



Our aim: to become a sector leader in sustainable development by mitigating risks and maximising opportunities.

As a responsible business we identify potential risks to our business so that we can put in place mitigating actions. Addressing potential risks early creates opportunities for us to improve what we do and helps us stand out from the crowd.

RISK	POTENTIAL CONSEQUENCES	MITIGATION IN PLACE	POTENTIAL OPPORTUNITIES AND BENEFITS
OUR PEOPLE			
Failure to attract, retain, develop and promote high calibre people who are representative of the communities in which we work	<p>A workforce with insufficient capacity, skills, knowledge and experience to meet the needs of an evolving market</p> <p>Poor engagement with our people leading to lower productivity and work quality, poor customer service, and high turnover</p>	<p>We continue to ensure that our terms and conditions remain attractive and competitive</p> <p>Our work on improving gender diversity is helping us be an employer of choice for both men and women</p> <p>We are maintaining investment in L&D and offering industry-leading, accredited training and development to our people at all stages of their careers</p> <p>We promote the construction sector to young people as an excellent career choice</p> <p>We are upgrading our IT systems and people policies so that our people can carry out their work in a more agile and efficient way</p>	<p>By protecting our business from industry skills shortages, our engaged, skilled and diverse workforce will give us a competitive advantage</p> <p>To be an employer of choice that values loyalty with high retention rates – company values lived throughout Group</p> <p>Competitive advantage resulting from better decision-making by diverse and complementary teams and a culture based on fairness, inclusion and respect</p> <p>Increasing the pool of talent from which we recruit, will help to mitigate the current skills gap, and enable us to meet the changing needs of our business and industry</p> <p>To make a difference to the lives of young people by promoting our industry as a great place to work</p>
Failure to protect the health, safety and wellbeing of our people and those with whom we work	<p>Increased insurance premiums and costs associated with legal action</p> <p>Increased levels of sickness absence</p> <p>Damaged reputation</p>	<p>We have comprehensive health and safety programmes in place and our performance is reported regularly to our Company Boards</p> <p>Mental health is now part of our health and wellbeing work, through our All Safe Minds programme</p> <p>We have a range of benefits and initiatives in place to support the wellbeing of our people and are constantly seeking to improve these</p> <p>We have a safeguarding policy to make sure that those of our people working with children and vulnerable adults have the necessary checks in place</p>	<p>A increased reputation as a responsible contractor</p> <p>Improved health and well-being of our people and our supply chain partners.</p>



RISK	POTENTIAL CONSEQUENCES	MITIGATION IN PLACE	POTENTIAL OPPORTUNITIES AND BENEFITS
OUR SUPPLY CHAIN PARTNERS			
That the current skills shortage in our supply chain, exacerbated by a surge in UK construction projects and the impacts of Brexit, mean that there is not the capacity, knowledge and skills in our supply chain to deliver our projects on time and to the standards we set	<p>Loss of loyal supply chain partners, lower standards on our projects</p> <p>Increased labour costs and risk of modern slavery</p> <p>Project delays or inability to deliver</p> <p>Fines and loss of reputation resulting from use of illegal labour</p>	<p>We already offer better payment terms than the industry average and an early pay facility</p> <p>We are building better, more collaborative relationships with our supply chain partners, through delivery of our Supply Chain Strategy</p> <p>We encourage our supply chain partners to develop skills and knowledge through the Supply Chain Sustainability School</p> <p>We carry out robust checks on site personnel and potential supply chain partners. We are training our people to recognise the signs of modern slavery</p> <p>We have signed up to the GLAA construction sector protocol and become a Project Sponsor of the Stronger Together/CIOB Construction Sector project</p>	<p>Supply chain partners choose to work with us</p> <p>Opportunity to work more closely with supply chain partners and have greater control over some supply chain practices</p> <p>Stronger relationships should improve our resilience to labour shortages</p> <p>Supply chain partners prepared to go the extra mile and deliver outstanding work for our customers</p> <p>To extend our use of mandated supply chain agreements</p> <p>To be seen as an industry leader in addressing modern slavery in our supply chains</p>
Building materials become harder to source as a result of climate change, resource shortages and Brexit, and we fail to procure goods and services responsibly	<p>Fines and loss of reputation if we are found to be sourcing goods and services illegally or unethically</p> <p>Increased costs for finite or scarce resources</p> <p>Increased costs for materials and technology. Delays in procurement of goods from EU nations</p>	<p>We procure in line with our Sustainable Procurement Policy</p> <p>We preferentially procure products which demonstrate compliance with a recognised responsible sourcing scheme</p> <p>We collaborate with our competitors to drive out unsustainable products and raise standards</p> <p>Our increased focus on R&D is helping us to find the best materials and approaches, which are communicated via our Yellow Book</p>	<p>Improved product differentiation and added value enable us to become a supplier of choice</p> <p>To reduce reliance on imported resources and support local markets</p> <p>To innovate to find alternatives</p> <p>To find better and more cost-effective ways of constructing our projects, which have a smaller environmental impact</p>

