

CONFIDENCE AND TRUST

Our reputation gives our customers, employees, stakeholders, suppliers, investors and the communities in which we operate the confidence and trust to do business with us.



“Henry Boot is a great place to work and we are all proud to work here. Our customers sing our praises too, commenting that we go the extra mile and that we can be depended on to do a great job.”

John Sutcliffe
Chief Executive Officer

During 2016 we launched a key internal communications plan which gave priority to involving all our employees with shaping our business going forward. Through our Speak Up and Speak Out campaigns we have encouraged our employees and other stakeholders to develop and discuss ideas to improve our ways of working (Speak Up) and have reiterated our commitment to deal with issues which may cause our employees concerns by renaming our confidential helpline (Speak Out).

We also joined BITC (Business in the Community) who will be working with us throughout 2017 to develop our Responsible Business Strategy to support both our business strategies and One Henry Boot; this project sits with the Operational Board to ensure consistency in approach and deployment within all our operating businesses.

We continue to face a number of challenges; we must continue to act fairly and responsibly, ensuring all our stakeholders are provided with a safe environment in which to work and making positive progress by trading responsibly and being a great employer.

Rachel White
Head of HR

What does Corporate Social Responsibility mean to Henry Boot?

Our commitment to being a sustainable business underpins everything that we do; this ethos is fully integrated into our day-to-day operations and it is of the utmost importance for us to demonstrate to our stakeholders our approach and its impacts.

We consistently review and address the key social, ethical and environmental impacts of our operations in a way that aims to bring value to all our stakeholders;

our programme supports our approach of acting responsibly whilst we continue to grow, with continuous improvement lying at the heart of our business.

A responsible company is one which will succeed and continue to grow and develop; during 2016 we have worked collaboratively to realign our values and behaviours to develop a cohesive framework: 'One Henry Boot'. This will be rolled out in 2017 and will be included in our annual report for that financial year.

PEOPLE

The Group's employees are at the heart of all that we achieve. Our people are highly talented, successful and motivated individuals who are essential to the success of the Group. We are committed to ensuring that we have the right people working for us.

"I was so surprised when I was ushered in to the Boardroom with everyone there to help celebrate my 80th birthday. I love working at Banner Cross Hall. It is always enjoyable and I would get bored at home. All the staff are so pleasant and kind, I look after them and they look after me."

Pauline Dungworth
Canteen Assistant

Pictured Pauline Dungworth celebrating her 80th Birthday with colleagues at Banner Cross Hall.



Our approach

Employee engagement and employee satisfaction are crucial to continued improvement and success across all of our businesses. It is important we are able to create an environment that enables us to attract and retain the right people to work at every level, who are committed to working together, and who support our core values.

Working at Henry Boot means working in an inspiring and developing environment where our people are a valuable asset; we are committed to providing a working environment in which our employees can develop to achieve their full potential and have opportunities for both professional and personal development.

We have established policies for recruitment, learning and the development of our employees; we remain committed to investing the time and resource to support, engage and motivate our employees to feel

valued, to be able to develop rewarding careers and want to stay with us, and we recruit and promote from within wherever possible.

As our businesses continue to develop and grow, we understand that by retaining and inspiring effective and committed employees, we can continue to deliver excellence to all.

Human rights

Henry Boot PLC is committed to the UN's Guiding Principles on Business and Human Rights. Protecting and preserving human rights is embedded in our culture and is fundamental to our core values. This is reflected in our policies relating to anti-corruption, diversity, and whistleblowing, coupled with our actions towards our people, suppliers, clients and the communities in which we operate.

 Read about the **One Henry Boot** project on pages 14 and 15

Modern slavery

We recognise our responsibilities in relation to our wide and varied supply chains, and we actively engage with our suppliers to ensure that they share our core values and comply with relevant legislation. We support and welcome the introduction of the Modern Slavery Act 2015; this legislation is in line with and complements our core values and we applaud any measures which seek to bring greater transparency and scrutiny into our various supply chains, in order to combat slavery and human trafficking activities.



Read more details at
www.henryboot.co.uk

Diversity and inclusion

The approach of Henry Boot PLC is underpinned by our belief that all individuals should be treated fairly and should have access to equal opportunities regardless of their status. Our Equality & Diversity Policy states that no prospective employee should receive less favourable treatment on the grounds of, amongst other characteristics, disability. We have continued the employment, wherever possible, of any person who becomes disabled during their employment with us, and opportunities for learning, career development and promotion do not operate to the detriment of disabled employees.

Gender pay equality

In advance of the adoption of the Equality Act 2010 (Gender Pay Information) Regulations 2017, which will place an obligation on us to report on our gender pay gap, we commissioned a report based on our 2016 data to establish our baseline early.

