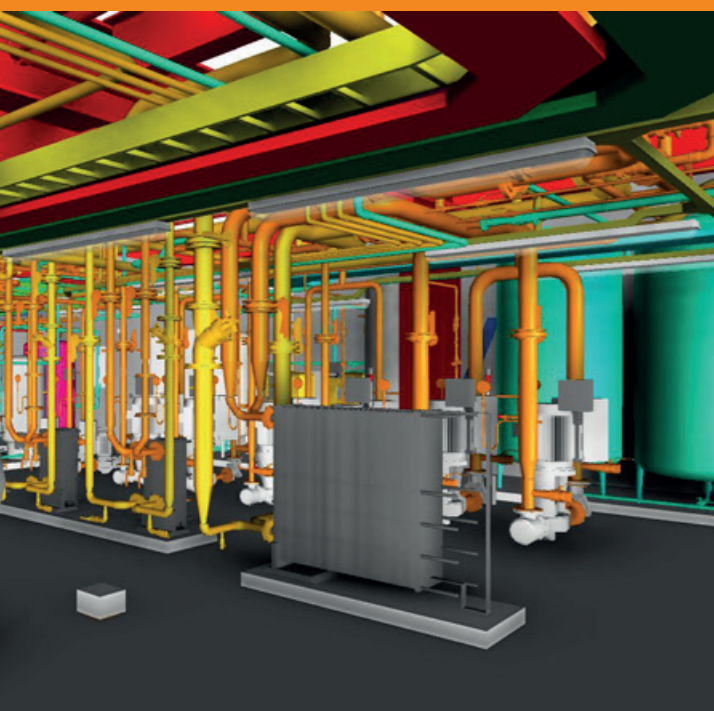




NG Bailey

Sustainability Report • 2017

Our One Approach to Business



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Welcome

NG Bailey's vision is to be the best at creating exceptional environments for present and future generations. To do this responsibly, we consider both our current operations and our future legacy. The best way to achieve this is through our projects, and by working with our people, customers and communities. As a result, in 2013 we launched an ambitious sustainability programme – 'One Approach'.

One Approach is a set of 18 commitments across six key areas which enable us to be a responsible business.

One Approach, together with our business strategy, is supported by a series of detailed policies on matters such as ethical working, bribery and corruption. They help to define what our values of passion, integrity and excellence mean in practice.

This year, for the first time, we have included details of our financial performance to reflect our commitment to being both a profitable and responsible business.

This report forms part of our ongoing

commitment to communicate our performance against One Approach to our people, customers, shareholders, suppliers, and other interested stakeholders. We are pleased to report that we have achieved, or are on track to achieve, most of our One Approach commitments. However, we recognise that there is still work to do in some areas, and so we must maintain our focus to ensure we achieve our long term goals by the close of the programme next year.

This report demonstrates how we are becoming a successful and sustainable business with a strong future. This is achieved by maintaining our profitability, and using One Approach to manage our non-financial risks.

We recognise that in order to remain at the top we must continue to commit to new and challenging targets.

We value your feedback. Please email comments to sustainability@ngbailey.co.uk

DAVID HURCOMB
Chief Executive



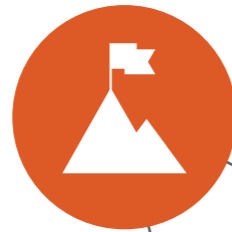
About Us

NG Bailey was formed in 1921 and has grown to be the UK's largest independent engineering, IT and facilities services business. The long term sustainability of our business is underpinned by our company mission, vision and values.

What do we do

NG Bailey is a family-owned business with a proud heritage and a proven track record of achievement. These strengths have enabled us to become the largest independent engineering, construction and services company in the UK.

Our success is marked by a continuing customer focus to do things better and to meet the challenges of the day, however tough. Spurred on by a growing demand for creative change, we relish the opportunity to explore ways of doing things differently – we want each and every one of our customers to get the very best of what we do.

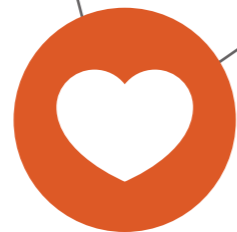
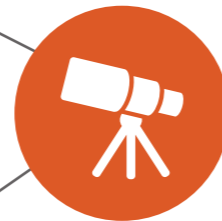


Our Mission

To responsibly design, build, operate and maintain buildings, infrastructure and IT services.

Our Vision

To be the best; creating exceptional environments for present and future generations.



Our Values

We continue to live our values of passion, integrity and excellence in all that we do.



Chester Storyhouse Theatre, Engineering division



Trinity Shopping Centre Leeds, Facilities Services division

Our capabilities include



ENGINEERING

We provide sustainable mechanical and electrical engineering services, with a focus on building infrastructure, offsite manufacture and rail.



FACILITIES SERVICES

We provide mechanical and electrical, planned and reactive integrated building services maintenance.



IT SERVICES

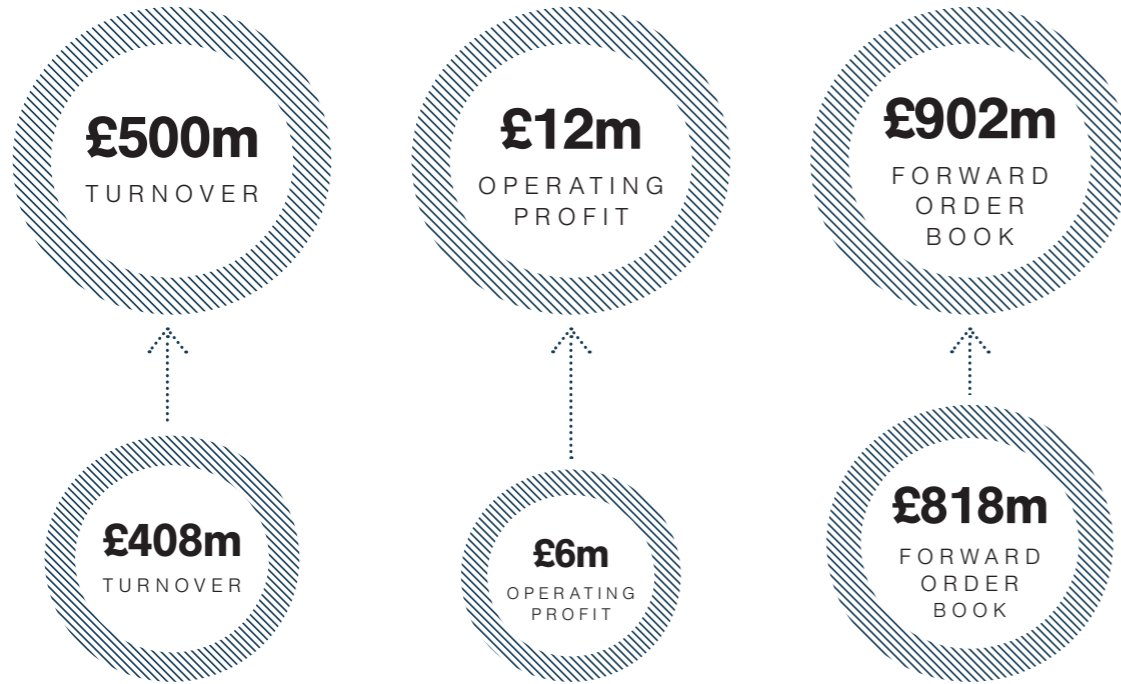
We design and install data network and communications infrastructure. We also deliver managed service and maintenance contracts.



South Bank Tower London, IT Services division

Our Performance

2016/17



2015/16



I am delighted to report that 2016/17 was a very strong year with growth across all of our divisions, Engineering, Facilities Services and IT Services alongside an improvement in Group sales of 23% on 2015/16 to £500m. The business is delivering on the strategic plan ahead of time and the strategy is working.

We have delivered our strategies to achieve a balanced business across the three sectors of building

construction, rail/infrastructure and services. This continues to be our strategic goal. The success of the strategy is reflected in a strong operating performance that has improved from £6m in 2015/16 to £12m for this year. This reflects the strong growth in both our services and construction markets. We have also invested in the development of new sectors, which have been identified as strong areas of growth for the future of the business.

Michael Porter

MIKE PORTER
Chief Financial Officer



London Bridge Station, Engineering division

Our Programme

Driving sustainable improvements in performance and generating value throughout our organisation.

NG Bailey has a proud heritage of operating as a responsible business and that we should be accountable for how we behave. As an employer of over 2,800 people across the UK and Ireland, we recognise that we have the opportunity to impact and influence our employees, suppliers, customers and the communities in which we work for the better.