SUSTAINABLE DEVELOPMENT RISKS AND OPPORTUNITIES ASSESSMENT

(Approval Date May 2019)



WILLMOTT DIXON

SINCE 1852

RISK	POTENTIAL CONSEQUENCES	MITIGATION IN PLACE	POTENTIAL OPPORTUNITIES AND BENEFITS
OUR CUSTOMERS			
Failure to meet customers' expectations	Loss of repeat business Loss of reputation with partners and stakeholders	We agree customer aims and project objectives early through inception workshops We carry out regular 'health-checks' throughout the project, through Building Understanding interviews We report regularly on agreed contract and sustainability frameworks' performance indicators We invest in R&D and continue to review our offering to meet the evolving needs of our customers	To be a contractor of choice for our customers Increased competitiveness in bids and tenders To lead the industry in innovation, business models and use of new technologies
OUR PRODUCTS			
That our projects do not perform as intended and are not resilient to the effects of climate change	Dissatisfied customers, cost of legal action and remediation Buildings fail in extreme weather-related events, leading to loss of market share Inability to win new work as a result of loss of reputation	We consider life-cycle costing, heating, cooling, water stress, flooding and resource scarcity on our projects We agree customer aims and project objectives early through inception workshops We continue to develop our approach and drive to 'defect-free' projects. We carry out post-occupancy evaluations on the "as built" performance of our projects so we can learn from what we do and close the performance gap. We have significant systems and processes in place to protect against project failures	Increased awareness of whole life costing, life cycle analysis, healthy building solutions and as-built performance, leading to more sustainable investment decisions and resilient built environment Improved quality of the UK's built environment and increased market share Some customers are starting to select based on 'best value' rather than lowest cost
High-profile building/project failure, or recall of unsafe building products	Loss of life and devastated local community Catastrophic loss of reputation	We are part of the Government's Early Adopters programme, trialling the recommendations following the Hackitt Review of the Grenfell tragedy We are developing better systems for recording the products we have used on our projects	To lead the sector in our knowledge and understanding of building safety To be able to act quickly and pro-actively should a construction product that was for sale on the market be subsequently identified as substandard

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OUR ENVIRONMENTAL IMPACT			
Failure to minimise and mitigate our impact on the natural environment	<p>Increasing cost of waste disposal, water resource and materials costs</p> <p>High costs associated with remediation and rectification, legal action and increased insurance premiums</p> <p>Reputational damage, and loss of our position as a leader in sustainable development</p>	<p>We are reducing our environmental impacts through compliance with our 10 Point Plan, by delivering our Sustainable Development Strategy and headline targets, our Energy and Carbon Management Strategy and our Biodiversity Strategy</p> <p>We report progress against our headline targets monthly to our Holdings Board</p>	<p>Reduced operating costs and environmental impact of our operations, our products and their performance in-use</p> <p>To enhance our reputation as a leader in sustainable construction operations and increased shareholder value through improved margins</p>
OUR INDUSTRY LEADERSHIP			
Lack of participation in industry issues and proposed legislative changes affecting our sector	<p>Loss of profile and reputation as a leader in sustainable development</p> <p>Loss of opportunity to influence market conditions</p>	<p>We engage with a range of advocacy groups, including Aldersgate Group, UK-GBC, Forum for the Future</p> <p>We regularly respond to Government consultations and engage with key decision makers on issues affecting the sustainability of the built environment</p>	<p>Increased profile and opportunity to influence emerging policy and regulation, whilst other organisations may withdraw due to diluted UK policy position</p> <p>Opportunity to demonstrate our commitment to sustainable development and social value to our people, customers and supply chain partners</p>
OUR GROWTH			
Challenging UK economic environment impacts our profitability	<p>Government focus on reducing the deficit reduces public spending</p> <p>Increased costs though wage inflation and exchange rate inflation</p>	<p>Our approach to community investment and sustainable buildings are all part of the considerable added value that we can offer customers</p> <p>We work with our customers to find innovative ways of funding their capital projects</p>	<p>Rises in earnings and disposable income increase opportunities and business confidence, boosting demand throughout the industry</p> <p>Our innovative approach to funding and land deals can help to unlock capital projects for our public sector partners</p> <p>Focusses our business on the need for innovation and new systems and processes to increase our efficiency</p>



