence is usually the most significant.

Climate Change Vulnerability Assessment, Australia.

We have been engaged by the Northern Alliance for Greenhouse Action (an alliance of nine councils spanning the northern metropolitan region of Melbourne) to prepare an Integrated Regional Climate Change Vulnerability Assessment. This project builds on our previous carbon mitigation strategy Towards Zero Net Emissions in 2009 and our 50 Year Infrastructure Strategy for Melbourne’s North. The preparation of the assessment will involve working with councils and relevant key government agencies. This will build understanding and develop climate change adaptation responses to the key vulnerabilities for the region from a human services, infrastructure and planning, natural ecosystems, industry and emergency management perspective.

Our People

Training

This year, 16.7% of staff have received relevant sustainability training.

Our Facilities

Sustainable Offices

100% of Arup UKMEA region staff are working in offices with an EMS certified to ISO14001. This exceeds our original global target of 95%. Our annual UVDB Verify Management System Evaluation, by Achilles Information Ltd, scored 91.5% for Health & Safety, 94.9% for Environment and 96.9% for Quality in July 2014. The Onsite Assessment scores for July 2014 were 92.2% for Health and Safety, 96.4% for Environment and 100% for Quality.

This year we have replaced our three main London computer system servers with a single virtual server, saving on the energy for their power and their cooling.

Our global target total paper consumption per full time employee is a reduction of 15% compared to 2011-2012 paper use, by the financial year 2014 -2015. In the UKMEA region paper consumption per full time employee per year was reduced by 17% to 36kg.

Our global target greenhouse gas emissions target is a maximum of 3.0t CO2 per employee per year by the financial year 2014 -2015. The 2012-2013 emissions were 3.4t CO₂.

Our Business Awards

Arup won the **Consultancy of the Year Award** at the Guardian Sustainable Business Awards in April 2014. The award acknowledges our consultancy work and its ability to affect ‘real-life’ change with projects such as C40 Cities, The Low Carbon Routemap and carbon footprinting Global Fund health grants for the United Nations Development Programme (UNDP). The judges praised our work for its “sheer scale and data collection as well as great partnering and collaborations.” This is a tremendous result as we strive to lead new thinking in our wider sustainability agenda. This thinking is reflected in the way we approach our projects and is demonstrated in our drive to create solutions that leave a legacy for the future. Arup shares this accolade with Impactt, a consultancy specialising in human rights, labour standards, gender and international development.



We have also won **British Company of the Year Award** at the 2014 British Israeli Business Awards for our work promoting water innovation and technology. In March 2014, we signed a deal with the Israeli State Water Company, Mekorot, to explore new opportunities for innovation in the field of water and wastewater treatment around the globe. We are working on two of the largest desalination projects in the world with IDE, another Israeli Company. We are also working with several Israeli start-ups to try and bring their technologies to Britain, with the support of UK Israel Tech Hub at the British Embassy in Tel Aviv.

Our Project Awards

Our The Crystal, Queen Victoria Dock, London project won the British Council for Offices **National Innovation Award**, the **LEAF Awards Best Sustainable Development Award** - Special Commendation and the Royal Institution of Chartered Surveyors London Design and Innovation Award. This is the first building in the world to achieve the highest level accreditation, both LEED Platinum and BREEAM Outstanding. A highlight of the BREEAM assessment process was the UK Building Research Establishment’s (BRE) decision to award The Crystal an ‘innovation’ credit. This was granted in recognition of Arup’s design of an on-site blackwater treatment system for the building. BREEAM innovation credits are rare and are reserved for significant advances in sustainable building design.

Our Eastside City Park, Birmingham, West Midlands, project won the British Construction Industry Awards **Regeneration Award**, the Entente Florale Europe **Outstanding Public Green Space Award**, the Institution of



Civil Engineers West Midlands [Chairman’s Award](#), and [Sustainability Award](#), and the Royal Institute of British Architects Awards [National Award](#) and West Midlands [Building of the Year Award](#).

Our Gateway to the Valleys, Bridgend, United Kingdom project won the BREEAM Awards [Education Award](#).

Our London 2012 Olympic and Paralympic Games, United Kingdom Parklands and Public Realm project won the CEEQUAL Awards [Outstanding Achievement Award - Landscape Award](#), and many other awards.

Our People Awards

At the World Green Building Council annual congress in Cape Town, Arup employees Karim Elgendy and Georgina Smit both won awards. Karim won the 2013 [David Gottfried Global Green Building Entrepreneurship Award](#). This award recognises individuals whose contribution to the global green building movement has been shown to be unique, innovative and entrepreneurial, for founding the Carbon initiative to raise awareness of the green building movement in the Middle East and shape the way cities in the region develop sustainably. Georgina won the Green Building Council of South Africa’s [Rising Green Star Award](#). This recognises individuals within South Africa who have a proven track record in the green building movement. Nominees were judged on how they have shared green initiatives and influenced others to make a change. Mark Watts (London) also delivered a key note speech at the event on the politics of delivering green objectives in cities.

Our External Relationships

Sustainability organisations and institutions:

Arup is:

- a founding member of the UK Green Building Council,
- a founding member of the Australian Green Infrastructure Council, and
- a founding member of the the UK Institute of Sustainability.
- a member of the US Green Building Council (Gold level),
- a member of the Green Building Council of Australia
- a member of the Russian Green Building Council (Platinum level),
- a sponsor of the Chartered Institute of Ecology and Environmental Management, and
- an affiliate of the Chartered Institution of Wastes Management.

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

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

United Nations Global Compact:
[Communication on Progress 2014](#)

E: Anti Corruption

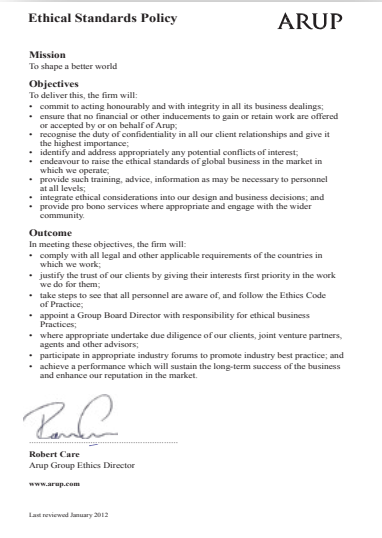
This section relates to the UNGC principles:

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

E Anti Corruption

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

Commitment



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

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

We are committed to maintain our record of zero incidents of bribery and corruption.

Our Mission Statement

“ To shape a better world”.

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

Our Approach

Our Business

Key Speech

A speech written and delivered by our founder Sir Ove Arup in 1970, that defines who we are, and sets our core values and guiding principles. The Key Speech is the high-level framework that guides appropriate behaviour within the firm. One of the six core principles is “straight and honorable dealings”.

Our global codes of practice support this and appropriate policy level statements are supported by local procedures as necessary. All employees receive a copy of the key speech as part of their induction. Please see attachment 1.

Ovocode

Ovocode sets our conditions of employment for all staff. This reinforces our Global Conduct and Performance Code of Practice and Ethical Standards Policy.

Member of Anti-Corruption Organisations

Arup are members of the World Economic Forum – Partnering Against Corruption Initiative (PACI) and the UK Anti-Corruption Forum.

Working Globally

As an international consultancy the anti-bribery laws of many jurisdictions apply to our business. On this basis we have developed extensive policies/code of practice and procedures to ensure compliance.

Political Donations and Financial Inducements

Arup does not make political donations. Arup will not, in any circumstances make or offer to make a payment or transfer anything of value for the purposes of improperly obtaining or retaining business or any other improper business advantage.

Arup does not permit ‘facilitation’ payments made to expedite or guarantee government services that we are legally entitled to e.g. connection of water, customs clearances) as these are prohibited in most countries.

Global Conduct and Performance - Code of Practice

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

Ethical Standards Policy

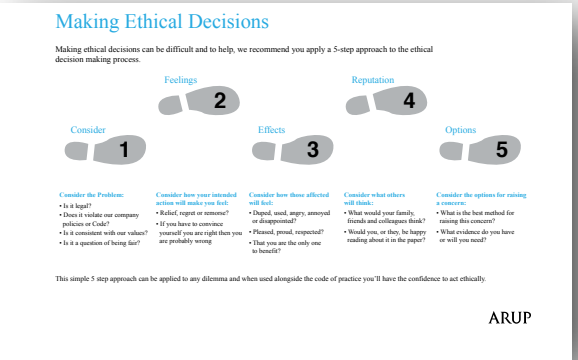
This sets our ethical objectives as a firm (as listed previously under the commitment heading). Please see attachment 12.

Ethics Global Code of Practice / Procedure

This sets out our ethical values and is intended to provide guidance on acceptable business practice to ensure that these values, principles and standards are being met across a range of areas including: financial inducements, third parties, gifts and entertainment, competition, confidentiality, conduct and performance at work, client activity, conflict of interest, political contributions and asking questions and raising concerns. We believe that our Ethical Standards Policy and Ethics Code of Practice and Procedure are in line with the Bribery Act 2010 and the US foreign Corrupt Practices Act 1977 and other relevant legislation. Please see attachment 12.

Ethics Guidance on Making Ethical Decisions

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



Anti Corruption Links

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

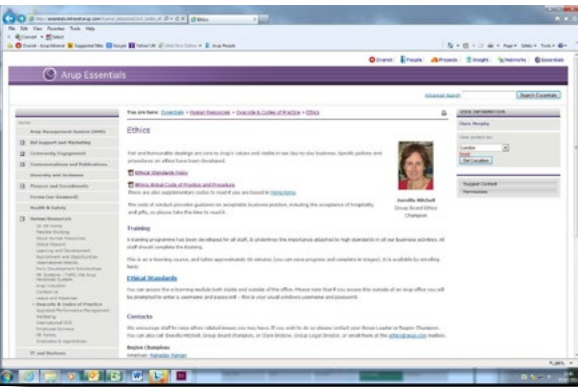
Anti-Bribery and Due Diligence Check List

Our intranet area includes guidance on issues to consider when working on a project including anti-corruption provisions in our contract terms, the appointment of partners or sub-consultants

Our People

Communication of our Policy, Code and Procedure

The Arup Ethical Standards Policy and Ethics Code of Practice is communicated to all members of staff, is freely available via our employee intranet and is referred to in the Ethical Standards training that all staff are required to complete.