We invest in being a responsible business and sustainability continues to be a priority for NG Bailey and for many of our customers. Our One Approach programme has seen the business commit to the delivery of 18 commitments by 2018. Our six areas of focus include safety, customers, people, environment,

supply chain and communities. So far, we have used our in-house expertise to reduce our carbon footprint and invest the energy and skills of our people to benefit the communities we serve. We understand the importance of striving for environmental and social sustainability in order to build a better future for us all. The challenge is complex, but we take our economic, environmental and social responsibilities seriously.

As our One Approach strategy finishes next year, in the coming year we will undertake comprehensive stakeholder engagements. This will ensure that we continue to address those issues that are most important to our stakeholders.



HSBC Tankersley Plant Room, Offsite Manufacturing

Our Six Key Areas of One Approach



Health & Safety



Customers



People



Environment



Supply Chain



Communities



Midlands Metropolitan Hospital, Offsite Manufacturing

ONE APPROACH: Health & Safety

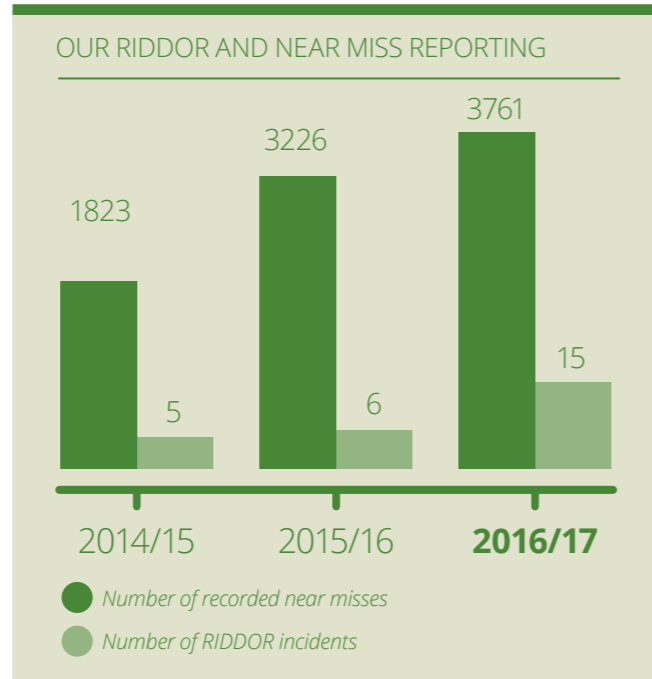
Safety is a key part of NG Bailey's philosophy. We continually strive to reduce risks and protect our people by building a culture where safety is first and foremost. Increasingly, this is true of health and wellbeing too.

Our Performance

The Safety First & Foremost strategy is to send our people home safe and well at the end of the day, every day. We aim to reduce risk and protect our people and stakeholders, by building a culture where safety really is first and foremost. When an incident does arise we will always fully investigate the matter and share learnings to improve our future performance.

In 2016/17 we experienced 15 RIDDOR incidents that impacted five of our employees, nine of our contractors and one member of agency staff. The majority of these incidents were the result of a slip, trip or fall. Although our overall performance this year is short of our high expectations, our accident frequency rate (AFR) measures 0.11 and remains one of the lowest in our field.

We are pleased to report that our near miss reporting has seen a year on year increase of 17% since 2016. We recognise that we must continue to encourage our people to report near misses so we can seek to reduce the likelihood of incidents across our business.



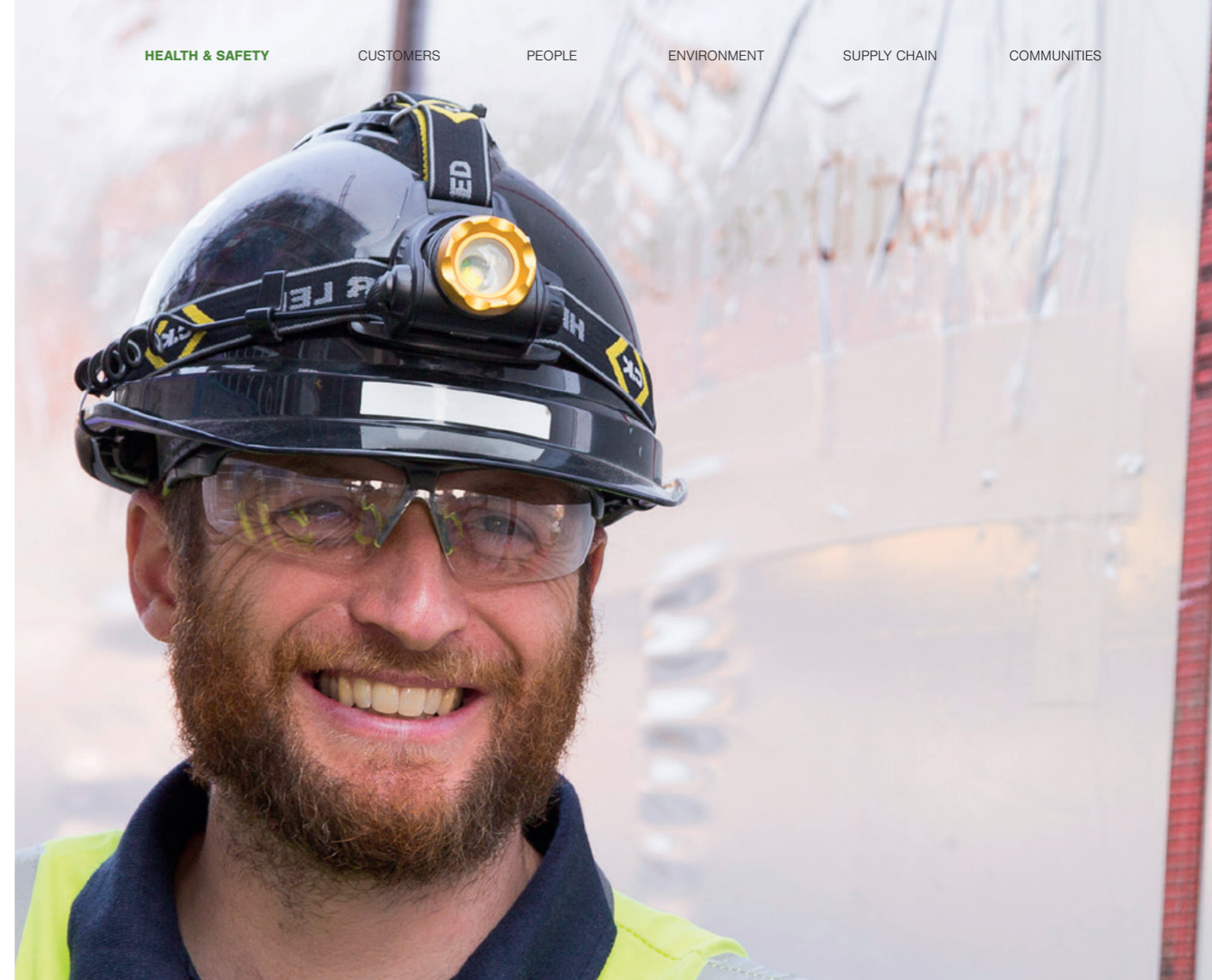
DRIVING BETTER PERFORMANCE

To reinforce our commitment to health and safety, this year we have developed a new Safety First & Foremost mission statement. This statement is signed by our Group Operating Executive and puts the health firmly back into health and safety and at the top of our agenda for 2017. We recognise that we need to nurture a health and wellbeing ethos that protects our people, suppliers and customers from workplace health risks, empowering them and enabling them to make informed lifestyle choices. This includes the mental health and wellbeing of all our people, an issue we know needs specific attention in our industry.

In July 2016 we launched our new Health and Safety strategy, G.L.O.B.E (Governance, Leadership, Ownership, Behaviour and Environment). This strategy has been designed to support Health and Safety performance improvements with each division implementing their own specific G.L.O.B.E action plans. The forthcoming year will see us continue with the implementation of G.L.O.B.E with business wide proactive KPI's to drive better performance across the Group.

As part of our commitment to deliver a leading health and well-being programme we have launched a Health and Safety

Executive Leadership Group led by the Managing Director of our Engineering division. This Group will actively monitor and manage our performance and direct learning and action where necessary. In addition we will be rolling training out to our people across the business in mental health awareness and the risks associated with dust, noise, display screen equipment, driving, and the impact of drugs and alcohol.



