

Working as one

How Kier works with its
supply chain partners



Introduction



“It is thanks to the scale and breadth of capabilities in our supply chain that Kier maintains its market leading positions, delivering some of the largest, most complex and celebrated projects, as well as hundreds of smaller, equally important local projects for our clients. As an organisation, we continue to evolve and improve our ways of working while building long-term partnerships with our supply chain which deliver benefits for all stakeholders.”

Claudio Veritiero, Chief Operating Officer, Kier Group

Kier invests in, builds and maintains essential assets, delivering economic and social infrastructure vital to the growth of both the UK and its regions. We are a robust £4.5bn business with an order book of more than £10bn, working with an extensive network of supply chain partners, with whom we spend more than £3.6bn. More than 80% of the Kier supply chain is made up of small and medium-sized businesses (SMEs), developing local value and creating a legacy each year. Over 14,000 suppliers and contractor organisations, employing over 20,000 personnel work on behalf of Kier each working day, ranging from tier 1 suppliers to micro-SMEs.

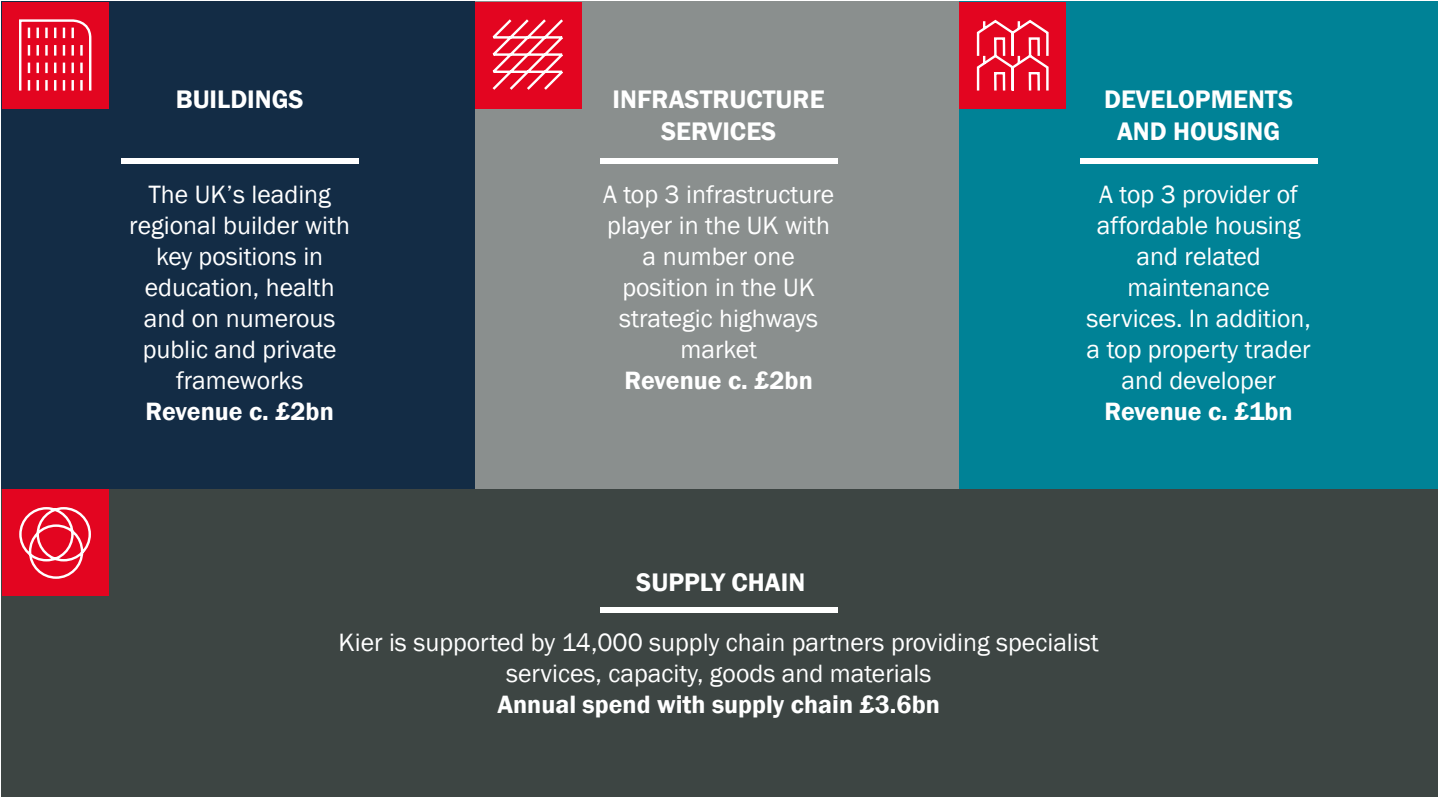
These partners are integral to the success of our business. They enable us to operate at scale and with agility by providing specialist skills, capacity and materials.



Contents

| | |
|----|---|
| 02 | Introduction |
| 04 | Kier and the supply chain |
| 06 | Collective values and shared ways of working |
| | – Our collective values |
| | – National coverage |
| | – Industry-leading safety |
| | – Innovation |
| 12 | Open for business |
| | – Best in class solutions to pre-qualification |
| | – The supply chain journey |
| | – Setting high standards |
| | – Operating responsibly and ethically |
| | – Monitoring and improving performance |
| | – Building long-term relationships |
| 22 | Fair and transparent payment practices |
| 24 | Raising the bar across the industry |
| | – Creating social value |
| | – Shaping Your World™ |
| 30 | Contacts and more information |

Kier and the supply chain





£4.5bn

Kier is a £4.5bn business with an order book of more than £10bn

14,000

Kier works with 14,000 suppliers and subcontractor organisations

80%

80% of supply chain are small/medium sized businesses

>20,000

people employed by subcontractors work on behalf of Kier each working day



Collective values and shared ways of working

We engage with the very best subcontractors and suppliers. These are teams we can confidently rely on to deliver day-in, day-out, across the breadth of our operations. This does not mean that we only work with the biggest or most established companies. In fact, many of our longest and most fruitful relationships are with SMEs who combine excellent local knowledge with a willingness to go that extra mile for our clients.

We share our knowledge and experience with our supply chain, helping them to showcase their talent on local projects. Many of our SMEs are micro-SMEs, who we help to extend their specialist skills with new clients and geographies. We aim to provide these small, local operators with the opportunity to stretch their boundaries.

Our partners live our values

Most important to us is that supply chain partners share our ways of working. They align with our values, aspirations and culture, especially when it comes to safety, innovation, valuing people, getting involved in local communities and meeting client expectations. We treat our supply chain as an extension of our own team and many of the resources we produce for our internal teams are shared with partner organisations including training. On various contracts we have shared apprenticeship schemes with supply chain partners.

