Morgan Sindall
Corporate Policy

Sustainable Procurement

Revision Schedule

<table>
<thead>
<tr>
<th>Revision no.</th>
<th>Date</th>
<th>Details of change</th>
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<tr>
<td>Rev 1</td>
<td>Sep 12</td>
<td>First Issue</td>
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Sustainable Procurement Policy Statement

Morgan Sindall plc considers that one of the greatest opportunities for improving its sustainable performance and that of its customers and supply chain is through its procurement processes. This is in line with the Total Commitment to Sustainability including the elements of people, planet and profit.

This policy outlines the key sustainable procurement principles, as established by BS8903, where Morgan Sindall will take continual and positive steps to improve its performance with focus on:

- The use of responsibly and ethically sourced materials
- The re-use of materials and use of materials with a high recycled content
- Waste minimisation and recycling
- The avoidance of toxic or hazardous materials
- Avoidance of refrigerants with a high global warming potential
- The use of materials with a low embodied impact
- The use of durable materials
- Labour sourcing
- Increasing accessibility to a diverse range of suppliers
- Supporting local economies through employment and skill programmes
- Energy supplies and carbon
- ICT hardware
- Vehicles, fuel and logistics, and
- Communication and training

Morgan Sindall will address delivery of these performance areas through the following processes:

Materials procurement
All materials, whether for permanent or temporary use, purchased by Morgan Sindall or through its supply chain will support the requirements of BREEAM or other sustainable schemes. Purchase of materials will also be against certified schemes including BES 6001 (minimum of ‘good standard’), ETI or other applicable standards.

In addition, all timber will be compliant with the UK Governments timber procurement policy and purchased in line with the Morgan Sindall Group’s timber policy.

Morgan Sindall will purchase all other materials in line with its minimum standards and specification.

Supply chain selection and management
The supply chain will subscribe to the principles in respect of procurement as set out in this policy when on Morgan Sindall projects, which includes material selection, labour sourcing and site set up standards. Information collation will be via prequalification questionnaires, invitation to tender forms and Builders Profile.

A documented EMS, where appropriate to BS8555, ISO 14001 or EMAS is expected of Morgan Sindall’s supply chain.

Asset management
This refers to directly purchased energy supply; site and office set up standards, office refurbishment and office procurement activities including ICT. Minimum standards will apply for each of these areas.

Graham Edgell
Group Procurement Director
July 2012
1. Purpose

To support the requirements of Morgan Sindall Group plc.’s Total Commitment to Sustainability, Morgan Sindall plc sustainability strategy, set out minimum standards for sustainable procurement and deliver sustainable improvements.

2. Scope

This policy statement will apply to all Morgan Sindall plc projects and to joint venture and framework projects in agreement and through negotiation with customers, partners and contract specific objectives.

The objective of this policy is also to incorporate the requirements of and support sustainability rated schemes such as BREEAM, CEEQUAL and the Code for Sustainable Homes and identify measures and requirements for inclusion and community engagement on all projects.

3. Policy

3.1 The use of responsibly sourced materials

The implications of sourcing and using materials connected with child and forced labour, illegal activities including logging, significant environmental damage, or where worker rights are not respected can have significant impact on business reputation.

To mitigate this risk, Morgan Sindall will source its materials on a ‘responsibly sourced basis’ i.e. against the standards of BES 6001, ETI, or other applicable standards as appropriate.

Morgan Sindall Group has a separate and specific policy to address the purchase of timber and timber products in line with UK Governments timber procurement policy and as set out in CPET.

3.2 The re-use of materials and use of materials with a high-recycled content

Sourcing of virgin materials, particularly those from non-renewable sources can have a lasting and permanent impact on the environment.

It is Morgan Sindall’s policy to encourage the re-use and sourcing of materials with high recycled content to help stimulate the market and reduce the impact of its projects on the environment.

Protocols including the Cl:aire Code of Practice and WRAP Quality Protocol will be applied to bulk materials, seeking to both source and reuse these materials where practical.

Morgan Sindall will engage with its supply chain to source and use materials and goods that have a high recycled content where possible. This commitment will extend to materials used on its projects as well as those used in its offices e.g. office stationery.

3.3 Waste minimisation and recycling

The application of the waste hierarchy is fundamental to Morgan Sindall’s approach to waste management, most notably looking to avoid or eliminate the production of waste as a first step. This is in alignment with the Total Commitment to reducing waste and its associated target.

The supply chain has an active role to play in achieving this through its design of standard size products, control of packaging, management of delivery avoiding damage and offering take-back and surplus product recycling opportunities.