Our Achievements

We face significant health and safety risks everyday as part of our project delivery, and by using the experience and skills of our people we are able to manage that risk appropriately. This year several of our projects and sites have excelled in their management of health and safety risk by achieving a significant amount of hours worked injury free. As part of our Safety First & Foremost strategy we aim to share best practice and learning across our business.

Several of our projects and sites have excelled in managing their health and safety risk and achieved the following milestones:

- o Our offsite manufacturing business and a major manufacturing project both achieved 750,000 hours worked injury free
- o Another engineering project in our Southern region recently achieved 500,000 hours worked injury free.

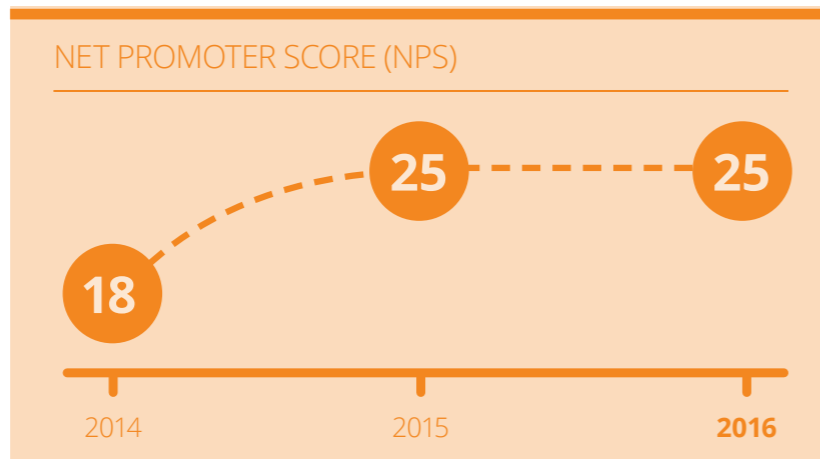
Dave Priceman, Engineering division

ONE APPROACH: Customers

We are focused on customer-driven, value-based solutions that provide tangible benefits for all. We pride ourselves on our ability to truly understand our customers' needs and objectives, and then to deliver projects and services that will exceed expectations.

Our Performance

A Net Promoter Score of 30 is world class and is what we are striving to achieve by 2020. During 2016 we increased the number of responses to our annual customer survey by over 60% and saw positive movement within the scores for two of our divisions. We maintained our overall score for 2016/17 at 25 and continue to strive towards achieving a net promoter score of 30 by 2020.



BUILDING INFORMATION MODELLING (BIM)

We have been exploiting the benefits of BIM technology for many years, having developed systems and internal processes for the benefit of ourselves and our customers. NG Bailey uses BIM to bring together information about every component of a building, in one place. Bringing information together in this visual form allows us to identify clashes in the design of the building. These can be rectified before construction commences, subsequently reducing waste in materials and unnecessary costs.

The team at NG Bailey has recently been involved in the development of BIMHawk with the Chartered Institute of Building Services Engineers (CIBSE). BIMHawk is a new, freely accessible web-



L-R: Russell Kane (presenter) Steve Campbell (Technical Director, NG Bailey), Paul Marsland (Design and Development Engineer, NG Bailey) and Award sponsor

based system that optimises and simplifies the standard parameters for BIM objects. Following its launch in November 2016, it has

recently won the 'BIM Initiative of the Year' award at the Heating & Ventilation (H&V) News Awards.

Applying One Approach in Our Business



ENGINEERING

NG Bailey has been pioneering the use of offsite manufacture for many years and our specialist business unit offers a modern and innovative approach to engineering. Offsite manufacturing can present many benefits for our customers and communities. For example:

- It is a safer alternative to onsite production and assembly, meaning the likelihood of accidents and serious injuries is reduced

- Offsite manufacture optimises resources therefore minimising waste and potential re-work costs
- It reduces the traffic impact on the local community as deliveries to sites and number of people required on site are reduced.



FACILITIES SERVICES | ENERGY

Our Energy team provides an innovative and cost saving energy service that seeks to take responsibility for the optimisation and efficient operation of buildings by managing assets from data through to action.

We have demonstrated this approach through our ongoing relationship with Landsec. Our work saw us deliver energy savings of over 9,550,000kWh through a combination of measures, including effective air quality control using existing HVAC installations and BEMS. Our efforts resulted in an 11% reduction in energy and an equivalent cost saving of over £500,000.

At one Landsec location, we partnered with



AIS BMS, the building energy management systems provider, and won the 'Partners in Sustainability' award at the Premises and Facilities Management (PFM) Awards 2016. In further recognition of our work with Landsec we won The Energy Managers Association Most Inspiring Energy Reduction Project Award 2016.



Energy savings of over 9,550,000kWh



Cost savings of over £500,000 for Landsec



'Partners in Sustainability' award



Landsec and NG Bailey won The EMA 'Most Inspiring Energy Reduction Project Award 2016' due to their ability to successfully manage a project across multiple sites using different technologies. Landsec had set ambitious targets which have been met and exceeded by this collaboration. Judges were impressed by the ability of Landsec and NG Bailey to work in partnership across a broad estate that included people from different teams showing their commitment to sustainability and energy management.

As carbon emissions are the primary cause of climate change, the project's emphasis on reducing energy use has not only led to cost reduction, but it is also essential in meeting and exceeding Landsec's sustainability targets.



Lord Redesdale
CEO, Energy Managers Association

ONE APPROACH: People

Our people are our greatest asset at NG Bailey. We know that the talents and motivation of our people are vital to our success, making NG Bailey a great place to work.

Our Achievements

OUR PULSE SURVEY

Our Pulse Survey is undertaken on a quarterly basis and allows us to measure our performance against strategy, along with being a key feedback tool in understanding how our employees feel and what they value. All responses are examined by our HR senior leadership teams who review the feedback in detail and develop appropriate actions to mitigate concerns.

This year we launched a new and improved Pulse Survey that was open to all employees across NG Bailey. It was specifically designed to provide further insight into our employee engagement levels.

OUR MOST RECENT PULSE SURVEY SHOWS THAT...

84% *Of our people are proud to work for this organisation*

91% *Of our people believe we put safety, first and foremost*

85% *Of our people find working with their colleagues rewarding*

75% *Believe our people follow the NG Bailey Values at work*



THE SUNDAY TIMES

BEST COMPANIES ACCREDITATION

NG Bailey is proud to have been reaccredited as a 'One to Watch' for the third year in a row by the Sunday Times, Best Companies To Work For Index. The survey was completed by nearly 1,100 employees and two of our three divisions have increased their ratings in the Best Companies Index. Where we have experienced decreases in specific areas of our performance we are using the feedback from our employees to support and formulate a refreshed engagement strategy for delivery over the next 18 months. Our next submission to the Sunday Times Best Companies Index will now be in 2018/19.

FAIRNESS, INCLUSION AND RESPECT

As part of our commitment to being an employer of choice we recognise the part that diversity and inclusion plays in our organisation. We are already an Investor in People and one of only a few hundred organisations who are proud to hold an Investors in Diversity (IID) accreditation. However, there is more than we can do. We continue to work closely with the National Centre for Diversity to ensure NG Bailey remains a great place to work. We continue to strive to reach our ambition of creating an organisation which is representative and reflective of the communities we work in.

This year we were recognised as the 'UK Engineering Company of the Year' at the National Centre for Diversity's Grand Awards. This was in recognition

of our commitment to embedding equality, diversity and inclusion throughout our organisation and ultimately be recognised as an Employer of Choice.

David Hurcomb, NG Bailey's CEO, said "NG Bailey wants to take a leading role in our industry's efforts to achieve a more diverse workforce".



Rob Smith and Frank Clayton receiving our 'UK Engineering Company of the Year' award

SPOTLIGHT ON: Our Talent

The skills, capabilities and commitment to excellence of our people are what make us stand out as the partner of choice in our industry. Key to this, is ensuring we realise the full potential of every individual, and make the most of their talent and skills.

SOLVING THE SKILLS SHORTAGE

The talents and abilities of all our people are key to our success. However, we are also aware that our industry may be about to face a major skills shortage. That is why as part of our people strategy to Attract, Recruit and Retain the best people for NG Bailey, we have developed a recruitment strategy that embraces multiple routes to employment from a broad range of backgrounds.