Executive membership

Kier holds executive membership of the Institute for Collaborative Working



Our values
We believe in open and honest discussions and transparency in the way we operate. We share our values with our supply chain partners



Partnership working reduces disruption for motorists

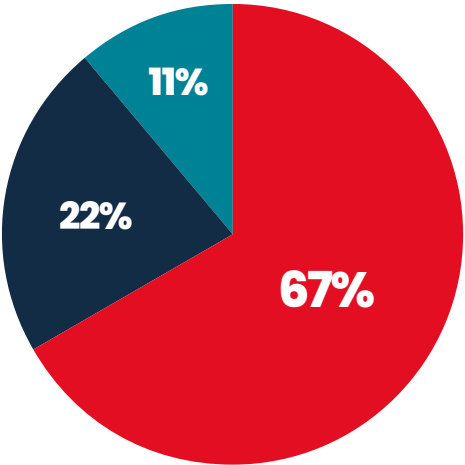
Collaboration with supply chain partners to improve efficiency in night-time road resurfacing has been so successful that new ways of working are being rolled out across the industry. By working together to question well-proven working methodologies, the teams have managed to achieve four times the traditional output of laying surfacing material on an average night, from 240 tonnes per shift to 1,000 tonnes, while maintaining quality.


>60%


Over 60% of subcontractor spend is with SMEs, already exceeding the Government target of 33% by 2020




Kier total spend with the supply chain



 Spend with subcontractors

 Spend with suppliers

 Spend with consultants

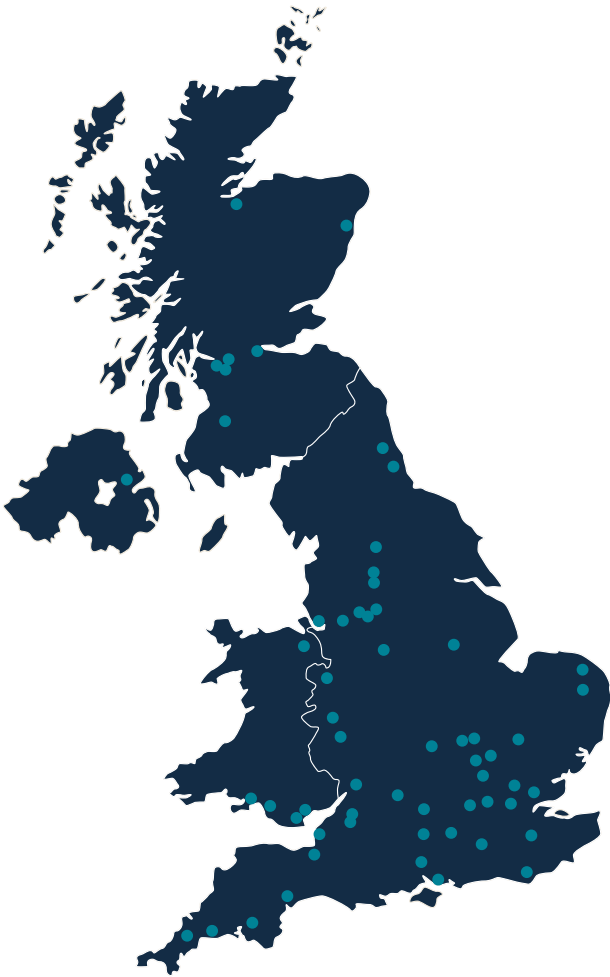
Kier spend
Kier spend with the supply chain totals £3.6bn each year

National reach combined with local delivery

For nearly a century, Kier has built its business through a network of offices spanning the entire UK. Our success is largely down to our local focus and pride, which only comes from never being far from our clients and staying close to our trusted local supply chains. Most of our partners are SMEs based or operating locally to our projects; organisations who provide us with the materials and the support we need to deliver positive outcomes for our clients, communities and society as a whole, time and time again.

We know that healthy supply chains, supported through good supply chain practice, make sound business sense. Meeting the expectations of our supply chain is something we are continually looking to understand and improve. There are often good reasons why we operate in a certain way, but we need to do more to challenge ourselves on this, taking greater account of the impact on our supply chain partners.

This publication explains some of the activity we already undertake and importantly, what else we are doing to improve how we work with our valued supply chain.



Kier in the UK
Kier has a network of over 60 regional offices, spanning the entire UK

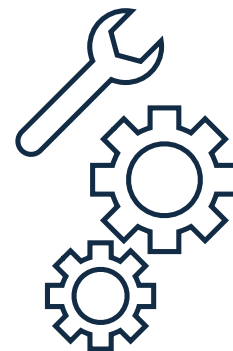
“Kier has a focus on improving health and safety standards, with discussions at operations meetings and prioritisation at senior management meetings on a fortnightly basis. An example of the focus and success of improving health and safety standards is at Waltham Forest, where accident rates have almost halved and the loss of time due to accidents has substantially reduced over the last year.”

**Gavin Morris, Director of Recruitment Services,
Smart Solutions Recruitment Ltd**

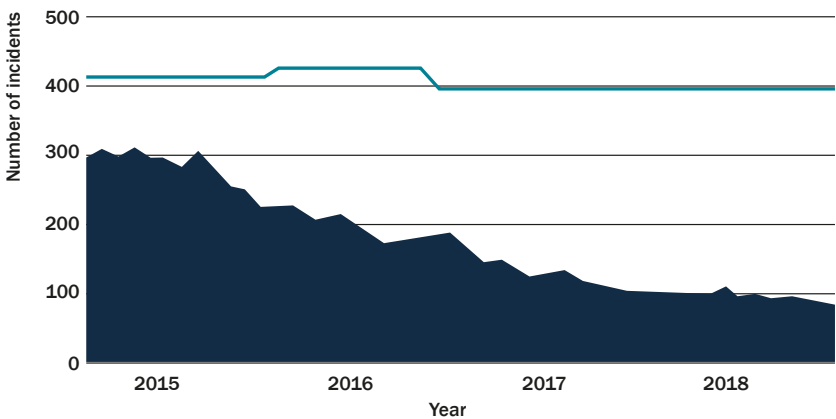
Industry-leading safety record

Safety is always our number one priority. Our performance on safety, including that of our supply chain working on our behalf, is at industry-leading levels and continues to improve. To maintain this position, it is essential that all our partners fully embrace our rigorous approach without compromise. Through induction, training and ongoing performance management, we help our supply chain to understand what is expected and we share tools and resources to support them with this important aspect of our operations.