Morgan Sindall policy is to work with suppliers who can assist in this aspiration.
3.4 The avoidance of toxic or hazardous materials
Exposure of the workforce, the users of the assets constructed and the wider environment to materials that contain potentially toxic or harmful materials, while often strictly governed by legislation, will in addition be avoided wherever possible.

It is recognised that some specialist materials, may well have toxic or harmful properties but cannot be avoided, as no alternative is available.

It is Morgan Sindall's policy to seek out and use non-toxic materials, or where unavoidable to consider less harmful materials. Where toxic materials are to be used, these will be sourced from manufacturers that have environmental management systems, to ISO 14001 or other appropriate standards, and where they are working to reduce the environmental impact of production and use of those goods.

3.5 Avoidance of refrigerants with a high global warming potential
The contribution of certain refrigerants and other gases to ozone depletion, global warming and climate change is well recognised. Significant regulation controls the use of these gases including the ban on CFC's and HCFC's in line with the requirements of the Montreal protocol.

Morgan Sindall's policy is to procure and install cooling systems with contemporary refrigerants that have as low a global warming potential as practical for the intended use. Furthermore, the removal and disposal of redundant cooling equipment will be in line with legal requirements including degassing or draining being completed by competent persons and the provisions of the WEEE regulations.

3.6 The use of materials with a low embodied impact
The manufacture of goods and materials can have a significant and detrimental impact on the environment and communities where produced if not conducted responsibly.

To reduce the risks associated with use of high impact materials, Morgan Sindall will seek to identify and use materials that have a low-embodied impact, including reduced carbon footprint, and extending to water foot printing where it is appropriate. Consideration and selection will extend to assessing manufacturing processes and potential by-products and wastes.

3.7 The use of durable materials
The selection of materials that are durable can contribute to an overall reduced impact that would otherwise arise due to the need to conduct repairs, maintenance and replacement works that would draw on natural resources.

A balance needs striking between highly specified and highly durable materials, those that are less resilient and the business case for use and selection of durable materials.

Morgan Sindall's policy is to identify, promote and attempt to influence the decision-making processes for the selection of more durable materials mindful of the overall business case and life cycle costing.

3.8 Labour sourcing
Respecting worker rights in line with the UN Global Compact and ETI is fundamental to Morgan Sindall’s approach, not least of all protecting the health, safety and wellbeing of employees including subcontractors and suppliers. Furthermore, Morgan Sindall is aware of the implication of fair payment terms such as the London Living Wage.

As a UK based operation, Morgan Sindall’s policy is to comply with all applicable national and EU labour rights and employment laws. We also expect our supply chain partners to comply with applicable national and EU laws, to observe fair employment practices, not to act in an unlawful or discriminatory manner and demonstrate this through policies, procedures and other evidence.
Morgan Sindall will seek to expand and draw upon the widest possible group of individuals, including those from under-represented groups, to enhance its approach to inclusivity and diversity.

3.9 Increasing accessibility to a diverse range of suppliers
Increasingly, the challenge for the business is to address localism activities through increasing the accessibility to opportunities of a range of diverse suppliers including SMEs, social enterprises and organisations owned by under-represented groups. Morgan Sindall will establish systems and processes for the selection of its supply chain that will allow for as wide a selection process as practical and will support diverse suppliers’ access to opportunities.

3.10 Supporting local economies through employment and skill programmes
As part of the localism agenda, the challenge for the business is the way in which it provides support for local economies.

Morgan Sindall will continue with its graduate recruitment programme and will work with its supply chain on larger projects to seek the placement and introduction of apprentices into the workforce, thereby promoting sustainable and local employment opportunities and addressing potential skills gaps in the industry.

3.11 Energy supplies and carbon
Through participation in the Achilles CEMARS certified programme it has been identified that travel, use of bulk fuels and electricity supply are, respectively, the three largest contributors to our carbon emissions footprint. Morgan Sindall has a specific total commitment to reducing its energy consumption and carbon emissions as well as an associated target.

Morgan Sindall policy will be to reduce these impacts through the selection and use of energy efficient vehicles and plant as well as to influence behaviours in use.

Measures will be implemented to monitor, record, and manage energy consumption with a view to seeking to reduce usage. Through its supply chain, Morgan Sindall will continue to assess new equipment options, sources of renewable energy and innovation and implement use where the business case allows.

3.12 ICT hardware
The provision and use of ICT hardware can have a significant impact both in the use of materials in the hardware, its usage and power consumption, and its ultimate reuse, recycling or disposal.

Morgan Sindall policy is to assess regularly, with its supply chain partners, the types of equipment purchased, its manufactured metals and potential harmful content, and energy performance with objective of sourcing hardware with the lowest impact subject to business case.