One element of the strategy is the partnership we have formed with The White Ensign Association and the Career Transition Partnership (CTP). The White Ensign Association is a Charity offering personal help and advice for all serving and former members of the Royal Navy, Royal Marines, their Reserves and their families. The CTP provides

resettlement services for those leaving the Royal Navy, Army, Royal Air Force and Marines. Regardless of time served, all members of the Armed Forces benefit from CTP support when leaving.

By partnering with these organisations we have been able to engage with a large pool of skilled and experienced ex-military talent across a number of disciplines and career stages.

We are working closely with both partners to support ex-military service personnel gain employment and transition into civilian life. Our aim is to increase the number of applications we receive for job roles from over 14,000 skilled and experienced individuals who leave the Armed Forces each year.

THIS YEAR HAS SEEN US...



Exceed the UK company average score of 3.2 on Glassdoor



Develop a strategy that sees us working with the Career Transition Partnership and the White Ensign Association to provide employment opportunities for current and retired service personnel



DEVELOPING OUR TALENT

Our Leadership, Engagement and Performance programme (LEAP) has been developed in response to employee feedback calling for more structured management development programmes and tools to help our people manage their people more effectively.

In addition to LEAP, the next

year will also see us launch a refreshed talent development programme. It will deliver a new, improved approach on how we identify, develop and deploy talent throughout our organisation. This builds on the success of our current programme and incorporates recommendations from our fairness, inclusion and respect

review, ensuring our approach is both transparent and equitable.

This programme will improve our approach to talent development, as it focusses on broadening people's knowledge and experience as well as helping them to develop the skills and behaviours they need to be a success in their chosen field.

SPOTLIGHT ON: Apprenticeships

OUR APPRENTICESHIPS

NG Bailey recognises the importance of engaging with young people early. Through a combination of our science, technology, engineering and maths (STEM) engagement programme called INSPIRE, and our long-standing apprenticeship scheme, we are contributing to the development of young people and beginning to address the skills shortage.

We employed our first apprentice in 1934 and since then have successfully trained over 5,500 people in their chosen field. Our apprenticeship programme now offers 14 different apprenticeship qualifications across a number of disciplines including electrotechnical, heating and ventilation, human resources, ICT, Building Information Modelling (BIM) coordination, quantity surveying and building services.

In 2016/17 we recruited 51 apprentices bringing our total apprentice population to more than 150. We recognise the value of apprenticeships to our business and continue to encourage applications from a diverse range of applicants. For the 2016/17 intake, we had a 3% increase in applications from women and overall increased our female and black, Asian and minority ethnic (BAME) applications to 17%.

Over the forthcoming year we will continue to develop and grow our apprenticeship programme, building the skills we need to deliver the business' current and future strategic objectives. The programme will expand to deliver new digital apprenticeships for our IT Services division, degree level apprenticeships in law and project management apprenticeships at

higher and degree level to employees in all five of NG Bailey's divisions.



Without apprenticeship schemes, businesses are at risk of missing out on a number of benefits that this type of training can bring. Our scheme means that we have a steady flow of employees coming into the business, which helps us avoid the skills shortage affecting others in the industry.

David Hurcomb
Chief Executive
NG Bailey

THOUGHT LEADERSHIP | WHAT IS THE APPRENTICESHIP LEVY AND HOW DOES IT IMPACT NG BAILEY?

The Apprenticeship Levy was introduced on 6 April 2017. The levy requires all employers operating in the UK, with a payroll over £3 million each year, to invest in apprenticeships. NG Bailey included in this levy and we continue to recognise the value they deliver to our business through the development of new staff and as an opportunity for current staff to build on their existing skills.

OUR APPROACH TO THE APPRENTICESHIP LEVY - THE THREE Cs

Continue

Continue to expand our apprenticeship programme. In 2017, we will offer 60 apprenticeship opportunities across 14 frameworks and standards.

Convert

Convert those elements of our current learning and development curriculum to apprenticeship standards wherever possible.

Create

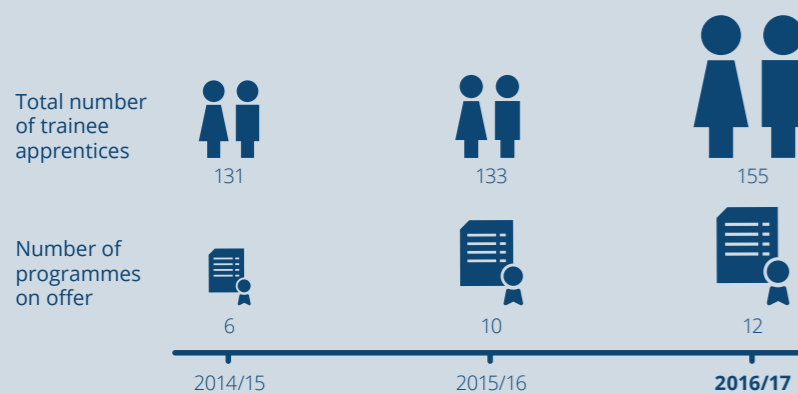
Create new programmes such as the new management and leadership apprenticeships developed by the Chartered Management Institute that we are piloting this year.



Completing an apprenticeship for NG Bailey on the Landsec contract was a fantastic experience. It was great working across the London portfolio and achieving quality qualifications.

Adam Donoghue
NG Bailey Apprentice
Facilities Services

APPRENTICESHIPS - THE NUMBERS



ONE APPROACH: Environment

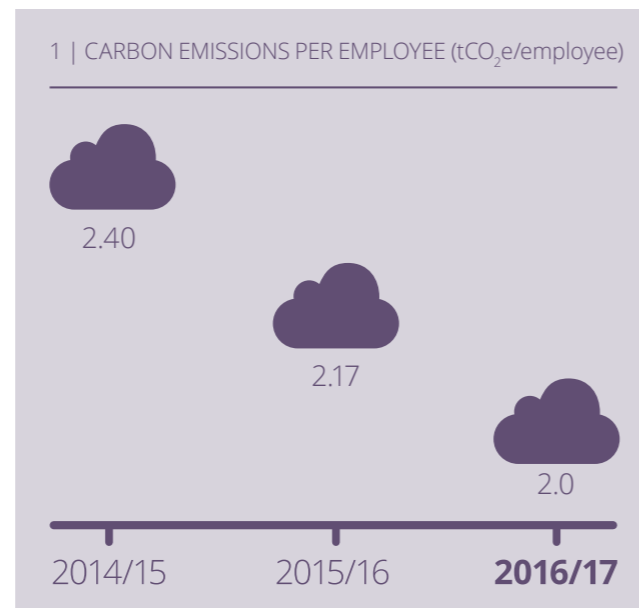
We recognise that as a responsible business we must take steps to manage our own impact on the environment, both to reduce our carbon emissions, and to ensure efficient use of resources and minimise our costs.

Our Achievements

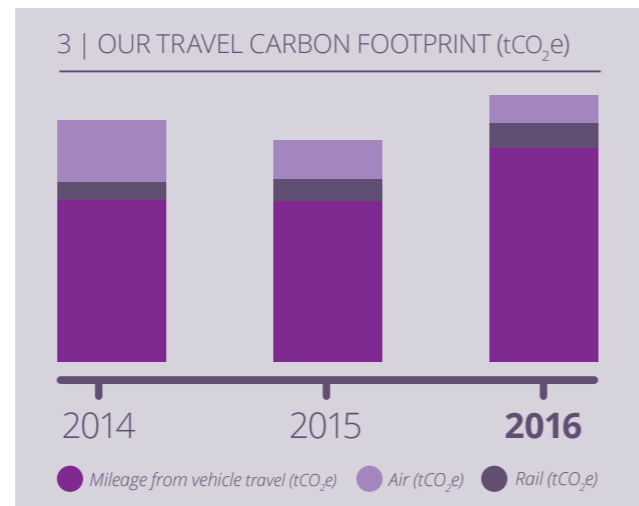
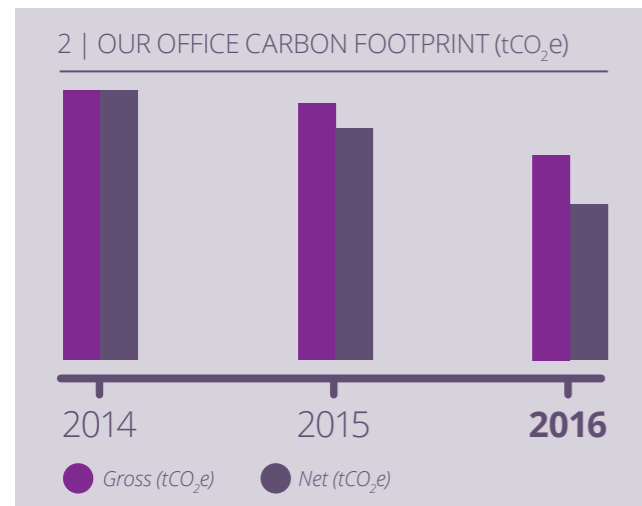
Our environmental impacts arise from three main categories: our office locations, business travel undertaken by our employees and our project/site locations. We already report the impacts of our office and business travel impacts and are currently working to gather robust data for our project and site locations so we can disclose this in future. This year we have refreshed our carbon footprint* with a new baseline, in order to ensure we have a clear understanding of our impacts. This has enabled us to recognise areas where we are progressing well but also identify areas where we can improve.