Collaboration with our supply chain is at the core of our business and is one of the key reasons for our best-in-class statistics. We encourage transparency so that best practice and lessons learned are shared. Our partners are able to log hazards and accidents as they occur via our systems. They have access to an online induction portal, participate in behavioural safety training and safety standards training courses we offer to employees. When our senior managers carry out visible leadership tours, they include supply chain senior representatives.



Kier accident incident rate (AIR)



Industry-leading safety record
The Kier AIR has dropped and is consistently below the HSE benchmark

“When we work with Kier, we know that they will do what they say, especially when it comes to safety.”

Lee Taylor, Regional Director, NG Bailey supporting Kier on the Crossrail project

Collaborate to innovate

We are always looking to improve what we do, using the best, innovative techniques. Our supply chain plays a key role in this.

We like to work with partners who have bright ideas that can be converted into practical solutions. Most important is a constant drive to find better, smarter ways of doing things which improve how we deliver to our clients.

By listening to our supply chain, we gain a perspective beyond our existing networks. They introduce us to best practice from different industries. Our supply chain partners sit alongside us and help develop industry-leading change.

Supply chain expertise supporting innovation in natural gas manufacturing

The Kier award-winning **Northern Ireland Gas Supply Chain Alliance** joins clients, contractors and manufacturers together to focus on how to meet future product needs and anticipate and respond to regulatory changes within the natural gas industry in Northern Ireland. The alliance, which has been collaborating for two decades, has resulted in the development of innovative new products, providing benefit to our gas clients and their customers in Northern Ireland.

How we innovate

Building supply chain skills on sustainability

Kier is a founding partner of the **Supply Chain Sustainability School**, working with over 60 companies to develop a resource library of e-learning, tools and resources on sustainability, offsite construction, management techniques and on human rights issues, such as modern slavery, inclusion and respect.



Shared learning resources across the highways industry

As a founding member of the **Collaborative Learning Circle**, a learning platform for the highways industry, we have successfully encouraged several of our supply chain partners to get involved in this initiative to develop resources on safety, customer services and delivery. This same group is also working with charity OnSide Youth Zones to create up to 5,000 new apprenticeships in deprived areas, helping to address the skills gap in the UK construction industry.

**Collaborative
Learning
Circle**



Turning bright ideas into reality

Kier works with other industry leaders and members of our supply chain on infrastructure projects to develop new technology that supports digital transformation, offsite manufacturing, lifecycle performance and culture change. Colleagues from different organisations – contractor, supply chain and client – all share and move forward ideas and activity through an interactive platform called **i3P**.



Open for business

Kier has taken steps to make it easier and less costly for supply chain partners to do business with us. This is an ongoing process and one which is welcomed by our partners.

We want the supply chain to work with us, so we are looking closely at all aspects of our supply chain selection and management.

The way we work needs to be balanced with our responsibility to make sure the supply chain meets our rigorous standards and those expected by our clients, by complying with legislation, quality and safety and as a responsible and ethical business.

We aim to be able to explain the reason for doing things in a certain way. But that doesn't mean we shouldn't rigorously challenge, with the aim of finding a better option.



Simplifying construction assessment

Kier is leading on an initiative with Build UK, a representative organisation for the UK construction industry, to develop a common assessment for the construction industry. The new assessment is being developed in partnership with other construction contractors and will replace current systems, which supply chain partners tell us they find complex, bureaucratic and repetitive.

“As a committed member of Build UK, Kier has supported the development of the new industry pre-qualification standard from the very beginning. Our success to date really highlights what can be achieved when the industry works together to reduce cost and bureaucracy throughout the supply chain.”

Suzannah Nichol MBE, Chief Executive, Build UK

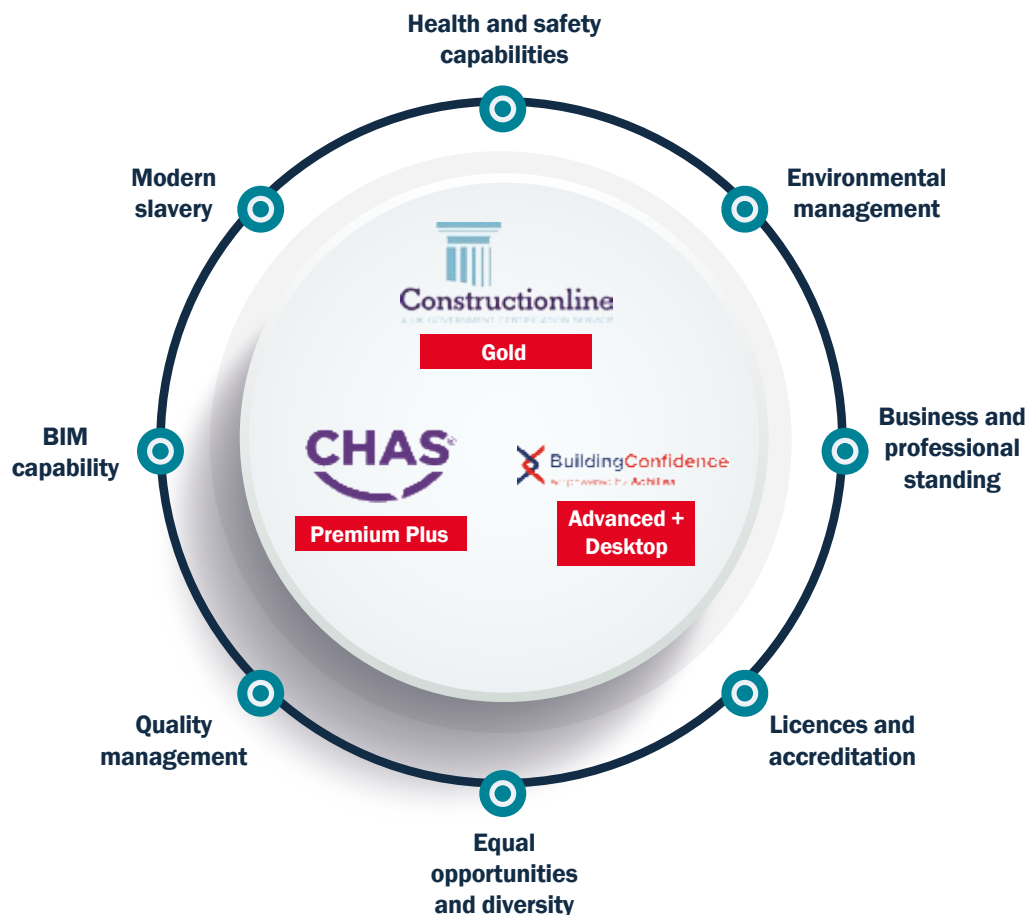
Best in class solutions to pre-qualification

We have launched industry-leading solutions for the pre-qualification of subcontractors, enabling them to align to a common set of standards used by three of the UK's largest accreditation companies.