Example Ethics Intranet Page

Partners and Sub consultants

Arup is committed to undertaking appropriate due diligence on all agents and joint venture partners, and where appropriate, sub consultants that we work with. The Arup standard form sub-consultancy agreements require our sub-consultants to comply with all applicable laws and regulations relating to anti-bribery and anti-corruption . they must have and maintain in place, throughout the term of their appointment, their own policies and procedures to ensure compliance. This includes requirements for them to have anti-corruption programmes, client, project and partner ownership and funding arrangements. The complete document forms the basis of risk assessments and covers the country, client, project, partners, and agents associated with any proposed project.

Disciplinary Procedure

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

Activities and Implementation

Our Business

Global Ethics Code of Practice and Procedure

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

Conflicts of Interest

Arup’s philosophy is based on acting honourably in our dealings with our own and other people. Our Ethical Standards Policy addresses the responsibility of each of our employees with regard to the fiduciary duties they owe. In the event where a potential conflict might arise, we will immediately bring the matter to the attention of our client with a view to agreeing the most appropriate course of action to take. The type of conflict most likely to arise in the context of our activities is where we may have more than one role on the same project for different clients. We have procedures in place for identifying all job opportunities through job application forms to prevent any conflict which may arise inadvertently. The size and organisation of the firm means that, where this is agreed with the client, we are well used to dealing with situations relating to more than one involvement on a project in a manner which does not compromise the duty of confidentiality we owe. This includes putting into place effective information barriers between project teams, which ensure that the teams are from

separately located groups, led by separate project directors, and operating effectively as separate organisations.

Our People

Communication of Policies and Procedures

All employees are made aware of our strategies, policies and procedureswith respect to ethics and anti-corruption. These are also made available to all staff via our intranet and our human resources team.

In the event of a breach of our policies, or a reason for complaint, we provide guidance for resolution in our Global Ethics Code of Practice and Procedure (see below).

Communications Channels For Reporting Concerns

Arup has a dedicated intranet area for ethics, which is kept up to date with the latest relevant policies and procedures.

Our Global Ethics Code of Practice and Procedure includes guidance for staff on how to raise queries and concerns. Arup commits to investigate all potential breaches of this policy, that are reported in good faith, responsibly. This includes the following: “If you have a concern or suspect that a breach of this policy has occurred or may occur, you have a duty to report these concerns.” Reporting can be undertaken anonymously, although staff are encouraged to identify themselves to enable a full investigation. All questions or reported suspected breaches can be directed through the staff member’s Group Leader in the first instance, but where this is not possible or appropriate, employees may choose to contact Dervilla Mitchell, the nominated member of the Arup Group Board.

This also identifies the roles and responsibilities of our managers, our human resources team, and our staff.

Global Board Representative / Champions:

Dervilla Mitchell, Group Board Director, is the firm’s global champion responsible for ethical business practices. She is supported by regional champions and works with them and others to create and approve policies and procedures and to continue to promote communications and education in this area. Alain Marcetteau, UKMEA Regional Board Director and COO, is the UKMEA regional champion responsible for ethical business practices.



Dervilla Mitchell
Global Ethics Champion



Alain Marcetteau
UKMEA Regional Ethics Champion

Training and Development

All staff are required to complete an Ethical Standards e-learning module which addresses the requirements of the Bribery Act 2010. This underlines the importance attached to high standards in all our business activities.



Outcomes and Progress

We confirm that in the last three years we have not been the subject of a formal investigation by the Equality and Human Rights Commission or an equivalent body, on the grounds of unlawful discrimination.

The published UKMEA region’s results from the 2013 global Arup staff survey attracted the highest ever response, and showed that 88% of respondents agree that “I feel proud to work for Arup” and 84% of respondents agree that “I would recommend Arup as a place to work.”

Arup has not been involved in any legal cases, rulings, or other events related to bribery or corruption. There are zero offences for corruption or bribery in the firm.

The responsibility for each project is typically held by the Project Director, who reports financial performance to the local Arup Group Leader for review, via the Arup financial management system, Ovaview. All groups report their financial performance to their region and ultimately

to the Arup Group Board. Our internal financial accounting is managed by our accounts department, with input from finance and administration.

Our company financial accounts are subjected to external audit every year. These audits are to confirm that the financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).This audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

100% of new employees received the key speech, setting out our guiding values and principles, including our commitment to honourable dealings which we expect our people to follow.

It is compulsory for all staff to complete the E-learning ethics training course.

The published results of the 2013 global Arup staff survey attracted the highest ever response and showed that 84% of respondents agree that “Arup is ethical in its business dealings,” with 15% neutral. The survey results have informed board level, regional, and group action plans to improve our performance further.

United Nations Global Compact:
Communication on Progress 2014

F: Community Engagement, Arup International Development and Partnerships

Partnerships, Community Engagement and Arup International Development

Community Engagement, Arup International Development and Partnerships

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

Commitment

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

Our Mission Statement

“ To shape a better world”.

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

Our Approach

Our Business

Key Speech

A speech written and delivered by our founder Sir Ove Arup in 1970, that defines who we are, and sets out our core values and guiding principles. The Key Speech is the high-level framework that guides appropriate behaviour within the firm. One of the six core principles that the speech identifies is “social usefulness” The speech also describes the ideal of ‘Total Architecture’ as our “collaboration with other like minded firms... in the quest for excellence.”

Our global codes of practice support this and appropriate policy level statements are supported by local procedures as necessary. All employees receive a copy of the key speech as part of their induction. Please see attachment 1.

Global Sustainability Strategy

Our 2013-2015 strategy, which delivers our Sustainability Policy and provides a framework for achieving our sustainability targets, includes our commitment to continue to our external relationships and community engagement.

“We will continue to maintain our existing partnerships and seek new ones which promote sustainability leadership, particularly related to the built environment... We will continue to promote positive community engagement in each of our locations across the world.”

The Arup Group has committed to donate at least 1% of the prior year’s management account profits each year to charitable causes, by the end of the financial year 2014 -2015.

Arup has a long history of community engagement, encompassing both charitable donations and pro-bono engagement. The focus of our community engagement activities are strongly related to the sustainability agenda, with themes such as water (environmental resources) and shelter (social wellbeing).

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

Activities and Implementation

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

Our Business

Community Engagement

Arup engages with communities around the globe in a vast array of direct and indirect initiatives.

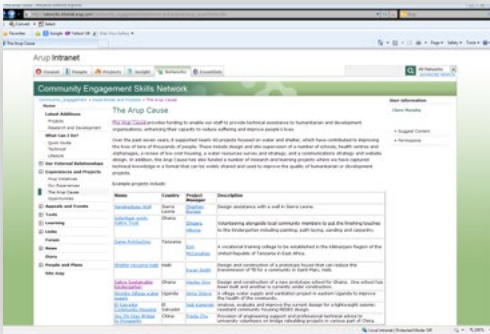
Arup fulfils this commitment to social usefulness via:

- Corporate Giving, Pro-bono Work and Our Social Contribution
- Giving – corporate donations through our charitable trust and regional community engagement committees
- Doing – funding staff to provide technical assistance to humanitarian and development organisations around the world through the Arup Cause, strategic partnerships or local charities
- Developing – encouraging staff to undertake networking and shared learning activities on charitable and community issues under the umbrella of Arup’s Community Engagement Skills Network.
- We also run a workplace giving scheme which enables employees to sacrifice part of their salary each month as a charitable donation (Arup directly meets the cost of the payroll agent fees).

We have a Community Engagement Programme, which is managed by our Global Community Engagement Committee, chaired by Director Martin Ansley-Young Regional Community Engagement Committees. The CESN. Sarah Bowden, Associate Director, is our Skill Leader for Community Engagement.

Sarah meets with other regional leaders to promote best practice, and to set the strategic direction for all our charitable giving, strategic partnerships, fundraising and directing funds, and volunteering time to projects. Sarah says “ Arup donates to charitable causes ... but we believe we can make an even bigger impact by donating our time and skills.” Our community engagement and Arup International Development teams have collaborated on the Sabre Schools Ghana project.

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



The Arup Cause

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

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

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



Arup staff fundraising for WaterAid

Our People

Secondments

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

Secondments are also useful in the training of our engineers. We have undertaken reciprocal secondments with contractors, to develop employees’ site experience and capability. Experience ‘on site’ or out of the Arup offices is an important part of a young engineer’s development.

Our External Relationships

Arup was a founder member of RedR, an international charity that coordinates the deployment of skilled professionals to where they have most impact in emergency situations. Arup engineers have taken part in field assignments to provide help at the scene of disasters such as typhoon Haiyan in the Philippines, flooding in Pakistan, and protracted conflict in Sudan. Many more actively fundraise for RedR.



Arup staff fundraising for RedR

Arup International Development (Arup ID) Partnerships and Collaborations

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

Arup ID works with:

NGOs

- CARE
- Disaster Emergency Committee
- Habitat for Humanity
- International Water and Sanitation Centre (IRC)
- MercyCorps
- MuslimAid
- OXFAM
- WaterAid
- American RED Cross
- Danish Red Cross
- ICLEI (Local Governments for Sustainability)
- International Committee of the Red Cross (ICRC)
- International Federation of the Red Cross and Red Crescent Societies (IFRC)

Charitable Foundations

- Aga Khan Development Network (AKDN)
- Qatar Foundation
- Rockefeller Foundation

Government Organisations

- Department for International Development (DFID)
- ICLEI (Local Governments for Sustainability)
- Turks and Caicos Planning Department
- Global Facility for Disaster Reduction and Recovery (GFDRR)

Inter Governmental Organisations

- International Organisation for Migration (IOM)

Social Impact Investors and Agribusiness Project Developers

- AgDevCo

Outcomes and Progress

Our Business

Arup’s annual charitable donations and pro-bono engagement donations have increased since 2008. Against the Arup global target of 1% of profit. In 2013 the UKMEA region’s charitable donations totalled £430,000 with pro bono engagement of £76,000 (£ equivalent staff cost). This includes £24,000 for administering community engagement relationships and excludes over 900 unpaid hours.