We remain committed to achieving a reduction of 20% in CO₂ emissions per employee from our baseline and are pleased to report (as highlighted in figure 1) that we have achieved a 19% reduction in our total net tCO₂e footprint per employee[†] since baseline. 2016/17 is the fourth consecutive year where we have achieved a year on year reduction in our office footprint as a result of our investment in on-site renewable energy capabilities (see figures 5 and 6), energy saving campaigns within the business and the purchase of renewable energy from the grid.

Our business travel footprint contributed 77% to our overall carbon footprint, largely due to an increase in the miles travelled across our business. We continue to

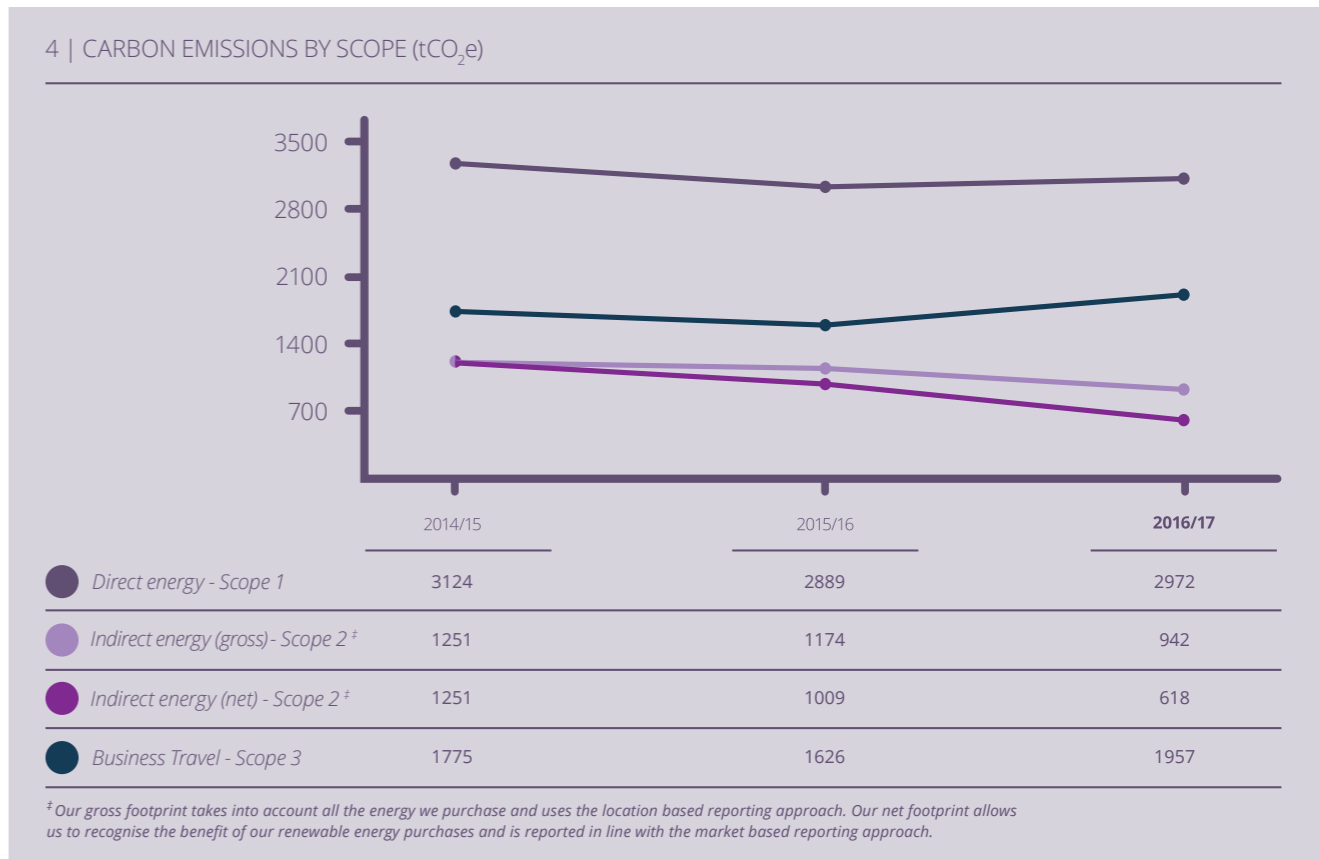


minimise the carbon impacts of our fleet and this year have further reduced our vehicle carbon profile to 102g/CO₂/km. Our air travel footprint has continued to decrease for the fourth year in a row and we continue to encourage our employees to use public transport where possible.



*Full reporting scope available on page 32

[†]Total net tCO₂e footprint per employee – Gross footprint that recognises the carbon benefit i.e. a reduction in carbon, associated with green tariff energy.

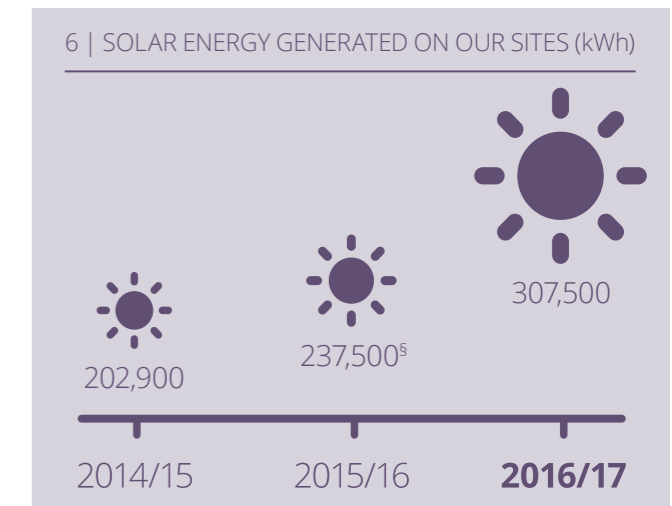
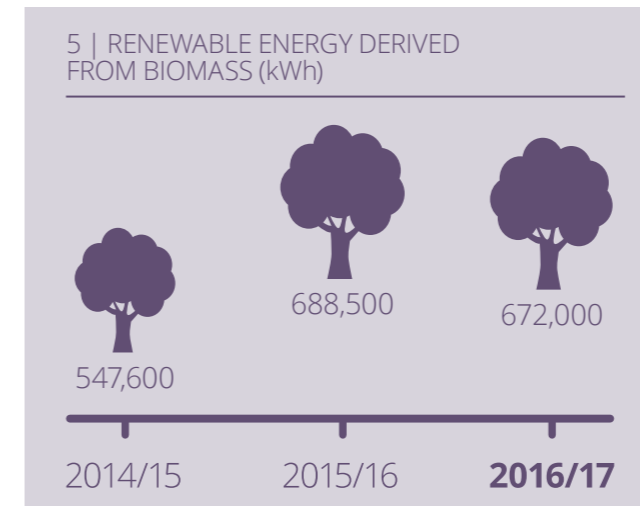


We recognise that it is important to report our performance on a transparent and accessible basis and so we are also reporting our emissions by scope. Our total gross carbon footprint for 2016/17 has increased 3% on the previous year. This is mainly due to an increase in our travel footprint but overall, we have experienced a 12% decrease in our gross carbon footprint since our baseline year.

Scope 1 emissions (e.g. from gas, oil and LPG) have decreased by 22% since baseline as result of reductions in our use of natural gas and refrigerant consumption, however, for 2016/17 we experienced a 3% increase in our scope 1 emissions due to an increase in our fleet mileage as a result of business growth. Our gross scope

2 emissions (e.g. purchased electricity) have continued to decrease for the fourth year running with an overall reduction of 25% since baseline year. This increases to 51% when reporting our net footprint, a measure that accounts for the benefit of our renewable energy purchases. Scope 3 business travel emissions (e.g. road, rail and air) have increased 21% since baseline, again due to an increase in our business mileage as a result of business growth. We continue to work to reduce these impacts in the forthcoming year.