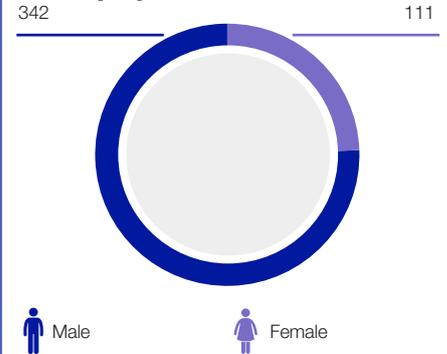
Our gender pay gap is currently 29.9%, which for Henry Boot is reflective of the ratio of men and women employed at just over 3:1 rather than an issue relating to how we pay our people.

We have a disproportionate number of women in all roles and therefore our data is skewed; we believe that without a representative increase in the number of women we employ, the gap will be difficult to reduce. We have a number of our high profile female employees involved in initiatives to encourage women into construction and its associated industries; we also have a number of employment policies in place around flexible working which we hope will see our gender split decrease over time and have a positive impact on our gender pay gap.

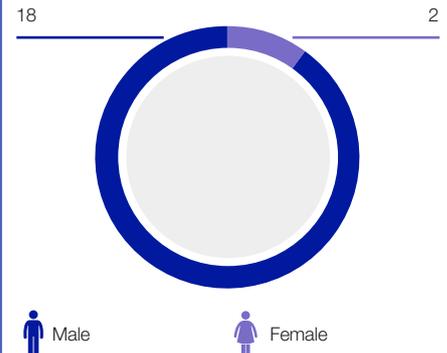
Pictured Henry Boot Construction won the Team of the Year award for the University of Derby, St Helena campus project at this year's Efficiency East Midlands Building Communities Awards.



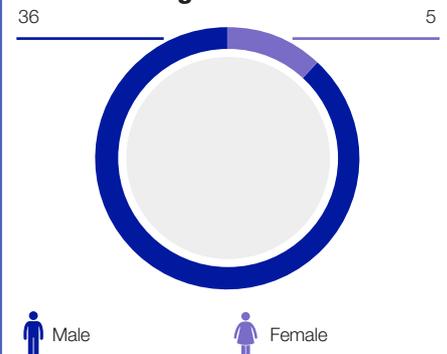
All employees



Directors

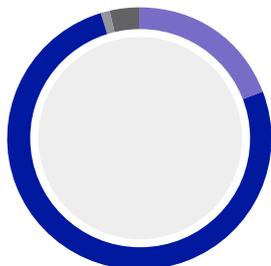


Senior managers



All figures are at 31 December 2016

As at 31 December 2016 the active membership of the pension arrangements stood at (employees):



	The Henry Boot Staff Pension & Life Assurance Scheme	87
	Henry Boot PLC Group Stakeholder Pension Plan	342*
	Road Link (A69) Limited Pension Plan	5
	Stonebridge Projects Limited Pension Plan**	15

* 47 employees within this total have invested their residual salary from The Henry Boot Staff Pension and Life Assurance Scheme into the Henry Boot PLC Group Stakeholder Pension Plan

** Now a category within the overall Henry Boot PLC Group Stakeholder Pension Plan.

Our pension arrangements

During 2016 we continued to operate two pension schemes; employees are members of either The Henry Boot Staff Pension and Life Assurance Scheme (defined benefit pension closed to new members in 2004 and subject to a salary cap from 2012) or the Henry Boot PLC Group Stakeholder Pension Plan (defined contribution pension).

Employees who are members of The Henry Boot Staff Pension and Life Assurance Scheme have the opportunity to join the Henry Boot PLC Group Stakeholder Pension Plan, investing their residual salary i.e. the difference between their actual salary and their capped pensionable salary in The Henry Boot Staff Pension and Life Assurance Scheme.

In 2016, we also offered our Henry Boot PLC Group Stakeholder Pension Plan to Stonebridge Projects Limited employees in advance of their auto-enrolment date of February 2017.

Henry Boot PLC has implemented the UK's auto-enrolment pension requirements; this is provided by AVIVA. Employees are informed of auto-enrolment and other pension choices through letters and online via the Group Intranet.

Our performance

As part of our push for excellence amongst our employees, we have robust recruitment procedures in place. Continuing from 2015 we saw a further increase in levels of recruitment in 2016 across all our businesses, and are cautiously optimistic about the future. Our turnover remains low at 12.4%.

We offer a wide range of learning and development opportunities for our employees across our businesses; we believe that offering the right learning and development opportunities will help to ensure our employees feel supported and equipped to carry out their role to the best of their abilities. Our employees are

able to access a range of development tools and job specific training appropriate to their needs; we ensure that relevant and appropriate training is provided as job specific training covering the technical and operational skills. We also offer individual learning to support an employee's personal needs and provide mandatory training in health and safety, first aid and manual handling to ensure the welfare of our employees is maintained.