This helps reduce bureaucracy for organisations wishing to join our supply chain, as they are already eligible to tender with us if they hold a recognised accreditation. Companies with accreditation are audited and verified against industry-recognised standards, PAS91 and Safety Schemes in Procurement (SSIP). Once accepted as a supply chain partner, organisations can work across Kier Group.

As part of the selection process for a project, we carry out further checks, references, audits and risk profiles for the work being considered.

We work with very small companies, such as micro-SMEs. For these organisations, we offer an easier route to becoming a supply chain partner, enabling them to participate in low-risk operations.



Our partner assessment companies

The diagram above shows the common areas assessed by our specialist accreditation partners

The supply chain journey



The supply chain journey
Example supply chain strategy for Kier subcontractors

Setting high standards

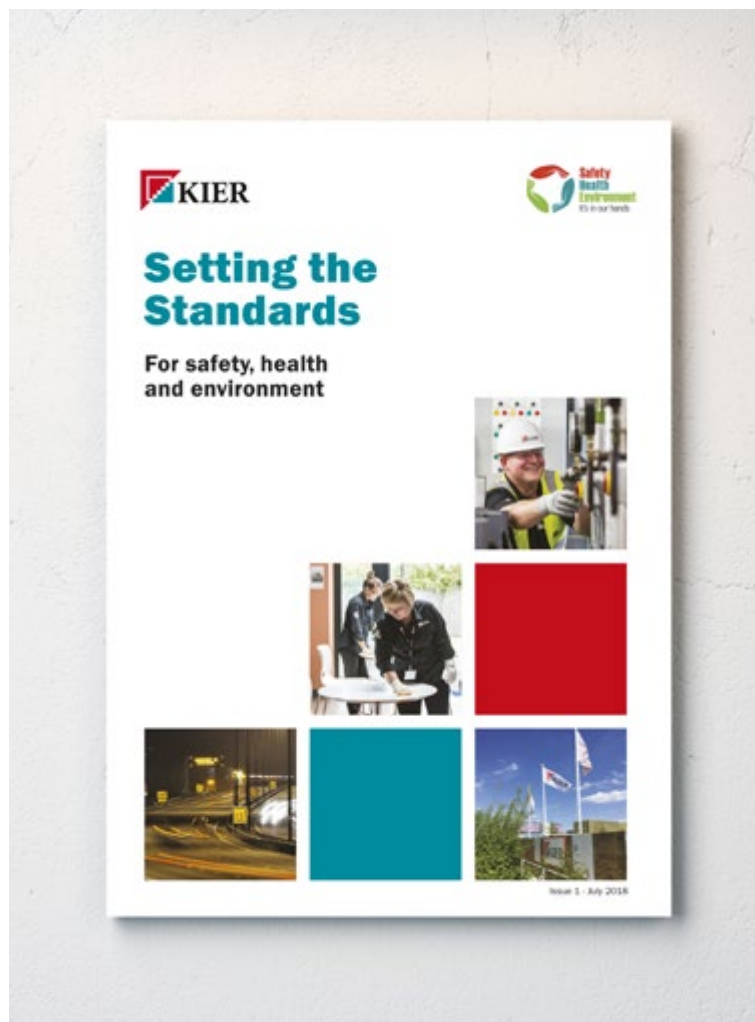
To help our partners and our employees understand the standards we expect, we have produced a plain English guide called **Setting the Standards**, focusing on safety. To maintain the highest standards on environmental and community matters, we have a **Code of Sustainable Business** for our employees and supply chain partners. Our regional building business is an associate member of the **Considerate Constructors Scheme (CCS)**, used as a yardstick of best practice performance and highly valued by our clients.



Since 2017, Kier has been awarded 130 CCS National Site Awards, which recognise the sites that have raised the bar for considerate construction by looking at measures a site has put in place to be more considerate towards local neighbourhoods, the public, the workforce and the environment.

In addition, Kier has so far committed to 10 of its projects becoming CCS Ultra Sites, more than any other partner in the scheme. Collaboration with our supply chain has been instrumental in making this commitment.

Ultra Sites represent beacons of best practice, demonstrating and promoting the highest standards, while actively seeking to improve performance and that of the wider construction industry, particularly through the supply chain.



Operating responsible and ethically

Through ongoing engagement, we continually assess and review the performance of our supply chain partners on anti-bribery and corruption, modern slavery and human rights.

We only procure goods and services that meet the social, environmental, safety, labour and ethical standards, as set out in our Code of Sustainable Business. We use scanning technology to continuously monitor our suppliers and identify any evidence of practices which could contravene our ethical compliance policies.

When it comes to the supply of materials, we require sustainable procurement certification or evidence of chain of custody, to ensure ethical and labour standards are met. We carry out audits with our suppliers, including third-party ethical standards audits of factories.

Training resources for supply chain partners

We believe there is value in both supply chain and Kier colleagues accessing the same training information on topics such as health and safety, bribery and corruption and modern slavery. This is why we are opening up employee training resources to our supply chain partners through the **Sustainability Supply Chain School**. This helps us better align our joint ways of working and share experiences.

Modern slavery

Since 2016, we have been working with our supply chain to raise awareness of the issues of modern slavery so that together we can help identify and protect vulnerable workers. We are taking an industry-leading role on the topic of modern slavery, working with the Gangmaster and Labour Abuse Authority (GLAA) to develop an understanding of the risks posed. We became one of the first signatories to the GLAA Construction Protocol.

Our work with the GLAA and other partners includes the development of materials which can be used on our sites and by our partners. We have also made Speak Up, **an independent, confidential helpline**, available for both our employees and supply chain partners to use if they are, or they suspect someone they know is, the victim of modern slavery.



“We are delighted that Kier has signed up to our Construction Protocol and pledged to fight modern slavery and labour abuse. When organisations agree to the protocol, they commit to work in partnership with us to protect vulnerable and exploited workers. They also agree to share information to stop exploitation and pledge to raise awareness of slavery through supply chains. Together, we can put an end to modern slavery and labour exploitation for good.”

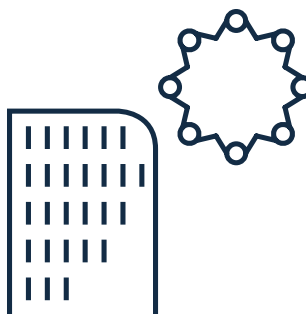
Mark Heath, Deputy Director of Business Change, GLAA

Promoting diversity and equality

Our industry is facing a skills gap. To combat this, we are challenging misconceptions that our work is muddy, manual and male-dominated to encourage a new generation to join. This includes developing a more diverse workforce which better represents our clients and customers. We are committed to increasing the number of women and people from ethnically diverse backgrounds in Kier and working for our supply chain.