We have successfully reduced our waste impact across our office portfolio to 97% this year as a result of effective waste management. We recognise that there is plenty more to be done to manage the waste from our projects and sites.



[§] 2015/16 restated this year due to an error in the calculation

ONE APPROACH: Environment

We understand the environmental challenges that face us and our customers. Therefore, we know the importance of striving for environmental sustainability within both our own operations and the services we deliver.

Applying One Approach in Our Business



ENGINEERING | RAIL

Our strong focus on sustainability and energy efficiency has allowed us to deliver significant environmental and financial benefits on our Stoke Gifford IEP project. At the facility, which houses the Intercity Express Programme's (IEP) new rail fleet, we developed an innovative lighting solution by utilising LEDs for the external bollards and high-bay lights. This will result in a saving of over 200 tonnes of CO₂ per year. This was a key step in helping the project achieve its environmental goals and will result in a £1m saving for our customer over the course of the contract.

200T

Utilising LEDs has resulted in a saving of over 200 tonnes of CO₂ per year



CENTRAL ICT

This year we have invested heavily in new video conferencing and Skype technology across our UK office locations. Through this investment we have enabled our employees to reduce the amount of time they spend driving on business related matters therefore reducing the risk of driving incidents, as well as our impact on the environment. Since the rollout in February 2017, over 650 Skype conferences have taken place across the business and 3,200 video calls have been made by our staff. This improved connectivity is the first step in reducing our carbon footprint from business travel.

3200

Video calls have been made by our staff since the rollout in February 2017

ENGINEERING | SAVING ENERGY IN THE BUILT ENVIRONMENT



Rising energy costs and new legislation including tougher energy reduction and sustainability targets,

makes it increasingly important for businesses to actively manage their carbon footprint. In response to this, our energy management service offers end-to-end practical solutions where we work with our customers to improve their estate wide energy performance.

Put simply, we gather data from our customers' building systems to develop an informed view of their

estate wide building performance. This data combined with our energy expertise allows us to create and implement a bespoke road map that reduces our customers' energy consumption and carbon footprint. We can then provide ongoing support to ensure that the savings are realised and maintained.

In 2016, we launched two new energy innovations. The first, Business Focused Maintenance (BFM), an output based strategic approach to maintaining and optimising buildings. By moving away from the industry standard SFG 20 maintenance regime we are using advanced data analytics to help customers understand and optimise their energy assets

in real time. The second, our new Technical Operations Centre (TOC) sees us offering dedicated technical specialists who monitor BMS systems remotely and fix any problems remotely. This again provides our customers with more dynamic energy asset management.

This year we renewed a £50m, five year contract, to provide M&E building fabric maintenance and energy management for 31 buildings across Landsec's London portfolio. Ian Burr, Head of Property Management for Landsec, said: "Having worked with NG Bailey since 2012, they have become a trusted partner from an M&E and energy management perspective".



Photovoltaic Array, NG Bailey Group Head Office

ONE APPROACH: Supply Chain

NG Bailey is committed to sustainable and responsible procurement. We recognise that we will only be able to achieve our growth aspirations by forging close, effective and sustainable supplier relationships. We capitalise on the very best input and encourage innovation from the supply chain.

Our Achievements

WORKING WITH OUR SUPPLY CHAIN

We recognise that our procurement activities have environmental, social, ethical and economic impacts. With an annual spend of over £300m, the relationship with our supply chain plays an important role in the success of NG Bailey.

We hold ourselves to high standards and so we have set out our expectations of our supply chain partners in our Responsible Procurement Charter, Code of Integrity for Suppliers and our Customer of Choice strategy. We recognise that we should act in good faith for our suppliers in order to foster close and effective relationships.

In support of this approach we:

- Report on a monthly basis against agreed payment terms to ensure compliance with our agreements. This ensures that all sub-contractors and suppliers receive their monies in accordance with the mutually agreed terms and enables them to accurately plan their cashflow

- Created additional apprenticeships within our supply chain**
At an Engineering project in Manchester we committed to up-skilling four adult trainees. These trainees are currently working through their relevant qualifications. All four are Manchester residents who through this initiative will obtain transferable skills for their future - a lasting legacy of the project
- Hosted 'Meet The Buyer Events'**
Subject to project requirements we seek to use local workforce and sub-contractors where possible. Where appropriate and alongside contractors we have delivered 'meet the buyer' events. These events help local suppliers and sub-contractors understand contract requirements and respond to the opportunities we provide

- Engaged in community initiatives**
Many of our customers have their own community programmes and we have collaborated with a number of them. We have been involved in the 'DurhamGate'

mixed use regeneration scheme, alongside Carillion and Durham County Council, where links with the Duke of Edinburgh Award Scheme give young people valuable work placements with us and our partners. We have also worked alongside Landsec, where we supported the fit out and installation of lighting, whilst providing young unemployed people with the opportunity to gain work experience and develop a variety of different skills to help benefit their future careers.



Ensuring alignment with a supply chain that can support and enable the growth of the NG Bailey business, through the safe and sustainable delivery of our projects is a strategic imperative for the Group.

Lee Marks
Group Commercial Director
NG Bailey

MARKET FORESIGHT EXECUTIVE COMMITTEE | THOUGHT LEADERSHIP

The UK construction and engineering sector faces some unique and unprecedented market challenges. The post Brexit referendum landscape remains hugely uncertain and fundamental issues such as exchanges rate fluctuation, labour supply, investor confidence and

turbulent commodity prices all have the potential to impact the sector moving forward.

As a market leading organisation, NG Bailey's response to these changes has been to set up the Market Foresight Executive Committee. This committee is

formed of a team of industry experts, clients, suppliers, investors, developers and academics that will inform and steer the NG Bailey Group Operations Executive on strategic direction, market trends and risk mitigation, exploiting opportunities and leveraging the power of the network.

ENCOURAGING INNOVATION IN OUR SUPPLY CHAIN

Our enhanced work winning programme has been established to encourage a collaborative way of working with 21 of our strategic suppliers and manufacturers. The programme has been designed to enable a more sustainable and effective way of engaging with our supply chain that will ultimately deliver benefits and efficiencies for our customers. The programme facilitates early engagement on strategic pre-tender opportunities to encourage innovation and utilisation of shared resources, for the development of winning solutions for our customers.

2016 SUPPLY CHAIN CONFERENCE

We recognise that we depend heavily upon our supply chain in an increasingly competitive market. We will only achieve our growth aspirations by forging effective supplier relationships and capitalising on the very best input and innovation from the supply chain.

It's for these reasons that in 2016/17 we developed our formal supply chain management strategy, and launched it at our Supply Chain Conference. Our Customer of Choice strategy is about more effectively communicating our strategy and pipeline and creating opportunities

for the supply chain to bring forward innovation and creativity to enhance both the work winning and operational delivery cycles. By strengthening our relationships with our supply chain we are able to minimise duplication and waste, and ensure compliance with governance and business policies.

We currently have more than 600 suppliers actively engaged in the Customer of Choice Strategy across the Group and have scheduled our next annual supply chain conference for late 2017.



This combined effort has enabled us to have a much better understanding of your business; we honestly feel that this is a very worthwhile engagement.

Darren Ingram
National Account Manager
Eaton Electrical Ltd.

CONFERENCE SURVEY STATS



The thought, preparation and timings of the event were fantastic. It gave a very comfortable and enjoyable experience. The personal touches were very well received, especially the hand written postcard from Lee Marks. It was one of the best supplier events I have attended.

Conference attendee

ONE APPROACH: Communities

We recognise that our responsibilities extend beyond our immediate operations, into the communities we work within and wider society as a whole. It is important to us that NG Bailey contributes to the communities in which we operate.

CHARITY OF THE YEAR 2016 MACMILLAN CANCER SUPPORT

During 2015 and 2016, we raised over £100,000 for Macmillan Cancer Support, our first ever charity of the year partnership. This phenomenal sum smashed our original £50,000 target. The company's employees, their friends, families, customers, suppliers and the local communities embarked on a series of challenges and adventures to raise these much needed funds. Activities included a 500 mile cycle challenge, supplier events, sportsman dinners, raffles and car washes.