In 2016 we delivered 1,057 (2015: 1,203) taught training days; in addition to this and in recognition of the diverse range of skills within our workforce there was also an unquantifiable amount of ad-hoc learning and development which takes place on a daily basis on our sites, in our offices and depots. In response to employee requirements and the further development and enhancement of e-learning provision we now deliver a range of courses by this medium which allows our employees to refresh specific technical skills from their desks.

In 2016 we recruited 15 trainees and apprentices across our businesses; all trainees and apprentices are enrolled on formal courses of education and have development plans in place to gain operational and technical knowledge from mentors. Our preferred succession planning method is one of in-house development and growth; consequently we also have a number of experienced employees enrolled on formalised education programmes to enhance their skills and knowledge in anticipation of career development and promotion within the business in which they operate.

We anticipate an increase in the number of apprentice recruits in 2017 primarily as part of our succession plans but also in response to the introduction of the Apprenticeship Levy.

HEALTH AND SAFETY

A fundamental commitment of the Company is to ensure that the health, safety and welfare of the Company’s employees, stakeholders and the wider public is safeguarded.

Our approach

Henry Boot PLC continues to focus on health and safety as our primary business priority; we remain committed to providing a safe and healthy working environment for our employees, stakeholders and contractors. We operate all our business activities on the principle that good management of health and safety is fundamental in creating a safe and healthy environment, and contributes to improving our business performance. We expect our managers to manage all aspects of our business in a safe manner, and employ practical measures to ensure our business activities do not harm or pose unacceptable risks.

We have developed practical and safe systems of work which is borne out by the Company’s exemplary safety statistics; continuous improvement is a key driver and we cannot stand still on this vital area of risk management. All employees receive health and safety training relevant to the job role they perform. By developing communications and knowledge in this key area we are enabling our employees to improve the way we recognise hazards and reduce risk.

Our performance

We continue to benchmark our health and safety performance against Constructing Excellence Health and Safety Key Performance Indicators; we are delighted to report that for another year our Accident Frequency Rate (AFR) for our directly employed employees is again zero.

We have seen an increase in hours worked contributing to an increase in our AFR to 0.17 per 100,000 hours worked including our subcontractors (2015: 0.08); whilst any increase is disappointing we are pleased

to report that our Accident Incidence Rate (AIR) per 100,000 workers is above industry average at 84%.

As a further check to ensure the Company processes and procedures are robust, and to test our procedures to the limit, we commissioned a ‘mock trial’ which was facilitated by law firm Nabarro LLP. Undertaken in Autumn 2016, all key decision-makers within our operational businesses, Managing Directors, Directors and Non-executive Directors were included in the process. A full ‘de-brief’ was held with those involved to communicate and discuss the outcome and learn points from this.

Following on from our commitment in 2015 to the IOSH No Time to Lose campaign, in 2016 we supported the Breathe Freely campaign which is a collaborative initiative led by BOHS in partnership with key organisations within the construction industry. The provision of a healthy working environment is one of our key objectives and we are fully committed to supporting the campaign’s aim of raising awareness of the causes of work-related ill health and disease, continuing to raise awareness and sharing best practice to collectively help improve well-being and reduce occupational lung disease within the construction industry.

We continue to receive recognition for our efforts in managing health and safety and we were again recipients of the RoSPA Gold Medal Award, RoSPA Silver Award for our project at Yeadon, CIOB Celebrating Construction in South Yorkshire Health & Safety Award and CIOB Celebrating Construction in Humber & West Yorkshire Health & Safety Award.

“We have modernised our overall ethos toward health and safety strategy. We recognise the need for health and safety to be incorporated into our wider holistic approach to operations and we empower our people to work within this framework”

Brendon Keown

Group Health, Safety and Environmental Manager

Awards



OUR COMMUNITIES

We are dedicated to supporting our communities both where we are based and throughout our UK-wide operations.

Our approach

As a Group we contribute to the social and economic impacts to the communities in which we operate. With a nationwide presence, and a regionalised focus in Yorkshire, we offer support to a wide range of charities and organisations of all sizes, by working to provide them with donations that are of most benefit to them and their particular cause, whether it be a financial donation or our wide and varied expertise.

Our areas of focus are:

- Charities and organisations local to our business operations;
- Charities and organisations that support educational improvements for children/ adults;
- Charities and organisations that support social improvement through sport.

Where a request for support falls outside of this criteria, we signpost the applicants (if eligible) to South Yorkshire Community Foundation where the Company has a number of endowment funds which offer grants. Further details are on our website.

Our performance

We continue to support and promote a wide range of charitable giving and community volunteering initiatives by employees, focusing on activities that best reflect the needs of their local community and issues of direct significance for them.