In addition UKMEA staff added significantly to this total, with more than 3,400 unpaid hours of volunteering and individual fundraising projects.

Individual staff also gave time for mentoring in schools, lecturing at colleges, fundraising etc.

There are over 80 community engagement projects globally, where there is more than one member of staff involved.

Arup ID have over 30 worldwide partners including charities, charitable foundations, NGOs, and governments.

Arup ID have completed over 59 projects in more than 37 countries.

Our People

Secondments

Today, 1 in 20 of our people around the globe is on secondment at any one time, providing tremendous scope for individual development.

We have seconded staff to many clients including:

- The LDA;
- The Sorrell Foundation;
- Imperial College London;
- University College London Hospitals NHS Foundation;
- BBC;
- East London Line Project;
- Environment Agency;
- Highways Agency;
- Carbon Trust;
- Eon,;
- CTRL;
- Procter & Gamble; and
- Greater London Authority.

Arup International Development Example Projects



Bridges to Prosperity (B2P) Project, Western Rwanda

In 2013 this ongoing collaboration between the Arup Cause, Arup ID and B2P, provided a new 50 metre suspension bridge across the Muregeya River, providing access for those living on the south bank to the local market, secondary school and hospital. We developed the ‘BridgeTOOL’ learning resource to educate and empower the local community to design and build their own bridge, and this will be made publicly available for other communities worldwide.



Green Building Design Training, Kenya

Our partner, who provides project management, procurement and infrastructure services to governments, donors and INGOs, engaged us to train their design teams in green building principles. The key objectives for the training were to increase their design team’s understanding and confidence in applying green engineering principles to their projects and to increase knowledge of the practicalities, limitations, integration, and affordability of various measures. After the training, participants were more able to confidently discuss green issues with their clients, contractors, architects, engineers and quantity surveyors.



Building Code, Turks and Caicos Islands

Arup ID was commissioned to update and improve the islands' Building Code, which had been based on the Caribbean Uniform Building Code (CUBiC), which had not been updated for 27 years. Our update used the International Building Code as a key reference, and incorporated the latest best practice for construction in zones of hurricane and seismic activity. We also included environmental sustainability requirements for all future island developments. This project formed part of wider efforts to reduce vulnerability following Hurricane Ike in 2008, which devastated the islands, and to strengthen the resilience of communities in the event of future disasters. As well as providing the TCI government with an updated Building code, we have provided our client with leverage to update other regulatory documents, and develop an effective enforcement system.



Water Infrastructure Design, Vavuniya, Sri Lanka

Our partner is supporting a project to improve local storm water drainage, sewage and wastewater disposal, with Vavuniya Hospital and the Bazaar area as priority areas for the improvements. We have been appointed as designers for the hospital waste water system, to upgrade collection and treatment facilities, while for the town, our focus is to do this and also improve surface water drainage. Our work is helping our partner ultimately improve the level of cleanliness of the environment and reduce incidence of pollution-related diseases for the approximately 30,000 people living in Vavuniya.



City Resilience Framework

This framework was launched at the World Urban Forum in April 2014. This ambitious project will help shape the future of cities worldwide, via a tool that comparably assesses resilience at city scale, to inform and prioritise action and investment. Our aim is to identify the most effective interventions for poor and vulnerable people in urban areas. Our research, supported by the Rockefeller Foundation, defines the characteristics of a resilient city and key measurable indicators to catalyse action and resource allocation. The framework also incorporates lessons learned during fieldwork in Semarang, New Orleans, Concepción, Surat, Cali and Cape Town. We are developing the framework further to create the City Resilience Index, to be launched by The Rockefeller Foundation later this year.



Water Supply System to Enhance Water Security and Climate Resilience in the Maldives

To counteract a decline in freshwater security, our partner has been appointed to deliver the construction component of a potable water supply for the island of Hinnavaru on Lhaviyani Atoll in the Maldives. We undertook the concept and detailed design of the system and provided specialist groundwater and renewable energy expertise for the design, construction, and construction management of a full water treatment and distribution system. We also targeted upgrades to the existing wastewater collection system that were affordable, efficient, sustainable, and followed Integrated Water Resource Management principles.

Our External Relationships and Our Awards

Under the Cities Resilience Index project supported by the Rockefeller Foundation, Arup produced The City Resilience Framework, which was launched at the World Urban Forum in April 2014. The framework establishes an accessible definition of resilience and four dimensions of city resilience and twelve indicators by which resilience can be understood.

Kayin Daywoodi won the Institution of Structural Engineers Awards Young Structural Engineer of the Year 2014 Award in recognition of his work with Bridges to Prosperity.

In October 2013 Arup and the Sabre Charitable Trust were awarded the 2013 **Third Sector Excellence Awards Corporate Partnership Award** for our on-going 5 year collaboration and pro bono work, and recognises our contribution to building quality sustainable kindergarten school infrastructure in rural Ghana.

“Our partnership with Arup brings credibility to our kindergarten school construction programme which is fast developing a reputation as being the best in Ghana.” - Dominic Bond, Managing Director, The Sabre Trust.



Arup staff receiving the Third Sector Excellence Award

Jo da Silva, who leads our ArupID team, and Hayley Gryc have won the **Overseas Prize** for the best paper published by the ICE journal in 2013. The paper ‘Global engineers thinking locally: creating kindergartens for Africa’, discusses their work on the Sabre Kindergarten project, Ghana. Arguing that to deliver the most sustainable outcomes, engineers need to think locally and understand the local environment. They will receive their award at the Institution of Civil Engineers UK on 17 October 2014.

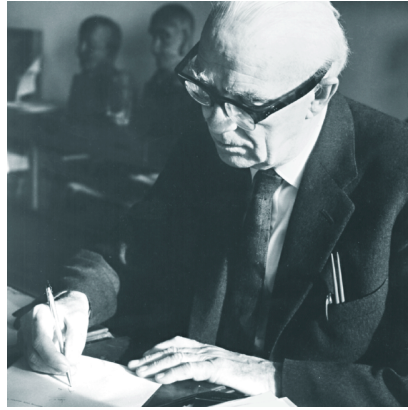
Hayley Gryc, from our Arup ID team, was highly commended in the Young Consultant of the Year category of the British Expertise International Awards 2014. These awards celebrate the achievements of trail blazing UK

based firms and inspiring individuals who are delivering world-class projects and services right across the globe. This category celebrates young consultants (under 35) that have demonstrated serious achievement on the international stage.

United National Global Compact:
Communications on Progress 2014

Attachment:

- The Key Speech



The Key Speech

Sir Ove Arup

ARUP

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

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

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

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

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

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

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

The other is:

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

We opt uncompromisingly for the second way.

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

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

The other is:

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

We, again, opt for the second way.

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

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

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

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

The humanitarian attitude

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The main aims of the firm are:

Group A

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

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

Group B

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

But this will need:

Group C

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

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

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

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

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

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

Principles

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

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

I found also another tag:

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

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

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

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

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

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

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

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

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

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

Quality of Staff

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

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

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

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

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

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

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

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

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

And they all lived happily ever after?

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

My advice would be:

'Stadig over de klippen',

or if you prefer:

'Take it easy!'

'More haste less speed!'

'Hâtez-vous lentement!'

'Eile mit weile!'

'Hastvaerk er lastvaerk!'

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

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

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

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

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

Equality of opportunity

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Our priorities are:

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

We shape a better world:

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

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United Nations Global Compact:
Communication on Progress 2014

Attachment

- Global Human Rights Code of Practice

Human Rights: Global Code of Practice

CODE OF PRACTICE

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

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

Purpose

Our approach on human rights reflects this by:

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

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

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

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

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

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

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

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

28 May 2012

Applicability

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

United Nations Global Compact:
Communication on Progress 2014

Attachment:

- Global Harassment Code of Practice
- UK Local Harassment Procedure

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.

Harassment & Bullying

UK Policy

What can be categorised as Harassment?

Harassment may be characterised as unwanted conduct affecting the dignity of people in the workplace. It may be related to age, gender, gender reassignment, marital or civil partner status, pregnancy, race colour, disability, sex, sexual orientation, religion or belief, nationality of ethnic origin ("protected characteristics"), or any other personal characteristic of the individual. It may be persistent or an isolated incident. The key is that the actions or comments are viewed as demeaning and unacceptable to the recipient, whether or not this is intentional. It can occur in or at of the work place, such as on business trips or at events or work related social functions.

Bullying and Harassment can be carried out by anyone (including senior managers, officers, directors, employees, part time and fixed term employees as well as consultants, contractors, casual workers and agency staff) and also by third parties, such as customers, suppliers and/or visitors to Arup's premises.

Any complaint will be taken seriously and the necessary resources deployed to investigate and resolve the matter. Once the investigation is completed, the Leader who initiated the investigation will decide, on the strength of the findings, the appropriate action to be taken. Bullying and Harassment will be treated as misconduct.

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

Individual members of staff may in some cases be legally liable for harassment of colleagues or third parties and may be ordered to pay compensation by a Court or an Employment Tribunal.

What is Bullying?

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

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

Bullying behaviour may include:

- Setting of unachievable objectives and timescales
- Insisting that the management way is the only correct way of doing things
- Frequently 'changing the goal posts'
- Setting of 'trick' problems
- Public 'dressings down' whether justified or not
- Continual nit-picking about minor issues
- Asking individuals loaded questions about themselves
- Continually making derogatory statements about an individual
- Calling individuals by offensive names.

Legitimate, reasonable and constructive criticism of a workers' performance or behaviour, or a reasonable instruction given to a worker in the course of their employment will not amount to bullying on their own.

What is Harassment?

Harassment is any unusual physical, verbal or non-verbal contact which has the purpose or effect of violating a person's dignity or creating an intimidating, hostile, degrading, humiliating or offensive environment for them. It also includes treating someone less favourably because they have submitted or refused to submit to such behaviour in the past.