CHARITY OF THE YEAR 2016 - STATS

- over **£100k** raised
- DONATE** 48 Just Giving pages created
- Two Macmillan nurses employed for a year with the money raised
- We walked, ran, cycled and swam 8,762 miles



Cal Bailey presents Matt Jameson with our fundraising cheque

CHARITY OF THE YEAR 2017 ALZHEIMER'S RESEARCH UK

Our employees voted overwhelmingly in favour of Alzheimer's Research UK becoming our 2017/18 Charity of the Year. We have set an ambitious target of raising £75,000 for the UK's leading dementia research charity. These funds will be used to help fund world-class pioneering research focusing on diagnosis, prevention, treatment and a cure for dementia.

We are absolutely delighted that NG Bailey has selected Alzheimer's Research UK to be their Charity of the Year. We have been blown away by the enthusiasm and motivation of NG Bailey staff to raise funds for our vital cause.

Jade Rolph
Corporate Partnerships Manager
Alzheimer's Research UK



Charity of the Year 2017/18 launch event hosted jointly with Landsec



Work experience students on site at the Midlands Metropolitan Hospital

FOCUS ON INSPIRE

Our school engagement programme, INSPIRE, promotes science, technology, engineering and maths (STEM) careers and changing young people's perceptions towards engineering. From careers talks and engineering workshops, to site visits and projects, our people have shared their knowledge of the industry and the pathways into it. In short, we are inspiring young people to think again about a career in STEM.

Since the beginning of One Approach, our INSPIRE Ambassadors have contributed to over 1,280 volunteering hours and have engaged with 5,176 young people across the UK. Over our reporting year we ran 43 activities and

In school they tell you that apprenticeships don't get you far. It's not looked at as a highly as university is and that you don't get paid as much. School made me not want to do an apprenticeship but NG Bailey has.

2016 Student

engaged 2,130 students across Birmingham, Leeds, London, Manchester and Reading.

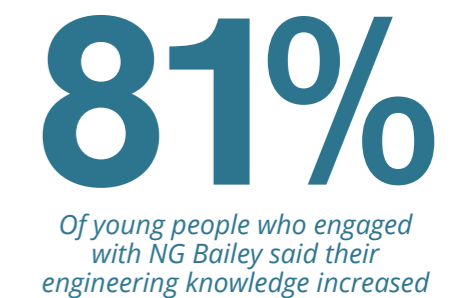
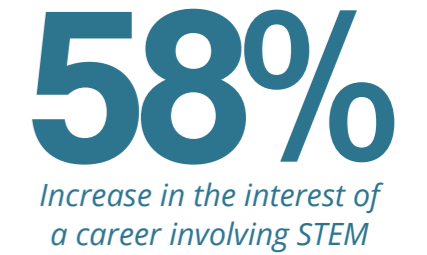
Our impact analysis shows that 81% of young people who engaged with NG Bailey through INSPIRE over the last year have felt their knowledge of engineering increased and 58% of these young people were more interested in a career involving STEM.

As part of ongoing development, this year our INSPIRE programme ran a work experience pilot at our Birmingham office. The programme was designed to enable young people to determine if a career in engineering is what they want and to assist us in identifying out future talent.

As part of the programme, six successful students were asked to 'design a sustainable hospital building'. They visited our current project, the Midlands Metropolitan Hospital, where they received first-hand advice from Project Engineers from Carillion and NG Bailey alongside a guided tour of the live site. Our employees also hosted a series of workshops for the young people.

The pilot was a huge success with participants already applying directly to our apprenticeship programme.

THIS YEAR HAS SEEN...



ONE APPROACH: Communities

We are committed to encouraging our employees to support causes close to their hearts. The Group donates money, time and resources to causes aligned with our charitable giving policy. Our policy addresses three key areas:

Charitable Giving

EMPLOYEES

We recognise our employees are our greatest asset and we are always happy to support them in their charitable actions. We appreciate employees who give their money and especially their time for registered charities and with this in mind, we aim to help them in their efforts.

EDUCATION

As a leading training provider, we support registered charities which enable excluded people in our society to develop construction skills; or charities which encourage learning in engineering or science.

SUSTAINABILITY

This is high on NG Bailey's list of priorities so we support registered charities which genuinely (and charitably) promote a sustainable future for our planet.

CHARITABLE GIVING STATS



Charitable donations made by NG Bailey in 2016/17



Education



Healthcare



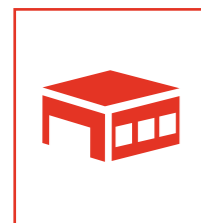
Other charities and fundraising

Breakdown of 2016/2017 charitable spend



Charities supported by NG Bailey donations in 2016/17

Applying One Approach in Our Business



FACILITIES SERVICES

This year our Facilities Services division delivered a contract for Lewisham Shopping Centre, and has provided weekly day release work experience for a local student. The student who suffers from severe dyslexia and does not thrive in a traditional educational environment was able to benefit from our teams' knowledge and experience of fire-alarm testing, power fault investigations and generator testing. The student had a real passion and capability for on the job

learning. The student's school reported that, "This placement has been perfect for him. It is very encouraging to hear our student speak of a possible future career and apprenticeship as he struggles in the school environment and has shown little aspiration. He enjoyed his time with you and this has opened new possibilities for him".

We will continue to offer work experience opportunities throughout 2017/18.



Kevin Maher leading an INSPIRE STEM session at Kingsway School Manchester

ONE APPROACH: Reporting Overview

REPORTING SCOPE

This Report is based on NG Bailey's fiscal year that runs from 29th February 2016 to 24th February 2017. It covers all material reporting units within NG Bailey Group and our Engineering, IT Services and Facilities Services divisions. The materiality has been determined by each unit's contribution to our overall impact, and its ability to influence the impact of its operations.

This year, we have revised the scope of our footprint and our environmental footprint – energy, water and waste – now consists of all NG Bailey owned and leased office locations. The footprint currently excludes impacts arising from:

- Domestic properties leased on behalf of NG Bailey. We estimate the impact of these properties to be immaterial but will work to collect this data for future reporting

- NG Bailey owned domestic properties. We estimate the impact of these properties to be immaterial but will work to collect this data for future reporting
- Agricultural or farming properties and activity. This activity is not material to the NG Bailey business
- Our projects and sites due to the limited availability of accurate data. For 2017/18 reporting, we will continue to work to improve the quality and availability of this data so we can report this impact in the future, particularly where we are the principal contractor
- Storage locations used during the course of our business. These leasehold spaces are immaterial to our floorspace footprint and are not considered a main place of work therefore consumption is likely to be minimal.

Where the scope of reporting has changed from the previous years we have taken the appropriate steps to ensure that the information presented is comparable. Where possible, the Report provides up to three years of historical information so that there is sufficient basis for comparison.

The emission factors used in the calculation of the carbon emissions are the 2016 DEFRA conversion factors for greenhouse gas company reporting.

Our Health and Safety performance incorporates all RIDDOR injuries reported by employees and sub-contractors within NG Bailey Group and our Engineering, IT services and Facilities services divisions.

The financial performance included in the Report has been subject to external audit and supports and adheres to the principles contained within the UK Corporate Governance Code. Full details of our financial performance can be found in our financial statements which are filed at Companies House.

GOVERNANCE AND ASSURANCE

This report has been subject to review from employees within the business who have primary responsibility for the management of the data and content presented in the report.

Selected data as outlined below has been subject to review by our internal audit function.

- Carbon dioxide emissions per employee 2016/17, 2015/16 and 2014/15

- Renewable energy derived from biomass for 2016/17, 2015/16 and 2014/15 reporting years
- Solar energy generated on our sites for 2016/17, 2015/16, 2014/15
- Total carbon saved for our customers in 2016/17
- Energy savings, cost savings and % reduction for Landsec project in 2016/17

- Accident Frequency Rate (AFR)
- Number of RIDDOR incidents for 2016/17.

For the first time this year we have also submitted these results to the audit committee. We will continue to strengthen the governance surrounding our reporting in the future.