Our supply chain partners support us with initiatives we run to help young people take a first step on the career ladder and to support people returning to the workplace, or looking for a new career path, such as armed forces veterans and NEETs (young people not in education, employment or training).

We recognise diverse teams help to drive forward business performance, foster innovation and encourage creativity, and we are leading an award-winning campaign called Shaping Your World™ (see page 28).



Monitoring and improving performance

We have invested in a **Subcontractor Performance Management Hub**, which captures and collates information relating to the performance of partners in the areas of safety, environmental, meeting deadlines, quality, defects and value for money. This information is used by our project management teams across the Group when decisions are being made about where to award new work. It also informs our continuous improvement plans for our partners.

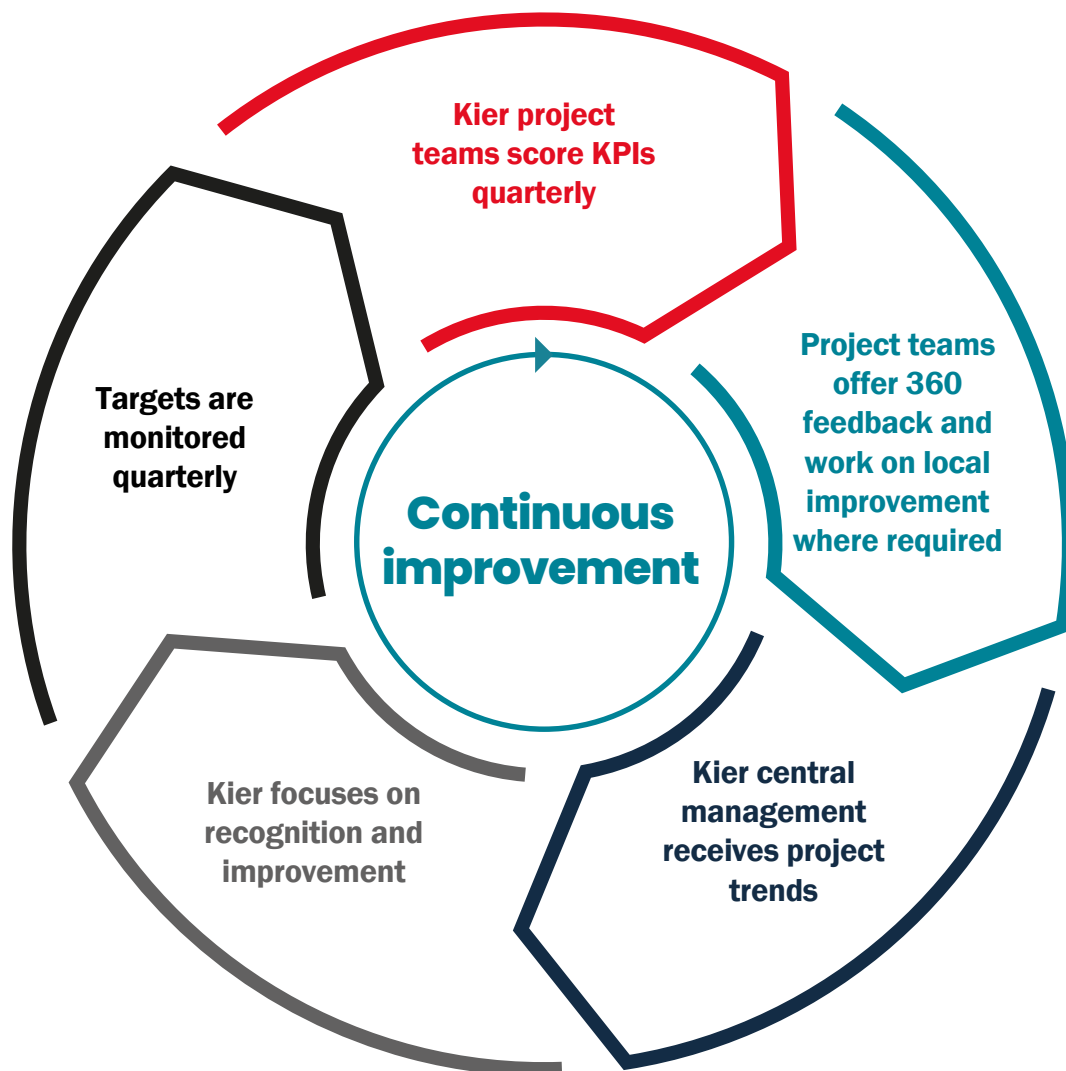
Extra help for micro-SMEs

We work with micro-SMEs across the UK, businesses employing less than five people, including in our gas business in Northern Ireland. Because of the particular challenges faced by these very small companies, we offer additional support to help plan workload and cashflow, as well as access to Kier training on safety and to support staff development.



Cycle of continuous improvement

New supply chain data analytics tools are helping us to identify both high and low performers and benchmark subcontractors against their peers, other sectors and across Kier Group. By identifying trends, we can intervene early and work closely with partners to improve performance.



Continuous improvement
Kier uses a tried and tested approach to continuous improvement

Building great long-term relationships

Successful collaboration with our supply chain is at the heart of our business. By listening and learning together, we create an environment which supports innovation and improves productivity. Each year, we arrange engagement opportunities for our supply chain partners. The focus and frequency of these events differ according to the type and amount of work undertaken.

In some parts of our business, we hold **workshops** where specialist partners can work together to develop and share good practice on key areas such as safety. We also hold more general **conferences and events**, often on a regional basis, and **face-to-face meetings** as part of a continuous cycle of improvement. Many of our supply chain partners also choose to support the pan-industry initiatives we lead on, helping to raise the bar across the sectors where we operate e.g. through the Supply Chain Sustainability School.