The purchase of hardware will be undertaken being mindful of the durability, reuse and recyclable potential.

3.13 Vehicles, fuel, and logistics
With an extensive fleet of commercial vehicles, company and lease cars, the potential impact associated with poor selection of vehicles both on business efficiency, driver comfort and carbon impact can be high.

Morgan Sindall’s sustainable approach to the procurement of vehicles will be to encourage the assessment of usability, practicality, carbon impact, maintenance and useable life (durability), total operating cost, etc. as part of a matrix assessment. Manufacturers continue to improve vehicle performance and a watching brief will be maintained by the Plant Director to make sure that the principles of this policy are re-assessed at regular intervals (minimum annually) and to ensure that the most appropriate vehicles are selected.
Supplemental vehicle and company car policies support this statement.

Fuel management is a key facet of Morgan Sindall's approach to reducing its carbon footprint. Morgan Sindall will monitor vehicle mileage and fuel consumption of its fleet on a regular basis to ensure the principles of reducing environmental impact are maintained.

3.14 Communication and training
This policy statement will be communicated to all employees and supply chain partners so that they are fully aware of the principles set out herein. Morgan Sindall's goal is to build the capacity of supply chain partners to deliver in a sustainable manner.

Morgan Sindall also supports the Supply Chain Sustainability School initiative that seeks to up-skill its supply chain partners in the subject of sustainability. Morgan Sindall will train its own teams and staff to an appropriate level in the sustainability topic.

4. Arrangements
The Group Procurement Director will review this policy at least annually.

To ensure consistency of approach, the Morgan Sindall Sustainable Procurement Forum and the Sustainability Forum will also review the principles of this policy.

This policy will be freely distributed via the internet and intranet sites; will be provided to supply chain partners, and issued to customers and the public on request.

5. Glossary of terms

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Title</th>
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<tr>
<td>BREEAM</td>
<td>Building Research Establishment Environmental Assessment Method – <a href="http://www.breeam.org">www.breeam.org</a></td>
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<td>BS 8555</td>
<td>BS 8555:2003 Environmental management systems. Guide to the phased implementation of an environmental management system including the use of environmental performance evaluation</td>
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<td>CEEQUAL</td>
<td>Civil Engineering Environmental Quality Assessment and Award Scheme / Sustainability Assessment and Awards for Civil Engineering, Infrastructure, Landscaping &amp; the Public Realm – <a href="http://www.ceequal.com">www.ceequal.com</a></td>
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<td>CEMARS</td>
<td>Carbon Emissions Monitoring and Reduction Scheme run by Achilles – <a href="http://www.achilles.com">www.achilles.com</a></td>
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<td>CFC</td>
<td>Chlorofluorocarbons – an organic gaseous compound commonly found in refrigerants and propellants. Most are banned.</td>
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<td>Cl:aire</td>
<td>Contaminated Land: Applications in Real Environments – <a href="http://www.claire.co.uk">www.claire.co.uk</a></td>
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<td>CPET</td>
<td>Central Point of Expertise on Timber Procurement - <a href="http://www.cpet.org.uk/">http://www.cpet.org.uk/</a></td>
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<tr>
<td>EMS</td>
<td>Environmental Management System</td>
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<td>EMAS</td>
<td>Eco Management and Audit Scheme - <a href="http://ec.europa.eu/environment/emas/index_en.htm">http://ec.europa.eu/environment/emas/index_en.htm</a></td>
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### Policy

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<tr>
<th>ETI</th>
<th>Ethical Trading Initiative <a href="http://www.ethicaltrade.org">www.ethicaltrade.org</a></th>
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<tr>
<td>HCFC</td>
<td>Hydrochlorofluorocarbons - an organic gaseous compound commonly found in refrigerants and propellants. Being phased out of use and banned.</td>
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<td>SME</td>
<td>Small and Medium Enterprise</td>
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<td>WEEE</td>
<td>Waste Electronic and Electrical Equipment regulations</td>
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<td>WRAP</td>
<td>Waste and Resources Action Program <a href="http://www.wrap.org.uk">www.wrap.org.uk</a></td>
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### 6. Authors

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<tr>
<th>Name</th>
<th>Position in Company</th>
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| Brian Handcock     | Head of Sustainability & Environment         | Email: [Brian.Handcock@morgansindall.com](mailto:Brian.Handcock@morgansindall.com)  
|                    |                                              | Telephone: 01788 534500                                |
| Penny McCallum     | Sustainability & Environmental Manager       | Email: [Penelope.McCallum@morgansindall.com](mailto:Penelope.McCallum@morgansindall.com)  
|                    |                                              | Telephone: 01223 836611                                |