Harassment may include, for example:

- unwanted physical contact, including touching, pinching, probing, brushing past someone and more serious forms of physical or sexual assault;
- unwelcome sexual advances or suggestive behaviour;
- sending or displaying material that is pornographic or that some people may find offensive;
- offensive or intimidating comments or gestures or insensitive jokes;
- mocking, mimicking or belittling a persons' disability;
- racist, sexist, homophobic or ageist jokes, or derogatory or stereotypical remarks about a particular ethnic or religious group or gender;
- outing or threatening to out someone as gay, or lesbian; or
- ignoring or shunning someone, for example, by deliberately excluding them from a conversation or workplace social activity

A person may be harassed even if they were not the intended "target". For example, a person may be harassed by racist jokes about a different ethnic group if they create an offensive environment.

How do I raise my concerns?

What are the first steps?- Informal procedure

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

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

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

What can I do next? -Formal procedure

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

- The nature of the harassment
- Date(s) and time(s) when harassment has occurred
- Names and witnesses to any incidents of harassment
- Any action taken by the employee to stop the harassment.

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

The Leader will arrange for a thorough investigation of the complaint. The investigation will be conducted by someone with no prior involvement in the complaint. The steps taken will be those set out in the Grievance procedure. As far as possible, confidentiality will be maintained throughout the investigation. Individuals not involved in the complaint or the investigation are not to be told about it. It may be necessary to interview witnesses to the incidents complained of, and if so the importance of confidentiality will be emphasized to

them.

Where the complaint is about a member of staff we may consider suspending them on full pay pending the outcome of the investigation. The investigator will also meet with the alleged harasser or bully to hear their account of events. They have the right to be told the details of the allegations against them so they can respond.

Where your complaint is about someone other than an employee, such as a contractor, customer, supplier or visitor, we will consider what action may be appropriate to protect you and anyone else involved pending the outcome of the investigation, bearing in mind the reasonable needs of the firm and the rights of that person.

Once the investigation is completed, the Leader who initiated the investigation will decide, on the strength of the findings, the appropriate action to be taken. This may include disciplinary action, in which case the Conduct & Performance code of practice and disciplinary procedure will apply. A meeting will be arranged with you to discuss the outcome of your complaint and what action, if any, should be taken. You have the right to bring a colleague to the meeting, whether or not the complaint is upheld. We will consider how best to manage the ongoing working relationship between you and the alleged harasser or bully. This may include some form of mediation or counselling, or change to the duties, working location or reporting lines of both parties.

Where the harasser or bully is a third party, appropriate action might include putting up signs setting out acceptable and unacceptable behaviour, speaking or writing to the person about their behaviour or in very serious cases, banning them from the premises.

As a general principle, the decision whether to progress a complaint is up to you. However, Arup has a duty to protect all staff and may pursue the matter independently if we consider it appropriate to do so. Any malicious complaint which, on investigation, is shown to be without foundation, will be treated as a disciplinary matter no less serious than an act of harassment.

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

What are the roles in this process?

Leaders

- Any Leader who receives a complaint of harassment must arrange for an investigation of the complaint or incident and ensure that the problem is resolved as

quickly as possible, making sure that appropriate action is taken to ensure compliance with the code of practice. Failure to take corrective action may in itself be treated as a disciplinary offence.

- All Leaders have a duty to establish and maintain a working environment free from harassment and should be observant and alert to the kind of behaviour which might indicate that a problem exists. Leaders should also be prepared to deal with any inappropriate behaviour even if it has not been complained about.
- Leaders are responsible for notifying the Human Resources Group when a formal case is raised, and must keep the Human Resources Group informed and involved as necessary, throughout the process.
- Leaders are responsible for ensuring that employees for whom they are responsible have knowledge of and understanding of the firm's code of practice.

Human Resources Group

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

Employees

- All employees must comply with this policy and take steps to ensure that harassment does not occur.
- Any employee who feels bullied should feel confident that complaints will be taken seriously and dealt with in confidence
- Any employee who is made aware of harassment by a colleague must respect the confidence of the parties involved and should encourage the person being harassed to consider using the correct procedure.
- If an employee believes that a colleague is being harassed and that they have not complained about it, then it is the employee's duty to report the harassment of the colleague to their Leader or to the Human Resources Group.
- Employees who make complaints or who participate in good faith in any investigation conducted under this policy must not suffer any form of retaliation or victimisation as a result. If you believe you have suffered any such treatment you should inform the Human Resources Group. If the matter is not remedied you should file it formally using the firm's Grievance Procedure. Anyone found to have retaliated against or victimised someone for making a complaint or assisting in good faith with an investigation under this procedure will be subject to disciplinary action under the firm's Disciplinary Procedure.

United Nations Global Compact:
Communication on Progress 2014

Attachment:

- Global Health & Safety Policy

Mission

To shape a better world

Objectives

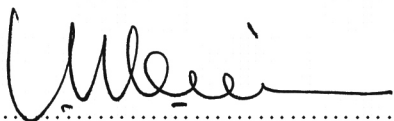
To deliver this, the firm will:

- ensure, so far as is reasonably practicable, the health and safety at work of all our employees including temporary and contract staff, and of other persons affected by our actions;
- provide such health and safety training, specialist advice, information, instruction and supervision as may be necessary to personnel at all levels;
- implement programmes for the prevention of injury and ill health, and for the continual improvement in the management and performance of our health and safety systems;
- integrate health and safety considerations into our design and business decisions commensurate with applicable law and professional standards; and
- operate within a management system that is registered as meeting the requirements of OHSAS 18001 or equivalent.

Outcomes

In meeting these objectives, the firm will:

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



Lup-Moon Lui

Arup Group Health and Safety Director

.....
Leader for

.....
.....

www.arup.com

..... Region / Group

United Nations Global Compact:
Communication on Progress 2014

Attachment:

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



Lloyd's Register
LRQA

CERTIFICATE OF APPROVAL

This is to certify that the Management System of:

Ove Arup & Partners International Ltd
Ove Arup & Partners Ltd
13 Fitzroy Street, London
United Kingdom

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

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

The scope of this approval is applicable to:

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

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

Approval
Certificate No: LRQ 4003789

Original QMS Approval: 20 October 1994

Original EMS Approval: 12 December 2001

Original SMS Approval: 2 April 2008

Current Certificate: 2 April 2014

Certificate Expiry: 1 April 2017

Issued by: Lloyd's Register Quality Assurance Limited



001

Hiramford, Middlemarch Office Village, Siskin Drive, Coventry, CV3 4FJ, United Kingdom



Lloyd's Register
LRQA

CERTIFICATE SCHEDULE

Ove Arup & Partners International Ltd
Ove Arup & Partners Ltd
13 Fitzroy Street, London
United Kingdom

Head Office

13 Fitzroy Street
London
United Kingdom

Activities

Provision of multi-disciplinary design and consultancy services.

Locations

London and South East

8 Fitzroy Street London
13 Fitzroy Street, London
8 St Thomas Street, Winchester

Activities

Provision of multi-disciplinary design and consultancy services.

Midlands

The Arup Campus, Solihull
The Frontage, Queen Street, Nottingham

Provision of multi-disciplinary design and consultancy services.

North West and Yorkshire

Admiral House, 78 East Street, Leeds
The Plaza, 100 Old Hall Street, Liverpool
Oxford Street, Manchester
30 Barker's Pool, Sheffield
Lendal Arches, Tanner's Moat, York

Provision of multi-disciplinary design and consultancy services.

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001

Approval Certificate No: LRQ 4003789
Hiramford, Middlemarch Office Village, Siskin Drive, Coventry, CV3 4FJ, United Kingdom



Lloyd's Register
LRQA

CERTIFICATE SCHEDULE

Ove Arup & Partners International Ltd
Ove Arup & Partners Ltd
13 Fitzroy Street, London
United Kingdom

Locations

Scotland and North East

Scotstoun House Edinburgh
225 Bath Street, Glasgow
Central Square, Newcastle Upon Tyne

West

8th Floor, The Linenhall, Belfast
63 St Thomas Street, Bristol
4 Pierhead Street, Cardiff

Activities

Provision of multi-disciplinary design and consultancy services

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001

Hiramford, Middlemarch Office Village, Siskin Drive, Coventry, CV3 4FJ, United Kingdom

United Nations Global Compact:
Communication on Progress 2014

Attachment:

- UK Disciplinary Procedure

Conduct & Performance : UK disciplinary procedure

1 Applicability

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

2 Introduction

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

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

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

Conduct:

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

Unsatisfactory conduct includes such things as:

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

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

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

Performance:

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

3 The procedure

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

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

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

3.1 First stage warning (verbal warning)

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

3.2 Second stage warning (written warning)

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

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

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

3.3 Third stage warning (final written warning)

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

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

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

3.4 Fourth stage (dismissal)

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

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

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

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

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

5 Appeal

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

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

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

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

6 Responsibility of the Human Resources Group

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

United Nations Global Compact:
Communication on Progress 2014

Attachment:

– Corporate Report 2012

(Corporate Report 2013 to follow on publication)