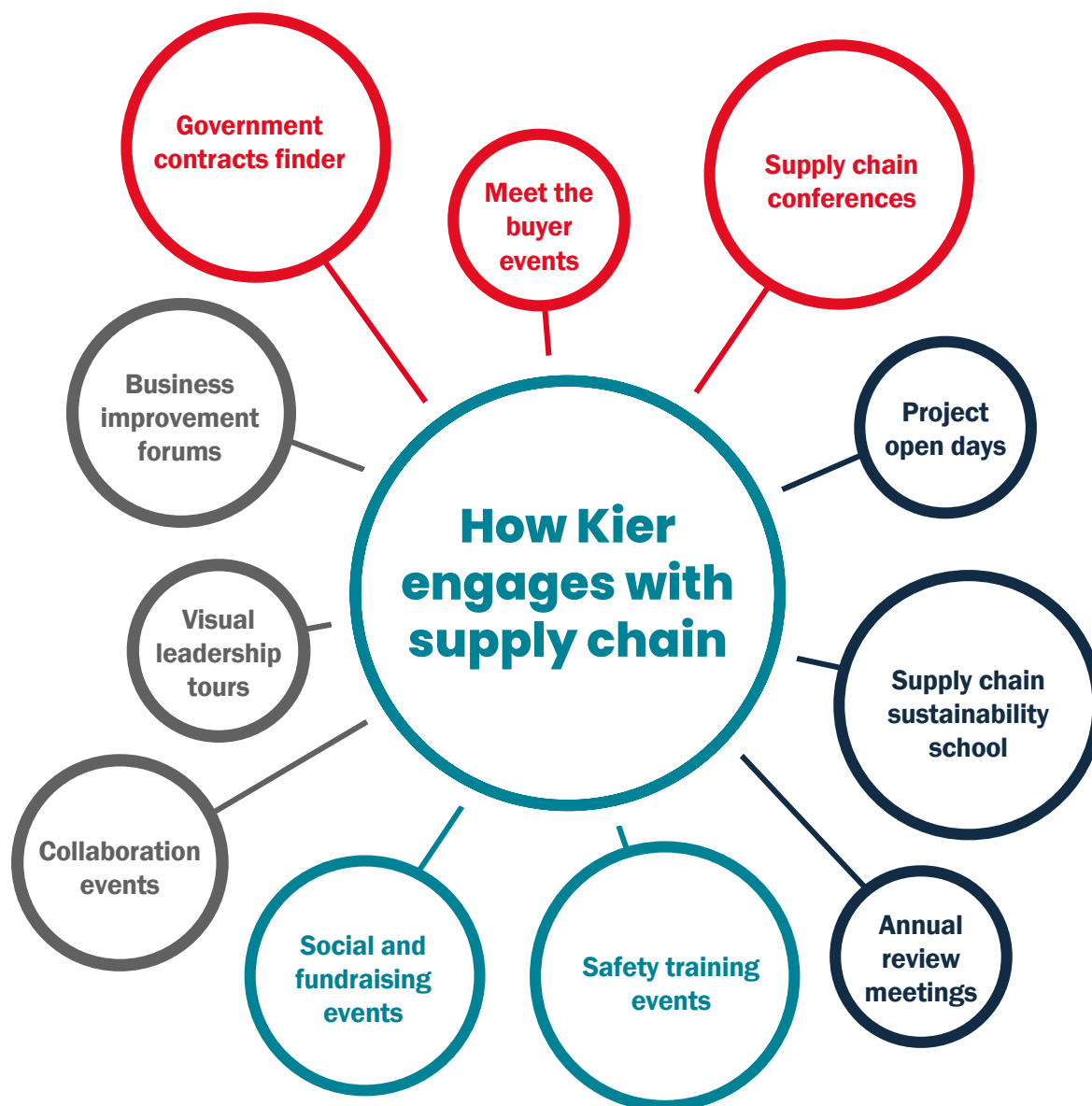
For organisations interested in joining our supply chain we hold regular **meet the buyer events**.

Our buying power

We offer supply chain partners access to two internal procurement systems to help them benefit from the discounts Kier can negotiate because of the scale of our operations. Through **Consensio**, partners can get better deals on services provided by third party organisations. Similarly, Kier operates a company called **TradeDirect Logistics**, which provides supply chain partners, as well as our employees, with access to building materials and consumables at preferential rates. www.tradedirect.uk.com

TRADEDIRECT





Supply chain engagement
Kier is using a number of different channels to listen and learn with supply chain partners

Fair and transparent payment practices

Fair and transparent payment practices are an important aspect of maintaining good relationships with our supply chain partners. This remains a crucial focus for us and a responsibility we take very seriously.

To improve our payment practices, we have invested £90m in new systems. Combined with a simplified process on payment, which remains a priority, we will improve the processing of invoices.

Over half of our clients are in the public sector and we continue to work closely with Government to share our views on the ongoing development of the policy and practice of payments relating to public sector contracts.

We undertake a variety of contract types and payment mechanisms to our supply chain partners, and endeavour to match the commercial focus of supply chain, which often reflects the requirements, contract terms and conditions set by our client.

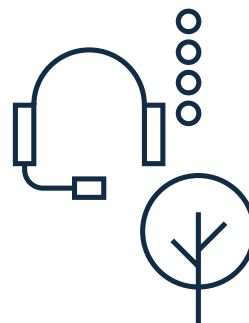
Our standard payment terms are regularly reviewed and through the Kier Early Payment Scheme (KEPS), payment can be made in as little as 21 days and in advance of contractual terms, subject to an industry-competitive fee. This scheme, which is run by major banks, is popular with our construction suppliers where it has been adopted, with 60% of applicable subcontractors using it.

Low value transactions, for example for materials, are increasingly made using purchasing cards with suppliers paid within 3-4 working days. This also helps to reduce administration time and there are approximately 11,000 low-value transactions per month using purchasing cards.

We have taken steps to be more transparent about the prompt payment of our supply chain and publish our payment data on public portals. In addition, we are signatories to the Government's Prompt Payment Code.

“The KEPS has been used by Briggs & Forrester since its inception and we have found it to be a valued business tool. Early cash ensures that project cashflow is maintained at a productive level and supports the management of early cash distribution into the supply chain. For a relatively low cost, there are significant benefits to be gained from using KEPS.”

**Alec Sarjeant, Commercial Director,
Briggs & Forrester Engineering Services Ltd**





£90m

We have invested in new systems to improve our efficiency and payment systems

60%

The KEPs is used by 60% of applicable subcontractors

11,000

The Group manages 11,000 low-value transactions per month using purchasing cards, with suppliers paid within 3-4 working days



Raising the bar across the industry

We work as a strategic supplier to the UK Government, offering opinions and collaborating to influence change, for example through our work on fair payment practices.

We are also taking a lead on behalf of our industry on several initiatives with the GLAA, Build UK and the Supply Chain Sustainability School (see pages 13&16) to ensure we are working as one with our supply chain and others.

Collaborating on the environment

When Kier was developing its energy strategy to reduce energy consumption by 30% by 2030, supply chain partners introduced Kier to some of the latest technology and techniques available to reduce energy consumption.