This year, the Group contributed £65,130 (2015: £32,600) to charitable causes; £15,580 of which was through our Give As You Earn payroll giving mechanism (2015: £13,078). In addition, we also raised a total of £2,458 for a variety of charities through Dress Down Fridays at our Sheffield office.

We again participated in The Master Cutler's Challenge, one of the largest charity fundraising events in our home city of Sheffield. Local businesses are invited to participate and are given the opportunity to transform a £50 investment into as much fundraising for charities nominated by the incumbent Master Cutler; in 2016 the charities were St Luke's Hospice and Rotherham Hospice.

Following on from our 2015 total of £10,120.69, the organising Committee attempted to double this total. We were delighted to raise £24,558.82 in six short months and were recipients of an award for Most Innovative Fundraising for our salary donation idea.

During the summer of 2016 Henry Boot Construction Limited and Banner Plant Limited teamed up with The Sheffield Children's Hospital Charity in order to safely deliver, as logistics donor, the art installation 'Herd of Sheffield', which was a total of 58 elephants all painted by different artists and installed as a trail around Sheffield. Henry Boot sponsored two elephants: Henry the Constructor which was painted by Deven Bhurke and Heard Sheffield? by Temper. All the elephants were auctioned and raised a fantastic £410,600, with our elephants being auctioned for £5,000 and £7,800 respectively. Whilst we were unsuccessful in our own bids at auction, we were delighted to receive a bespoke small version of Henry the Constructor, renamed Dave, after our colleague Dave Woodhouse who coordinated our logistical efforts, as a thank you from The Sheffield Children's Hospital Charity.



Pictured A well-earned rest and refreshment with 'Henry the Constructor' safely in place at the Botanical Gardens, Sheffield.

ENVIRONMENT

We are committed to protecting and enhancing the environment in the course of all our areas of operations and are proud of our team's expertise and enthusiasm in making this happen.

Our approach

We recognise that we have a responsibility and an obligation to reduce the direct impact of all our business operations on the natural environment, both now and in the future. Reducing our emissions is one way in which we hope to achieve this. Our aim is to create more sustainable ways of undertaking our business operations to conserve energy, save money and deliver efficiency.

Our performance

Our priorities are to:

- Minimise waste produced;
- Increase recycling; and
- Improve energy efficiency and reduce energy use.

Our greenhouse gas emissions for the year ended 31 December 2016 were calculated in accordance with the GHG Protocol Corporate Accounting and Reporting Standard (2011 edition) and emission factors from UK Government GHG Conversion Factors for Company Reporting 2016.

Our direct and indirect operational greenhouse gas emissions are shown in the tables below. These sources fall within our consolidated financial statements. We do not have responsibility for any emission sources that are not included in our financial statements.

Overall the Group's greenhouse gas emissions have increased by 2% when compared with those of the previous year, this equates to zero movement on tonnes per employee.

For further information on our greenhouse gas emissions please see our website:

 Read more details at www.henryboot.co.uk

Henry Boot Group CO₂e footprint by source

Henry Boot Group CO ₂ e emissions	2016 Tonnes	2015 Tonnes	Trend
Scope 1: Combustion of fuel and operation of facilities	2,060	2,048	↑
Scope 2: Electricity, heat, steam and cooling purchased for own use	1,133	1,122	↑
Total direct emissions	3,193	3,170	↑
Total direct emissions per employee ¹	7.2 tonnes CO ₂ e	7.3 tonnes CO ₂ e	↓
Scope 3: Upstream and downstream indirect emissions	952	908	↑
Total emissions	4,145	4,078	↑
Total emissions per employee ¹	9.4 tonnes CO ₂ e	9.4 tonnes CO ₂ e	↔

¹ Employee numbers are based on the monthly average for the year

Carbon emissions by segment

Henry Boot Group CO ₂ e emissions	2016 Tonnes of CO ₂ e	2016 Intensity Ratio Tonnes of CO ₂ e	2015 Tonnes of CO ₂ e	2015 Intensity Ratio Tonnes of CO ₂ e	Intensity Basis	Trend
Property investment and development	1,076	2.5	1,021	2.11	per 1,000 sq ft of investment property with communal areas	↑
Land development	117	3.56	114	3.44	per employee	↑
Construction	2,765	34.83	2,776	34.9	per £1m of turnover	↓
Group overheads	187	3.53	167	3.21	per employee	↑
Total gross controlled emissions	4,145		4,078			

“We are committed to the highest levels of environmental management best practice to minimise the environmental impact of our business. Construction activities operate to an Environmental Management System, approved to ISO 14001, which ensures that the environmental impacts of the business are minimised on every project resulting in exemplar environmental credentials and performance.”

Richard Grafton
 Head of Policy & Compliance