Corporate Report

2011/2012



ARUP



Steady performance in a tough global climate

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



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

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

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

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

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

Philip Dilley, Group Chairman



Timber Wave, London, UK

© Dennis GilbertVIEW



Metro de Santiago, Chile

© MetroSantiagoChile



Baku Tollgate, Heydar Aliyev International Airport, Azerbaijan



Kingkey 100, Shenzhen, China

© Kerry Ip



Marina Bay Sands, Singapore

© Darren Soh



International Finance Centre, China

Owned in trust for a secure, independent future

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

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

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

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

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



© Ronald Tilleman

Government office, Groningen, The Netherlands

design markets people operations

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

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

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

Strategic approach

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

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

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

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

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

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

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

Group Board



Peter Bailey



Jenny Baster



Alan Belfield



Robert Care



Tristram Carfrae



Andrew Chan



Philip Dille



Greg Hodgkinson



Michael Kwok



LM Lui



Mahadev Raman



David Whittleton

Non-Executive Directors



Michael Bear



Ngaire Woods

Officers



Martin Ansley-Young



Cathy McNulty



Matt Tweedie



Bill & Melinda Gates Foundation, HQ, Seattle, USA

Resilience drives progress in competitive global markets

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

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

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

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

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



Harbour Area Treatment Scheme, Hong Kong

© Marcel Lam Photography

Across the regions

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

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

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

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

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

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

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

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

Selected awards

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

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

Sabiha Gokcen International Airport, Istanbul, Turkey

European Steel Design Award

Evelyn Grace City Academy, London, UK

Royal Institute of British Architects (RIBA)
Stirling Prize

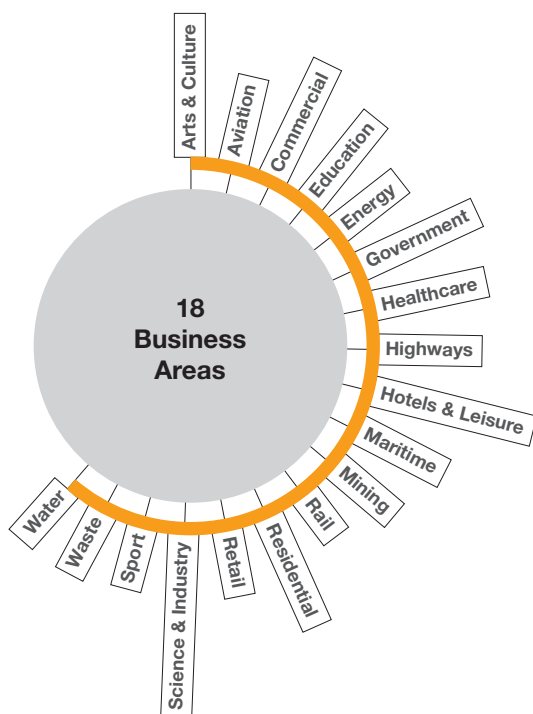


Gautrain, South Africa



A30, Montreal, Canada

© NAS30 CIV



Arup Businesses

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

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

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

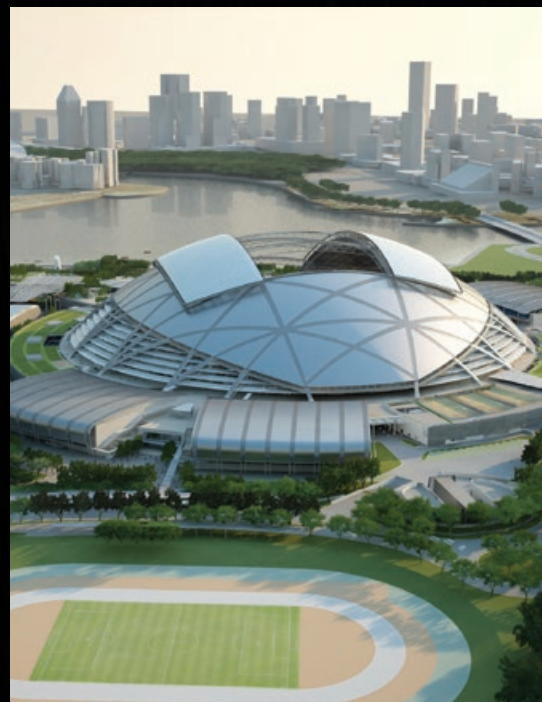
Across all our Businesses, we actively seek to work with clients who share our values and vision in terms of sustainability and this is clearly evident from many of the projects undertaken in another of Arup's major business areas – Commercial Property. A particularly interesting example is 1 Bligh Street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

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

Global outlook

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

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



Singapore Sports City

© Oaker





Employee engagement is a key factor in Arup's success

The art of being an 'employer of choice'

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

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

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

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

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

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

Selected awards

Ric Snowden

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

Tim Chapman

Institution of Civil Engineers (ICE) President's Medal

Dervilla Mitchell

Women of Outstanding Achievement Award

Phil Nedin

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



Global mobility is an important goal



Arup University

86%

"I feel proud to work for" Arup

84%

"I would recommend Arup
as a place to work"

Source: 2010 Arup Staff Survey



Arup University is a visible commitment to continuous learning

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

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

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



Sludge Treatment Plant, Hong Kong

Turning thought leadership into action on sustainability

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

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

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



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

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

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

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

Selected awards

Central Park and Canals, Songdo City, South Korea

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

Arup

2012 Sustainability Leaders
Best Environmental Consultancy Award

HaloIPT

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

BSkyB HQ, London, UK

Energy Efficient New-Build Project Winner

Yale School of Forestry & Environmental Studies, USA

American Council of Engineering Companies (ACEC)
Excellence Award



Halo IPT electric vehicle induction charging



New Songdo, South Korea

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

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

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

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

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



WZQ Bridge, Yunnan Province, China

Working in partnership around the world

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

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

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

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

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

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



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

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

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

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

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

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

Top 10 Donations

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



21,755

Hours of voluntary work and fundraising

£743,000

Charitable donations in 2011/12



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

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

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

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

Arup International Development

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

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

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

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

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

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



Who we are

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

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

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

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

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

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



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London Aquatics Centre, UK
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United Nations Global Compact:
Communication on Progress 2014

Attachment:

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

Diversity and Inclusion: Code of Practice

CODE OF PRACTICE

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

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

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

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

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

Purpose

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.

Equal opportunities : local procedure for the UK

1 Introduction

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

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

2 Procedures

2.1 Recruitment

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

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

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

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

2.2 Training

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

2.3 Career development and promotion

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

2.4 Pay

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

2.5 Selection for redundancy

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

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

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

2.6 Grievance

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

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

2.7 Monitoring

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

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

3 Responsibility

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

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

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

3.4 *The firm* takes this commitment very seriously. Any acts of discrimination by its members will result in disciplinary action, including termination of employment if appropriate, in accordance with the firm's disciplinary procedure.

United Nations Global Compact:
Communication on Progress 2014

Attachment:

- Global Grievance Code of Practice
- UK Grievance Procedure

Grievance : code of practice

Purpose

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

CODE OF PRACTICE

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

Effective date

1 May 2001

Applicability

All employees working for Arup worldwide.

Grievance : UK procedure

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

1 Initial contact

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

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

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

2 Raising a concern formally

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

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

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

3 Guidelines

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

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

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

4 The Responsibility of the Human Resources Group

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

United Nations Global Compact:
Communication on Progress 2014

Attachment:

- UK Sustainable Procurement Vision Statement



SUSTAINABLE PROCUREMENT VISION STATEMENT

Our vision for Sustainable Procurement is as follows:

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

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

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

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

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

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

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

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

Dick Lee
Chair of Facilities Executive
July 2009

United Nations Global Compact:
Communication on Progress 2014

Attachment:

- Sustainability Policy
- Waste A to Z

Mission

To shape a better world

Objectives

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

To deliver this, the firm aims to:

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

Outcomes

In meeting these objectives, the firm will:

For its core business

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

For its people

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

For its facilities

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

For its external relationships

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



Mahadev Raman

Arup Group Sustainability Director

www.arup.com

Leader for

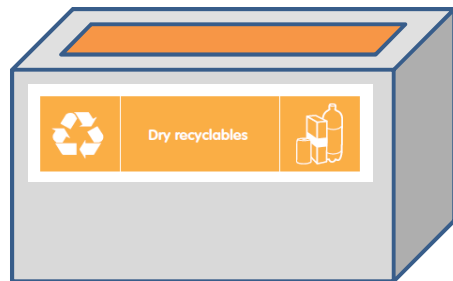
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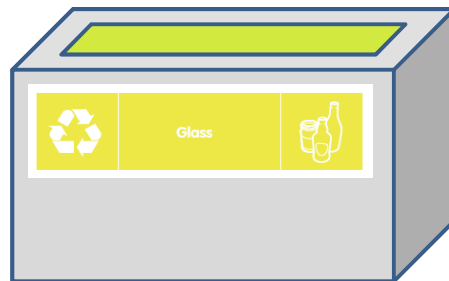
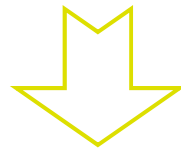
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RECYCLING & WASTE STREAMS

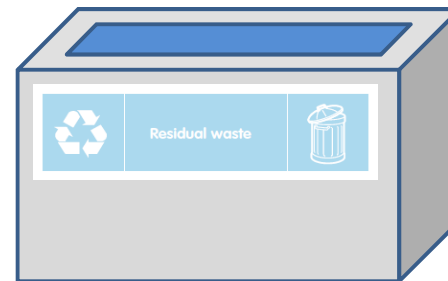
Paper, Plastics, Card, Cans



Glass



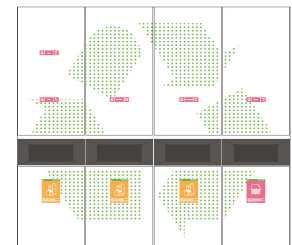
Residual Waste



Specialist Stuff



Recycle point cupboards



Office Waste A-Z	Dry Recyclables (R)	Glass (G)	Residual Waste (W)	Separate Collection (S)
	Orange sacks (No free draining liquids)	Clear sacks at tea points	Blue sacks	► See notes by item

S	Aerosols ► Use recycling points where available* or call FM Helpdesk ext 53535
R	Aluminium cans
S	Batteries ► Use recycle point where available* or send in internal mail marked "attention mailroom - used batteries"
R	Books
R	Calendars
R	Cardboard (cups, files, folders, etc.)
R	Cards
W	Ceramics
R	Cling film
W	Coffee grounds
R	Coloured paper
S	Compact discs (CDs)
S	Computers and PC peripherals (keyboards etc) ► log IT helpdesk call
S	Confidential paper ► Use recycle point where available #, for large quantities sacks with security ties can be requested from FM helpdesk ext 53535.
W	Crisp packets
R	Diaries
R	Disposable Coffee cups & lids – except Styrofoam. (empty liquid residue down a sink)
R	Drink bottles (plastic)
G	Drink bottles (glass all colours)
R	Drink cartons
S	DVDs
S	Electrical items ► Log FM helpdesk call ext 53535 or use recycle point where available* for small items