Big build with DIY SOS in Manchester

Few schemes involving support from our supply chain have grabbed the headlines quite like the collaboration between Kier and DIY SOS, the popular and life-changing BBC TV show in which presenter Nick Knowles and his team recruit volunteers to take part in a DIY SOS Big Build.

When our team volunteered to project manage and lead a hugely ambitious scheme to renovate a dilapidated street in Manchester and turn it into housing for veterans and a Walking with the Wounded advice and therapy centre, supply chain partners stepped in to provide materials and give their time and expertise. At its height, more than 250 tradespeople were on site and there was a special visit from Princes William and Harry.

Along with our supply chain partners, we have since returned to Manchester to play a key role in part two of the scheme, as well as other similar projects in other parts of the UK.

Impacting social, economic and environmental contribution through supply chain approach

Through our regional presence and local supply chain arrangements, we deliver significant social, economic and environmental value. For many businesses this is a new trend but for us it is an established way of working which has evolved over many decades.

By supporting local SMEs, we help to boost local economies, as money tends to stay within a locality, magnifying the value of each pound we spend. Coupled with this, our local supply chain partners often join us in providing jobs, apprenticeships, other skills and training for local people and to get involved in community projects and charitable work. With our partners, we have generated new local employment through initiatives with the young, the homeless, back to work schemes for ex-offenders and those leaving the Armed Forces. We call this additional value the Kier Effect.

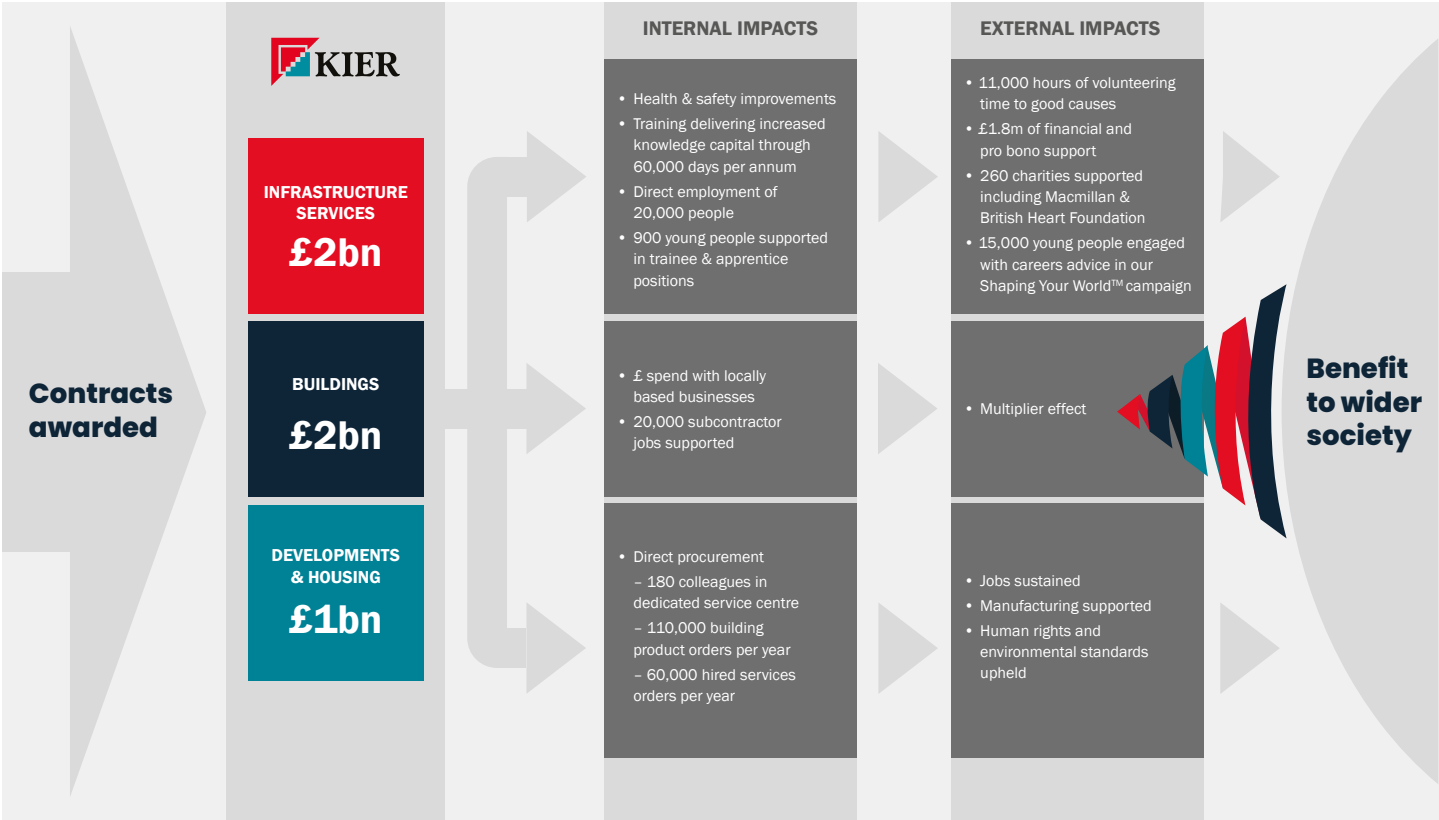
Over recent years, we have focused on recording and calculating the positive, additional value, that we bring through each project to a community and region. We use recognised methodology to calculate social value impact and to express this in equivalent monetary terms, and recorded £157m of positive social impact in 2018.

£157m

Positive social impact
recorded across Kier
activities during 2018



The Kier effect: how we create positive social impact



*Money spent with local SMEs recirculates in the area. Based on research by Social Value Business, for every £1 Kier spends, the local area receives £2.65

£1: £2.65
For every £1 Kier spends,
the local area receives £2.65

Creating social value



University research facility in Cambridge

The design and build of a research facility at the University of Cambridge, delivered through innovative off-site fabrication, produced a project spent of £66m in the supply chain, of which £30m was in the local area. Using a recognised method to calculate social value, this equated to a benefit of £80m.

| | |
|---------------|-------------------------|
| Project value | Additional social value |
| £85m | £80m |



New sports facilities and regeneration in Liverpool

In one Liverpool's most deprived neighbourhoods, a regeneration project and new sports facility resulted in a total spend with SMEs of £15m, equivalent to £40m of local economic benefit. Liverpool Park Life II also involved several partnerships with homeless charities and young people, as well as increased employment opportunities in the area.

| | |
|---------------|-------------------------|
| Project value | Additional social value |
| £18m | £40m |

University research facility in Cambridge

At the peak, a workforce of 1,500 people was preparing the site and infrastructure for a new nuclear power station at Hinkley Point C, giving the Somerset economy a boost through the creation of jobs and demand for services such as catering and accommodation. This included 1,000 apprenticeships gaining experience, across client, contractor and consultant organisations. Recruitment was targeted at those not in education, training or employment (NEET) and 90% of the workforce were living within 20 miles of the project. Conscious effort was made to organise the work in a way to create local jobs by basing a concrete batching plant on site and by offering smaller groundwork packages to local SMEs.