COMMITMENT STATUS KEY:

Target achieved/exceeded ✓

On target =

Behind target ✗

HEALTH & SAFETY | OUR PERFORMANCE THIS YEAR

One Approach Commitment:	2016/17 commitments:	Performance update:
✗ We will relentlessly pursue zero accidents by embedding Safety First & Foremost in all that we do	1a) Cut RIDDOR accidents 1b) Increase near miss reporting	1a) Although we experienced an increase in our RIDDOR incidents, our accident frequency rate continues to be well below the industry average. We are committed to ensuring the safety and wellbeing of all those that work for us. 1b) This year we have experienced an 17% increase in near miss reporting since the last reporting year, a total of 3,761 reported in the period.
2017/18 commitments: Continue to implement and embed G.L.O.B.E across our business in support of a reduction in RIDDOR accidents and ensuring everyone goes home safe and well every day.		
= We will develop a leading 'health and wellbeing' programme	Deliver a successful health awareness week	Although we did not deliver a health awareness week, other communications were rolled out across our business including an occupational health campaign addressing "The dangers of dust" and promotion of our Employee Assistance Programme (EAP).
2017/18 commitments: To raise awareness of mental health issues across the Group and provide practical training for selected employees.		
✓ We will be a leader in health and safety in our sector	Retain our RoSPA Presidents award	NG Bailey Group received a 'Highly Commended' in the Construction Engineering category, whilst also maintaining our President's award. A further 10 RoSPA Gold awards were also won in 2016/17.
2017/18 commitments: To transition our Health and Safety Management system from OHSAS 18001 to the new OHSAS 45001 standard ensuring our people have the necessary tools to efficiently and proactively manage Health and Safety across our business.		

CUSTOMERS | OUR PERFORMANCE THIS YEAR

One Approach Commitment:	2016/17 commitments:	Performance update:
✓ We will work to support our customers' sustainability goals	We will continue to take our customers sustainability commitments seriously and compete to meet and exceed them	We continue to engage with our customers and have been successful in achieving several awards in recognition of our work in this area. For example we won the Energy Managers Association award for Most Inspiring Energy Reduction Project for our work with Landsec this year.
2017/18 commitments: Continue to take our customers sustainability commitments seriously and engage with our customers to understand those sustainability issues that are most material to them.		
✓ We will comply 100% with our ethical working policy	Continue to review and apply the Ethical Working Policy to every project	We continue to comply with our ethical working policy and have committed to undertake a review of the policy in 2017/18.
2017/18 commitments: Conduct a review of the policy to ensure it remains aligned to stakeholder expectations whilst continuing to review and apply the Ethical Working Policy to every project.		
✗ We will continually improve our customer satisfaction survey score	We aim to improve our Net Promoter Score to 30 by the end of 2016	For 2016/17, we maintained our score of 25 but are committed to achieve a world class score of 30 by 2020.
2017/18 commitments: Continue to work to improve our Net Promoter Score with a view to achieving a world class Net Promoter Score of 30 by 2020.		

COMMITMENT STATUS KEY:

Target achieved/exceeded ✓

On target =

Behind target ✗

PEOPLE | OUR PERFORMANCE THIS YEAR

One Approach Commitment:	2016/17 commitments:	Performance update:
✗ We will be recognised as one of the UK's best employers	We aim to further improve our 'Best Companies' score	We are proud to have maintained our "One to Watch" status this year but our overall score slightly reduced. The reduction arose from the one area of our business that was subject to restructuring in the past year and so we hope that our scores will improve in this area in our next submission.
<p>2017/18 commitments: We will continue to measure our levels of employee engagement throughout the year using our Pulse Survey with the aim of continuous improvement.</p>		
✗ We will be the market leader in the provision of apprenticeships - extending our scheme to allow a wider and more advanced level of qualification	We aim to increase the number of female apprentices by 5% year on year	This year saw a 3% increase in the number of female applicants to the programme and a continued expansion of the programmes on offer including our first degree level legal apprentice.
<p>2017/18 commitments: We aim to increase the number of female applicants by 5% year on year and add a minimum of two new higher or degree level apprenticeships to the programme each year.</p>		
= We will achieve Investors in Diversity status	We aim to achieve Leaders in Diversity by the end of 2016/17	This year we were awarded UK Engineering Company of the year at the National Centre for Diversity's Grand Awards in recognition of our efforts in 2017. Our Fairness, Inclusion and Respect Strategic Leadership Group made the decision to revise our target of achieving Leaders in Diversity in 2016/17 to the end of 2018 in order to allow the effects of our current activities to be felt throughout the business.
<p>2017/18 commitments: We aim to achieve Leaders in Diversity status by the end of 2018.</p>		

ENVIRONMENT | OUR PERFORMANCE THIS YEAR

One Approach Commitment:	2016/17 commitments:	Performance update:
✗ We will save our customers more CO ₂ than we emit by 2018	We aim to increase the CO ₂ savings delivered to our customers to 150,000tCO ₂ e	We continue to save our customers more CO ₂ than we emit and in the 2016/17 year we saved our customers over 122,000tCO ₂ e.
<p>2017/18 commitments: Continue to save our customers more CO₂ than we emit and work to increase the CO₂ savings delivered to our customers beyond our achievement in 2016/17.</p>		
✓ We will send zero waste to landfill and champion innovation in water use	Increase our landfill diversion rate above 89%	This year we achieved a landfill diversion rate of 97% for our office locations.
<p>2017/18 commitments: Continue to maintain a landfill diversion rate above 92%.</p>		
✓ We will cut our CO ₂ emissions by 20% per employee from a 2012 baseline	We aim to reduce emissions to below 2.5tCO ₂ e per employee	We are pleased to report that we have achieved a 19% reduction in our total net tCO ₂ e footprint per employee since our baseline year. This is equivalent to 2.0tCO ₂ e per employee.
<p>2017/18 commitments: This year we have re-baselined our carbon footprint and we remain committed to achieving a reduction of 20% in CO₂ emissions.</p>		

COMMITMENT STATUS KEY:

Target achieved/exceeded ✓

On target =

Behind target ✗

SUPPLY CHAIN | OUR PERFORMANCE THIS YEAR

One Approach Commitment:	2016/17 commitments:	Performance update:
✓ We will use new technologies, including BIM, to eliminate waste when procuring materials	We aim to participate and influence the development of BIM Industry guides and protocols, and support the growth of our network of trained BIM practitioners	NG Bailey has collaborated with CIBSE to develop BIMHAWK. This innovative tool demonstrates what can be achieved when working effectively with others and as a result has been awarded 'BIM Initiative of the Year' at the H&V News Awards 2017.
<p>2017/18 commitments: Continue to grow and support our network of BIM practitioners, contributing to the development of tools, protocols and BIM industry guides.</p>		
✓ Through collaboration we will deliver excellent sustainable solutions for our customers	We will deliver our Customer of Choice strategy	We successfully rolled out our customer of choice strategy to over 50 suppliers at our supplier conference in May 2016 and have since distributed the strategy to over 600 companies.
<p>2017/18 commitments: We will complete the business wide roll out of the Customer of Choice strategy and work to ensure that all our divisions have identified those strategic suppliers that can help deliver innovative sustainable solutions to our customers.</p>		
= We will achieve the Government's sustainable supply chain Flexible Framework Level 5 standard	We will achieve Level 3 of the Flexible Framework by the end of 2016	We did not achieve the Flexible Framework audit by the end of 2016, but our performance has now been audited and we successfully achieved Level 3 of the Flexible Framework.
<p>2017/18 commitments: In the forthcoming year, we will examine the potential of applying and adopting the ISO20400 sustainable procurement standard.</p>		

COMMUNITY | OUR PERFORMANCE THIS YEAR

One Approach Commitment:	2016/17 commitments:	Performance update:
✓ We will encourage our employees to support causes close to their hearts	We will continue our partnership with Macmillan to September 2016 and announce a new partnership for 2017	We successfully raised £101,000 in support of Macmillan, our 2016/17 Charity of the Year. Our 2017/18 Charity of the Year, as voted for by our employees is Alzheimer's Research UK. We are delighted to be partnering with them to help tackle dementia.
<p>2017/18 commitments: We will seek to raise over £75,000 by the end of June 2018, in support of Alzheimer's Research UK, our Charity of the Year for 2017/18.</p>		
✓ Each of our projects will implement a community impact plan	We aim to increase our Community Impact audit score	We have successfully increased our Community Impact score in 2016/17 to 93%.
<p>2017/18 commitments: Continue to increase our community impact audit score and examine ways in which to integrate community impact plans into the delivery of our INSPIRE programme.</p>		
✓ By 2018, for every person we employ we will have helped another two young people to be more successful in their future careers	We aim to have engaged over 4,000 young people through INSPIRE, and to have rolled out the programme nationally	In 2016/17 we engaged with 2,130 young people through our INSPIRE programme, and overall we have engaged with 5,176 young people. We have delivered activities in five of our key locations and will seek to expand the programme's reach over the forthcoming year.
<p>2017/18 commitments: We aim to have engaged with 5,500 young people through INSPIRE, and continue to deliver and promote the programme nationally.</p>		

PASSION | INTEGRITY | EXCELLENCE

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