R	Envelopes (padded, plain, windowed, etc.)
W	Eraser / Rubber
S	Fans ► Log FM helpdesk call ext 53535
W	Foam board (composite materials)
W	Food scraps
W	Fruit cores
S	Furniture (e.g. broken chairs) ► Log FM helpdesk call ext 53535.
G	Glass (all colours) no broken glass please
R	Hand towels
S	Liquids (e.g. tins of paint / chemicals) ► Log FM helpdesk call ext 53535.
W	Laminated paper
R	Magazines
S	Medical ► Dispose in bin in first aid room
R	Metals
S	Mobile phones ► log IT helpdesk call
R	Napkins
R	Newspapers
R	Notebooks
R	Packaging card
R	Packaging plastics
R	Paper bags
W	Paper food wrapper contaminated with food
R	Paper (any colour and weight)
W	Pens and pencils (Plastic bodies can be recycled without ink insert)
R	Phone directories
R	Plastic (bags, bottles, cartons, cups, film, food containers, laminate, etc)
W	Polystyrene

R	Posters
R	Post-it notes
S	PPE ► Log FM helpdesk call ext 53535
W	Pyrex
W	Rubber / Eraser
R	Rulers
S	Sanitary (Personal Hygiene), please use the bins provided in the toilet cubicles only.
W	Scissors (make safe prior to disposal)
W	Sellotape
S	Sharps ► sharps boxes in first aid room & model shop
R	Soup pots – Empty and rinsed
W	Staplers
R	Staples
R	Steel cans
W	Stickers
W	Sweet wrappers (pearlised film)
R	Sweet wrappers (clear film)
W	Tape
W	Teabags
R	Tetrapak cartons
S	Toner cartridges ► internal mail: "Used toner - attention Mailroom" or use recycle point where available*
S	Waste IT (electrical and electronic equipment) ► log IT Helpdesk call
W	Wipes (disinfectant surface wipes)
R	Yoghurt pots

1. Any questions or for more information visit the London FM or Ovagreen intranet sites or call FM Helpdesk on 53535
2. Please do not put any liquids in the bins.
3. # Paper put in the orange bin is not shredded - please tear into pieces if documents have sensitive (but not confidential) information.
4. *Recycling points exist on all floors of No. 8 Fitzroy St and B, 4th, 5th & 6th floors No.13 Fitzroy St.

Document uncontrolled if printed
Waste A-Z Sept 2013.docx

United Nations Global Compact:
Communication on Progress 2014

Attachment:

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

Ethical Standards Policy

ARUP

Mission

To shape a better world

Objectives

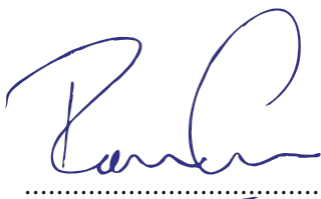
To deliver this, the firm will:

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

Outcome

In meeting these objectives, the firm will:

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



Robert Care

Arup Group Ethics Director

www.arup.com

Ethics: global procedure

1 Introduction

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

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

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

2 Financial inducements:

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

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

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

4 Gifts & Entertainment:

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

5 Competition:

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

6 Confidentiality:

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

7 Conduct & performance at work:

- You are expected to apply due skill, care and diligence in the services that you provide for clients. You should, at all times, work to the best of your ability.

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

8 Client Activities:

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

9 Conflicts of Interest:

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

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

10 Political Contributions

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

11 Asking Questions & Raising Concerns:

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

12 Disciplinary Procedure for breach:

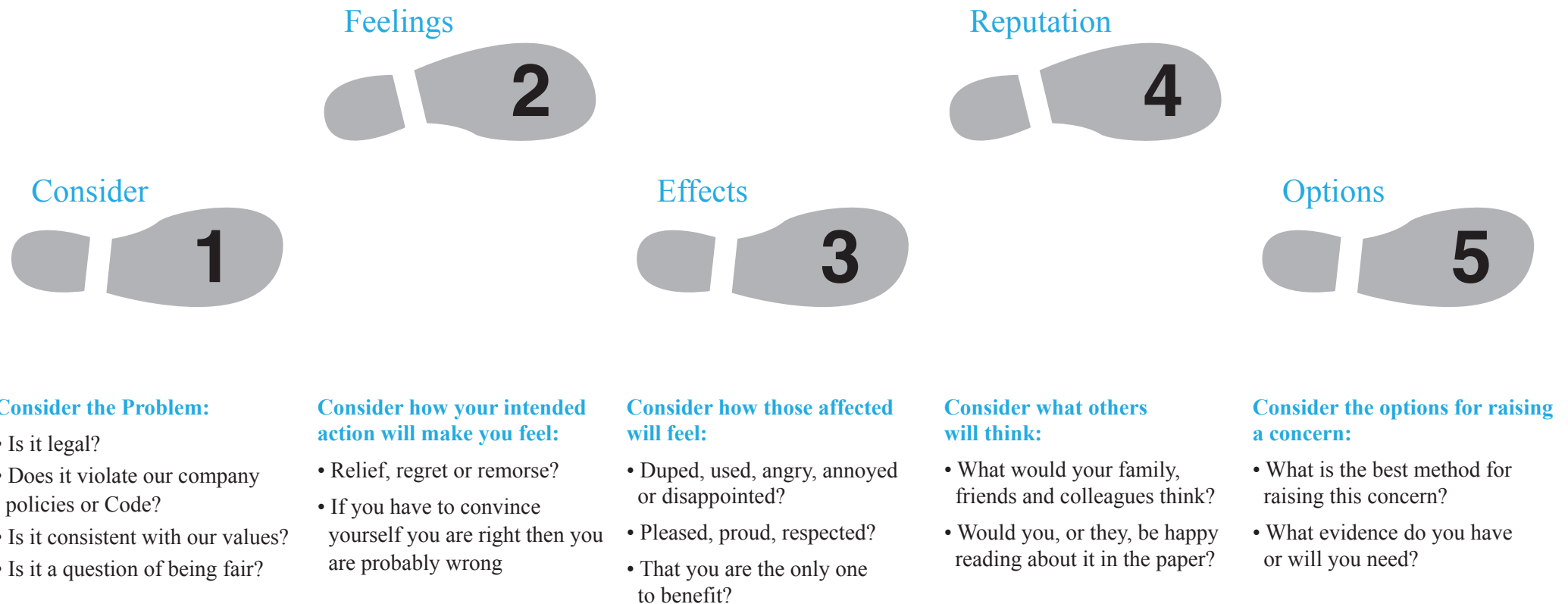
Failure to comply with the spirit or letter of this policy may result in significant reputational damage to Arup and breaches of the law, of any country, is a serious matter which may subject Arup and/or individual employees to civil and criminal penalties.

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

Approved by Group Board, October 2011

Making Ethical Decisions

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



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

United Nations Global Compact:
Communication on Progress 2014

Attachment:

- Global Conduct and Performance Code of Practice

Conduct & Performance : code of practice

Purpose

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

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

CODE OF PRACTICE

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

Effective date

1 May 2001

Applicability

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

United Nations Global Compact:
Communication on Progress 2014

Attachment:

- Financial Statements 2013 for OAPIL

Financial Statements 2013

Ove Arup & Partners International Limited

Contents

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Profit and loss account	5
Statement of total recognised gains and losses	5
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Notes to the financial statements	7-19

Directors' report

The directors present their report together with the financial statements of Ove Arup & Partners International Limited (the "Company") for the year ended 31 March 2013, which were approved by the board of directors on 14 August 2013.

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

Principal activities

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

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

Review of the business and future developments

These are the results for the Company for the financial year ended 31 March 2013. The results show a profit after taxation of £13.2m (2012: £9.2m).

During the year the Company's turnover increased by 9.3% (2012: decreased 6.2%) and the Company made a total profit before tax and staff profit share of £26.1m (2012: £19.4m).

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

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

- Turnover and profit per person is a financial KPI used to monitor the continued contribution to the Company. In calculating this measure, profit is stated before tax and staff profit share. For the year ended 31 March 2013, turnover per person was £121k (2012: £112k) and profit per person was £7k (2012: £5k).

- Staff turnover is a key non-financial measure of business performance. For the year ended 31 March 2013, staff turnover was 10% (2012: 16%).

The Company will continue to operate in similar markets. The Company has a solid, diversified portfolio to navigate the market challenges and a breadth of quality employees.

Dividends

The directors do not recommend a dividend payment (2012: nil).

Directors

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

J Baster (Resigned 31/03/2013)

A J Belfield*

R F Care*

T G A Carfrae*

A K C Chan*

P G Dilley*

T M Hill (Resigned 11/06/2013)

G S Hodgkinson* (Appointed 01/06/2012)

A R M Marcetteau

J G Turzynski

D A Whittleton*

All directors marked with an * were also directors of Arup Group Limited at 31 March 2013.

Directors' indemnities

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

Directors' report (continued)

Independent auditors

The Company's auditors, PricewaterhouseCoopers LLP have indicated their willingness to continue in office for another financial year.

Financial risk management

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

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

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

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

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

Research and development

The Company engages in research and development on an ad-hoc basis as required to complete projects during the normal course of business. Costs incurred in research and development are immediately expensed to the profit and loss account.

Charitable donations

During the year the Company made donations to charities and for charitable purposes of £296k (2012: £280k). The majority of the donations were made through the Ove Arup Partnership Charitable Trust, whose financial statements are publically available at the Charities Commission. In addition, the company provided approximately 8,800 hours of pro bono work to various charities, at a cost of approximately £530k.

Employees

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

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

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

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

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

Directors' report (continued)

Statement of directors' responsibilities

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

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

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

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

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Subsequent events

In June 2013 the Company agreed to surrender the lease on Carlow House (property in London) with effect from 31 December 2013. The Company will pay consideration of £1m due to early surrender of the lease.

Disclosure of audit information

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

By Order of the Board



D A Whittleton
Director

14 August 2013
Registered Office:
13 Fitzroy Street, London W1T 4BQ

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

We have audited the financial statements of Ove Arup & Partners International Limited for the year ended 31 March 2013 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes numbered 1 to 24.