1,500
The workforce at Hinkley Point C totalled 1,500 at its peak

90%
90% of the workforce at Hinkley Point C lived within 20 miles of the project, creating increased spend in the local area

Shaping Your World™

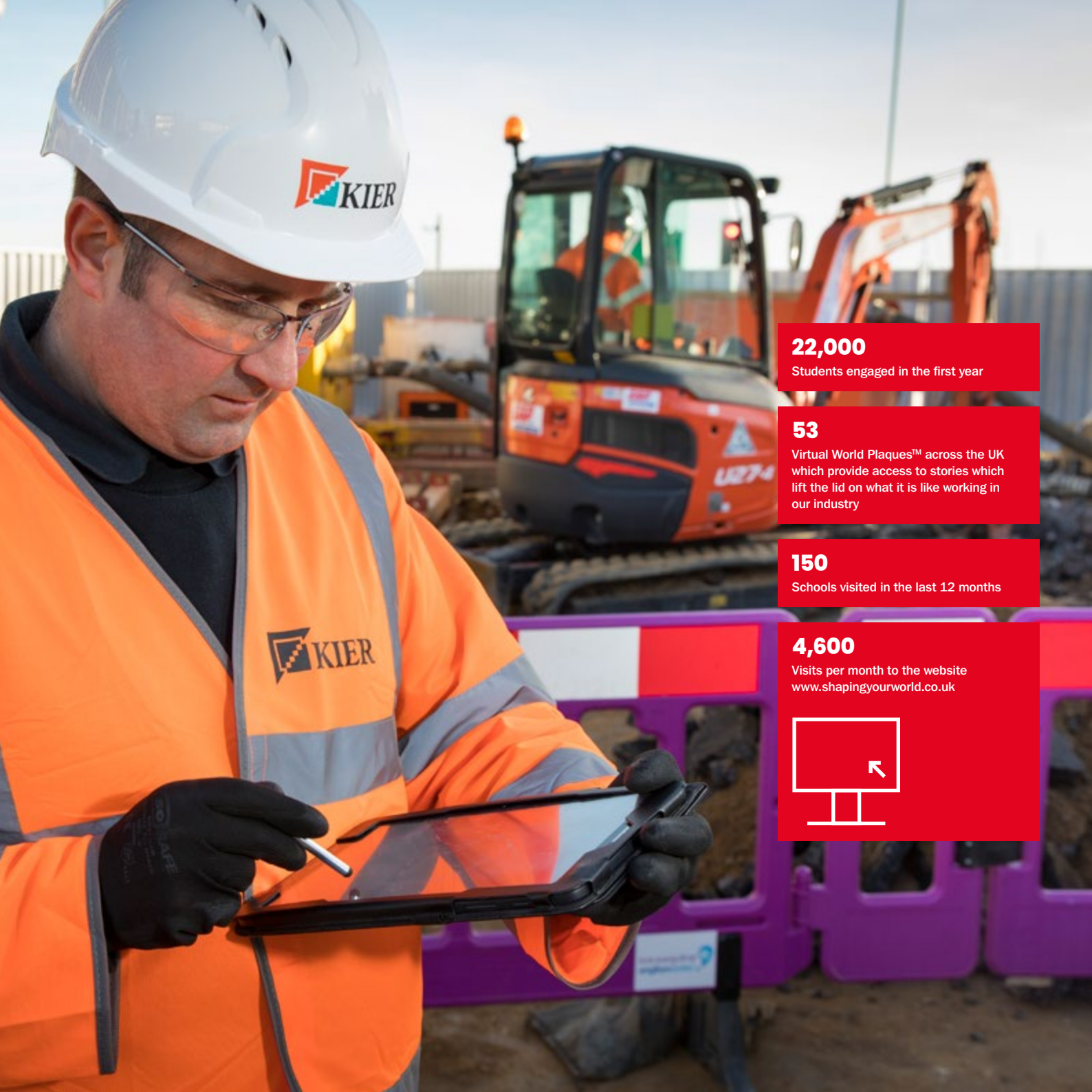
We are inviting supply chain partners to join our award-winning campaign Shaping Your World™ and promote careers in the built environment to the next generation of talent, to help fill the skills gap we have across our industry.

We are asking organisations participating to pledge 1% of their workforce – or 1 employee depending on company size – to visit at least one school each year. By working together, we can promote careers in our sector as fun, exciting, rewarding and challenging, so that the built environment becomes a serious and considered career choice for students, ahead of GCSE choices. We can offer our partners the chance to have an input into the technology-based interaction we have put in place on our sites, and a user-friendly careers website that highlights the breadth of roles and diversity of workforce opportunities available to assist with engagement.

Kier already has over 400 ambassadors, who have worked with schools to meet with 15,000 young people to-date.



1% Pledge
Kier is inviting supply chain partners to join Shaping Your World™



22,000

Students engaged in the first year

53

Virtual World Plaques™ across the UK which provide access to stories which lift the lid on what it is like working in our industry

150

Schools visited in the last 12 months

4,600

Visits per month to the website www.shapingyourworld.co.uk



Contacts and more information

Resources

Building Confidence

www.achilles.com/community/buildingconfidence

Build UK

www.builduk.org

CHAS

www.chas.co.uk

Consensio

www.consensio.uk.com

Considerate Constructors Scheme

www.ccscheme.org.uk

Constructionline

www.constructionline.co.uk

Gangmaster and Labour Abuse Authority (GLAA)

www.gla.gov.uk

Government payment practices portal

www.gov.uk/check-when-businesses-pay-invoices

Institute of Collaborative Working

www.instituteforcollaborativeworking.com

i3P

www.i3p.org.uk

Kier supplier privacy statement

kier.uk/privacy-statement

Shaping Your World

www.shapingyourworld.co.uk

Supply Chain Sustainability School

www.supplychainschool.co.uk

SSIP

www.ssip.org.uk

TradeDirect

www.tradedirect.uk.com

Work with Kier

How to work with Kier

kier.uk/working-with-kier

Register your interest in working with Kier

kier.uk/work-with-us

Contact us

Procurement

General queries

helpdesk@kier.supportsystem.com

Payment

Routine queries

fssc.supplierqueries@kierfssc.supportsystem.com

KEPS queries

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Subcontractor queries

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Shaping Your World™

Become a partner

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