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Changes in public procurement eg reduced payment terms and removal of retentions in response to financial failures of other contractors	Impact on project finances	We are financially prudent and transparent in reporting We emphasise financial probity in reports/dealings with customers	Increased use of established procurement frameworks to speed up project delivery Procurers move away from lowest price to best value
Failure to embrace modern technologies and construction methods	Failure to win public sector work Loss of market share	We have a National Product Team in place We are embracing a range of new technologies, which are helping us to build more quickly and reliably We are improving the way we gather, integrate and report data We apply BIM level 2 on all projects Our Eureka fund is encouraging innovation across the business	We continue to research and adopt new products, techniques and technologies to help us address some of our key risks, and build better buildings more quickly and reliably Virtual and augmented reality applications are increasingly available to help engage with customers and other stakeholders By embracing modern construction methods we can mitigate the risk of issues, including skills shortages, materials efficiency, and improve the quality of our offering to customers
Failure to adapt to changing business models	We lose market share to more disruptive companies New business models can increase financial risk, and failure to meet contractual obligations will result in financial and reputational penalties	We have delivered some significant as-built performance-contracted buildings We regularly conduct horizon scanning to identify regulatory changes that will impact on our fiduciary duties	Innovative service models provide attractive de-risking contracts for customers Re-presenting our products as services that customers require may enable us to identify innovative and unique business models



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OUR VALUES			
Failure to manifest our company values through our actions and decisions	<p>Loss of unique position as an industry leader in environmental and social sustainability</p> <p>Stakeholders lose trust in our business</p>	<p>We are on track to achieving the headline targets in our Sustainable Development Strategy</p> <p>We report transparently on our performance</p> <p>There is mandatory training for all our people on key issues such as bribery and corruption, competition law and sustainability, and our manager training helps them champion company values to their teams</p> <p>Communications regularly reinforce company values to our people</p>	<p>Reinforces our commitment to company values helps to differentiate us in the marketplace</p> <p>Builds trust with customers, supply chain and other key stakeholders</p>
Lack of transparency of reporting performance against compliance obligations and voluntary commitments	<p>Reputational damage, disengagement of our people and supply chain partners</p> <p>Reputational risk if we compare poorly with competitors, or are unable to evidence due diligence</p>	<p>Performance data is published in the annual Sustainable Development Review and Annual Report and Accounts and is independently verified</p> <p>We continue to scan the horizon for changes to reporting obligations and develop action plans for areas where we need to improve</p>	<p>We have one of the most robust systems in the industry for gathering, collecting and reporting data, giving us the chance to be seen as an example of best practice</p>
OUR BUSINESS RESILIENCE			
Failure to plan for extreme or unusual circumstances	<p>Extreme weather, fire, or flu pandemic could lead to loss of productivity and increased costs due to programme extensions</p>	<p>We have project environmental plans in place which ensure contingencies are in place in case of extreme weather</p> <p>We have business continuity plans in place</p>	<p>Tested business continuity plans will minimise our exposure to financial risk and will maintain strong customer relationships</p>
Failure to secure our data and information	<p>Business interruption and consequent financial losses as a result of ransomware / phishing / hacking and scams</p> <p>Significant fines, reputational loss and loss of high security contracts</p>	<p>We are working hard on cyber security and have the Cyber Essentials accreditation</p> <p>The General Data Protection Regulations will be a high priority for our public sector customers. We have developed training for our people on the legislation and can demonstrate to customers what we are doing to protect data</p>	<p>Cyber security is a direct enabler to winning business. Ever more market sectors and potential customers expect their suppliers to provide certificated evidence of cyber security</p>