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

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Scope of the audit of the financial statements

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

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2013 and its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

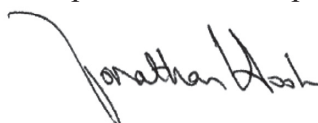
Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Jonathan Hook (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP,
Chartered Accountants and Statutory Auditors
London
15 August 2013

Profit and loss account		2013	2012
		£'000	£'000
	Notes		
Turnover	1b & 2	<u>443,797</u>	<u>406,095</u>
Staff costs	3		
Wages and salaries		(174,702)	(168,701)
Social security costs		(19,424)	(18,764)
Pension contributions		(15,034)	(13,723)
Other staff costs		<u>(8,581)</u>	<u>(8,017)</u>
		<u>(217,741)</u>	<u>(209,205)</u>
Depreciation	1c & 9	(7,961)	(10,153)
Other operating charges			
Charges from sub-consultants and other direct project costs		(122,546)	(98,526)
Accommodation		(32,847)	(32,214)
Communications and other overheads		(48,391)	(42,261)
Provision against balance due from Group undertakings		<u>-</u>	<u>(1,252)</u>
		<u>(203,784)</u>	<u>(174,253)</u>
Operating profit	5	14,311	12,484
Interest receivable and similar income	6	138	49
Interest payable and similar charges	7	(1,062)	(945)
Other finance income/(cost)	24	<u>800</u>	<u>(1,300)</u>
Profit on ordinary activities before taxation		14,187	10,288
Tax on profit on ordinary activities	8	<u>(1,033)</u>	<u>(1,044)</u>
Profit for the financial year	16 & 17	<u>13,154</u>	<u>9,244</u>
All activities of the Company are derived from continuing operations.			

Statement of total recognised gains and losses		2013	2012
		£'000	£'000
	Notes		
Profit for the financial year	16 & 17	13,154	9,244
Exchange translation (losses)/gains	16 & 17	(866)	77
Actuarial loss recognised in the pension scheme	24	(19,200)	(31,000)
Deferred tax asset movement related to the actuarial loss	24	<u>2,547</u>	<u>4,241</u>
Total losses recognised since last annual report		<u>(4,365)</u>	<u>(17,438)</u>

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

Balance sheet		2013	2012
		£'000	£'000
	Notes		
Fixed assets			
Tangible assets	9	26,142	29,399
Investments in subsidiary undertakings	10	25,352	25,352
		<u>51,494</u>	<u>54,751</u>
Current assets			
Debtors	11	226,275	280,101
Cash at bank and in hand		20,247	24,228
		<u>246,522</u>	<u>304,329</u>
Creditors:			
Amounts falling due within one year	12	<u>(178,019)</u>	<u>(242,693)</u>
Net current assets		<u>68,503</u>	<u>61,636</u>
Total assets less current liabilities		<u>119,997</u>	<u>116,387</u>
Provision for liabilities			
Dilapidation provision	13	<u>(1,700)</u>	<u>(1,825)</u>
Net assets excluding pension liabilities		<u>118,297</u>	<u>114,562</u>
Pension liability	24	<u>(104,130)</u>	<u>(96,030)</u>
Net assets after pension liabilities		<u>14,167</u>	<u>18,532</u>
Capital and reserves			
Called up share capital	15	45,000	45,000
Profit and loss account	16	<u>(30,833)</u>	<u>(26,468)</u>
Total shareholders' funds	17	<u>14,167</u>	<u>18,532</u>

The financial statements on pages 5 to 19 were approved and authorised by the board of directors on 14 August 2013 and signed on its behalf by:



D A Whittleton
Director

1 Accounting policies

a) Basis of accounting

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

The Company is a wholly-owned subsidiary of Arup Group Limited and is included in its consolidated financial statements which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under section 400 of the Companies Act 2006. The Company has also taken advantage of the exemption from publishing a cash flow statement under the terms of FRS 1 (Revised 1996).

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

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

b) Turnover

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

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

c) Tangible fixed assets and depreciation

Tangible fixed assets are carried at cost less accumulated depreciation and impairment. Cost comprises purchase price after discounts and rebates plus all directly attributable costs of bringing the asset to working condition for its intended use. Freehold property (buildings) are depreciated over 50 years, expenditure on leasehold properties is depreciated over the period of the lease and all other tangible fixed assets are depreciated over a 4 to 10 year period.

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

d) Taxation

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

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

e) Deferred taxation

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

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

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

f) Exchange rates

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

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

g) Long term contracts

The value of long term contracts is based on recoverable costs plus attributable profit. Cost is defined as technical staff costs and related overheads plus project expenses. As projects reach stages where it is considered that their outcome can be reasonably foreseen, proportions of the expected total profit are brought into the financial statements. Provision is made for all known and anticipated losses.

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

h) Research and development

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

1 Accounting policies (continued)

i) Pension costs

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

The Company also operated a defined benefit scheme during the year as described in note 24. The assets from the scheme are held separately from those of the Company in an independently administered fund. Under FRS 17 the assets of the defined benefit pension scheme are measured at their fair (market) value at the balance sheet date and compared to the liabilities of the scheme, at the same date, measured on an actuarial basis using the projected unit method. The discount rate used is the rate of return at the balance sheet date on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The extent to which the scheme's assets exceed/fall short of their liabilities is shown as a surplus/deficit in the balance sheet. The surplus/deficit is shown net of deferred taxation.

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

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

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

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

j) Leased assets

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

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

k) Investment in subsidiaries

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

l) Trade debtors

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

m) Cash

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

n) Dilapidation provision

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

2 Segmental Report

	2013 £'000	2012 £'000
Turnover by destination		
United Kingdom	285,988	255,556
Europe	65,513	52,630
Middle East & Africa	50,396	47,954
Asia	16,464	21,989
Americas	13,255	12,681
Australasia	12,181	15,285
	<u>443,797</u>	<u>406,095</u>

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

3 Staff costs

	2013 £'000	2012 £'000
Wages and salaries	162,751	159,615
Staff profit sharing	11,951	9,086
Social security costs	19,424	18,764
Pension contributions	15,034	13,723
Redundancy costs	1,790	792
Other staff costs	6,791	7,225
	<u>217,741</u>	<u>209,205</u>

Average number of persons employed by the Company

	Number	Number
Engineering and technical staff	3,050	3,012
Administrative staff	625	613
Directors	<u>7</u>	<u>7</u>
	<u>3,682</u>	<u>3,632</u>

4 Directors' remuneration

	2013 £'000	2012 £'000
Aggregate remuneration		
Aggregate emoluments paid	2,524	2,775
Aggregate contributions paid to money purchase schemes	<u>15</u>	<u>65</u>
Number of directors accruing pension benefits under	Number	Number
Money purchase schemes	3	3
Defined benefit schemes	<u>7</u>	<u>7</u>

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

	2013 £'000	2012 £'000
Highest paid director		
Total emoluments excluding contributions paid to pension schemes	445	479
Accrued pension from defined benefit scheme as at 31 March	<u>80</u>	<u>97</u>

5 Operating profit

	2013 £'000	2012 £'000
This is stated after charging/(crediting)		
During the year, the Company obtained the following services from the Company's auditor:		
- Fees payable for audit services	172	172
Profit/(loss) on disposal of fixed assets	(1)	5
Profit/(loss) on foreign exchange	(82)	927
Research and development costs	15,336	12,477
Operating leases for land & buildings	18,077	18,527
Depreciation	<u>7,961</u>	<u>10,153</u>

6 Interest receivable and similar income

	2013 £'000	2012 £'000
Bank interest	38	49
Other interest received	7	-
Interest received from group undertakings	<u>93</u>	<u>-</u>
	<u>138</u>	<u>49</u>

7 Interest payable and similar charges

	2013 £'000	2012 £'000
Bank interest	31	8
Interest payable to group undertakings	1,031	928
Other interest	<u>-</u>	<u>9</u>
	<u>1,062</u>	<u>945</u>

8 Tax on profit on ordinary activities**2013**
£'000**2012**
£'000**a) Analysis of tax charge**

The charge for taxation comprises:

UK corporation tax for the year at 24% (2012: 26%)

Less: double tax relief

Adjustments in respect of previous years

Non-UK tax for the current year

Adjustments in respect of previous years

Current tax charge

UK deferred taxation for the current year

Adjustments in respect of previous years

Total tax charge**b) Factors affecting the tax credit for the year**

The tax assessed for the year is lower than the standard rate of corporation tax of 24% (2012: 26%)

The differences are explained below:

Profit on ordinary activities before taxation

Profit on ordinary activities at the standard rate of corporation tax of 24% (2012: 26%)

Effects of:

Group Relief

Permanent differences

Timing adjustments

Non-UK tax in excess of UK Tax

Adjustments in respect of previous years including non-UK tax charge

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

Effective from 1 April 2012 the UK main corporation tax rate was 24%. Following the March 2013 Budget Statement, the main rate of corporation tax was further reduced from 24% to 23% from 1 April 2013, and the relevant deferred tax assets have been re-measured. Further reductions to the main rate are proposed to reduce the rate to 21% by 1 April 2014 but these later reductions had not been substantively enacted at the balance sheet date and, therefore, are not reflected in these financial statements. The proposed reductions of the main rate of corporation tax by 1% per annum to 21% by 1 April 2014 are expected to be enacted separately each year.

9 Tangible fixed assets**£'000**

	Leasehold property	Furniture, fittings & equipment	Motor vehicles	Total
Cost				
Balance at 1 April 2012	32,385	41,870	109	74,364
Additions during the year	212	4,612	-	4,824
Disposals during the year	(120)	(164)	(17)	(301)
Adjustment for exchange differences	-	46	-	46
Balance at 31 March 2013	32,477	46,364	92	78,933
Depreciation				
Balance at 1 April 2012	13,279	31,599	87	44,965
Charge for the year	2,536	5,419	6	7,961
Eliminated in respect of disposals	-	(153)	(17)	(170)
Adjustment for exchange differences	-	35	-	35
Balance at 31 March 2013	15,815	36,900	76	52,791
Net book value at 31 March 2013	16,662	9,464	16	26,142
Net book value at 31 March 2012	19,106	10,271	22	29,399

10 Subsidiary undertakings

Ove Arup & Partners International Limited owns ordinary shares in the companies noted below and these companies were all wholly owned subsidiary undertakings of Ove Arup & Partners International Limited at 31 March 2013. The operating companies were all engaged in the same principal activities as the parent company.

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

Movement of investment	£'000
Cost at 1 April 2012 and 31 March 2013	25,352

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

11 Debtors	2013 £'000	2012 £'000
Amounts recoverable on contracts	20,227	14,715
Trade debtors	58,430	49,767
Amounts owed by group undertakings	117,401	180,774
Foreign tax recoverable	38	39
Deferred tax asset	5,078	4,209
Corporation tax	2,818	2,000
Other debtors	3,365	4,067
Prepayments and accrued income	18,918	24,530
	226,275	280,101

12 Creditors: Amounts falling due within one year	2013 £'000	2012 £'000
Deferred income	58,168	59,728
Trade creditors	11,820	11,559
Amounts owed to group undertakings	57,957	131,691
Provision for foreign tax	147	822
Taxation and social security costs	8,735	7,691
Other creditors	572	367
Accruals	40,620	30,835
	178,019	242,693

13 Provision for liabilities	2013 £'000	2012 £'000
Balance at 1 April	1,825	1,850
Utilisation to the profit and loss account in the year	(125)	(25)
Balance at 31 March	1,700	1,825

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

14 Deferred taxation	2013 £'000	2012 £'000
Movement of deferred tax asset:		
At 1 April	(4,209)	(3,240)
Adjustment in respect of previous years	(169)	202
Restated opening balance	(4,378)	(3,038)
Charge/(credit) for the year	1,048	(29)
Plus deferred tax on pension scheme deficit	(2,472)	(2,391)
Adjustment for change in corporate tax rate	728	1,249
Adjustment for exchange differences	(4)	-
At 31 March	(5,078)	(4,209)
The provision comprises:		
Accelerated capital allowances	(4,775)	(3,879)
Short term timing differences	(303)	(330)
Deferred tax asset as at 31 March	(5,078)	(4,209)

15 Called up share capital	2013 £'000	2012 £'000
Issued, called up & fully paid		
45,000,000 (2012: 45,000,000) ordinary shares of £1 each	45,000	45,000

16 Profit and loss account	2013 £'000	2012 £'000
Balance at 1 April	(26,468)	(9,030)
Retained profit for the financial year	13,154	9,244
Actuarial loss recognised in the pension scheme	(19,200)	(31,000)
Deferred tax asset movement related to the actuarial loss	2,547	4,241
Adjustment for exchange differences	(866)	77
Balance at 31 March	(30,833)	(26,468)
Profit and loss reserve excluding pension liability	73,297	69,562
Pension liability (note 24)	(104,130)	(96,030)
Profit and loss reserve	(30,833)	(26,468)

17 Reconciliation of movements in shareholders' funds	2013 £'000	2012 £'000
Balance at 1 April	18,532	35,970
Retained profit for the financial year	13,154	9,244
Actuarial loss recognised in the pension scheme	(19,200)	(31,000)
Deferred tax asset movement related to the actuarial loss	2,547	4,241
Adjustment for exchange differences	(866)	77
Closing shareholders' funds	14,167	18,532

18 Contingent liabilities

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

19 Capital commitments	2013 £'000	2012 £'000
Authorised and contracted for	<u>345</u>	<u>136</u>

20 Other financial commitments

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

	2013 £'000	2012 £'000
Within one year	5,106	4,679
In two to five years	2,528	3,058
After five years	<u>11,524</u>	<u>11,506</u>

21 Ultimate parent company

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

22 Related party transactions

The Company transacts with other Group companies in the normal course of business. These transactions, in accordance with FRS 8 paragraph 3, are not disclosed as the Company is a wholly owned subsidiary of Arup Group Limited whose consolidated financial statements, in which the Company is included, are publicly available at 13 Fitzroy Street, London W1T 4BQ.

23 Subsequent events

In June 2013 the Company agreed to surrender the lease on Carlow House (property in London) with effect from 31 December 2013. The Company will pay consideration of £1m due to early surrender of the lease.

24 Pension commitments

The Company operated a UK registered, contributory pension scheme, which had a defined benefit and a defined contribution section, for employees. On 31 March 2010, the scheme was closed to new members. With effect from 30 June 2010, the future accrual of benefits for existing members ceased. The company replaced this scheme with a group personal pension plan for employees with effect from 1 July 2010. All contributions for the new plan are held and managed by BlackRock Life Limited. The Company has no ongoing liability to the funds held by BlackRock in respect of the employees.

For the pension scheme which closed on 30 June 2010, contributions were made in accordance with the rules of the scheme and the advice of independent qualified actuaries on the basis of triennial valuations. The most recent valuation was at 31 March 2010 using the projected unit method. The actuarial valuation of the scheme's assets at 31 March 2010 (which took into account the closure of the scheme to come on 30 June 2010), on an ongoing basis, represented 74% of the actuarially calculated liabilities for benefits that had accrued to members and the scheme's assets had a market value of £494m at that date. The most significant assumptions made by the actuary in carrying out this valuation were the discount rate of 7.3% pre retirement and 5.0% post retirement and the consumer price inflation of 2.5%. Allowance was made for the closure of the scheme and no assumption was made for future salary inflation. A special employer's contribution of £9.5m was made during the year to 31 March 2013 (2012: £10.5m). The next actuarial valuation is being carried out as at 31 March 2013 but the results will not be available until 2014.

The valuation position of this scheme was reassessed at 31 March 2013 by a qualified independent actuary for the purposes of the financial reporting standard FRS 17.

The cumulative amount of actuarial losses recognised in the statement of total recognised gains and losses is £19.2m (2012: £31m).

The scheme holds no assets that are issued or owned by the Company.

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

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

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

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

	Long term rate of return expected		Value of assets in the scheme	
	2013	2012	2013	2012
			£'m	£'m
Equities and property	7.4%	7.8%	459.8	371.1
Bonds and cash including net current assets	3.7%	4.0%	144.7	179.4
Total market value of assets			604.5	550.5
Present value of defined benefit obligation			(739.8)	(676.9)
Deficit in the scheme			(135.3)	(126.4)
Less: related deferred tax asset at 23% (2012: 24%)			31.1	30.3
Net scheme liability			(104.2)	(96.1)

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

	2013	2012
Equities	73%	64%
Gilts and bonds	23%	32%
Property	3%	4%
Other	1%	0%
	100%	100%

Amounts recognised in the profit and loss account:

	2013	2012
	£'m	£'m
Interest on obligation	(34.6)	(35.9)
Expected return on scheme assets	35.4	34.6
Net credit/(charge)	0.8	(1.3)

Actual return on scheme assets	66.0	36.5
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Movement of deficit during the year

	2013	2012
	£'m	£'m
Deficit in scheme at 1 April	(126.4)	(104.6)

Movement in the year:

Employer's contributions	9.5	10.5
Interest cost	(34.6)	(35.9)
Expected return on scheme assets	35.4	34.6
Actuarial loss	(19.2)	(31.0)

Deficit in scheme at 31 March	(135.3)	(126.4)
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24 Pension commitments (continued)

Reconciliation of the present value of the defined benefit obligation	2013	2012
	£'m	£'m
Present value of defined benefit obligation at 1 April	676.9	629.2
Interest cost	34.6	35.9
Actuarial loss on scheme liabilities	49.8	32.9
Benefits paid	(21.5)	(21.1)
Present value of defined benefit obligation at 31 March	<u>739.8</u>	<u>676.9</u>

Reconciliation of fair value of scheme assets	2013	2012
	£'m	£'m
Fair value of scheme assets at 1 April	550.5	524.6
Expected return on scheme assets	35.4	34.6
Actuarial gain on scheme assets	30.6	1.9
Actual return on scheme assets	66.0	36.5
Employer contributions	9.5	10.5
Benefits paid	(21.5)	(21.1)
Fair value of scheme assets at 31 March	<u>604.5</u>	<u>550.5</u>

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

At 31 March	2013	2012
Future average rate of increase in salaries	N/A	N/A
Future average rate of increase for pensions in payment and deferred pensions	1.9%	1.8%
Future average rate used to discount liabilities	4.7%	5.2%
Retail price inflation	3.3%	3.2%
Consumer price inflation	1.9%	1.8%
Pension increases:		
Pre 88 Guaranteed Minimum Pension	0.0%	0.0%
Post 88 Guaranteed Minimum Pension	1.7%	1.7%
NGMP accrued before 01/10/2006 (5% LPI)	3.0%	3.0%
Pension accrued after 31/09/2006 (2.5% LPI)	1.9%	2.0%

NGMP - Non Guaranteed Minimum Pension
LPI - Limited Price Indexation

Mortality	2013 & 2012	PNA00 birth year mortality tables using the 92 series medium cohort projections, allowing for minimum improvements in mortality of 1% per annum.
Cash commutation	2013 & 2012	30% of members' pensions assumed to be taken as cash.

24 Pension commitments (continued)

The assumed life expectations on retirement at age 65 are:	2013	2012
	Number of years	Number of years
Retiring today		
Males	22.7	22.6
Females	25.1	25.0
Retiring in 20 years		
Males	24.6	24.5
Females	27.0	26.9

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

History of experience gains and losses	2013	2012	2011	2010	2009
	£'m	£'m	£'m	£'m	£'m
Defined benefit obligation	(739.8)	(676.9)	(629.2)	(608.5)	(492.0)
Scheme assets	604.5	550.5	524.6	494.8	359.9
Scheme deficit	(135.3)	(126.4)	(104.6)	(113.7)	(132.1)
Experience adjustments on scheme liabilities	11.3	(14.0)	(23.7)	12.4	11.9
Experience adjustments on scheme assets	30.6	1.9	4.1	101.8	(138.2)
Total actuarial gains and (losses) recognised in statement of total recognised gains and losses	(19.2)	(31.0)	1.0	(66.0)	(81.9)

Estimated contributions

The employer's best estimate of contributions to be paid to the scheme by the employer next year is £10m (2012: £9.5m).

Defined contribution schemes

The Company has also made payments to defined contribution schemes of £14.8m (2012: £14m).

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