

Welcome to your CDP Forests Questionnaire 2020

F0. Introduction

F0.1

(F0.1) Give a general description of and introduction to your organization.

Morgan Sindall Group plc is a leading UK construction and regeneration group operating through six divisions (set out below). The Group employs circa 6,600 people.

Construction

Construction & Infrastructure

Provides infrastructure services in the highways, rail, aviation, energy, water and nuclear sectors, including tunnel design and construction services in education, healthcare, defence, commercial, industrial, leisure and retail. BakerHicks offers a multidisciplinary design and engineering consultancy services.

Fit Out

Overbury specialises in fit out and refurbishment in commercial, central and local government offices, retail banking and further education. Morgan Lovell provides office interior design and build services direct to occupiers.

Property Services

Provides planned asset management and responsive maintenance to social housing and the wider public sector.

Regeneration

Partnership Housing

Works in partnerships with local authorities and housing associations. Activities include mixed-tenure developments, building and developing homes for open market sale and affordable rent, design and build contracting and planned maintenance and refurbishment.

Urban Regeneration

Works with landowners and public sector partners to transform the urban landscape through the development of multi-phase sites and mixed-use regeneration, including residential, commercial, retail and leisure.

Investments

Provides the Group with construction and regeneration opportunities through various strategic partnerships to develop under-utilised property assets.

F0.2

(F0.2) State the start and end date of the year for which you are reporting data.

	Start Date	End Date
Reporting year	January 1, 2019	December 31, 2019

F0.3

(F0.3) Select the currency used for all financial information disclosed throughout your response.

GBP

F0.4

(F0.4) Select the forest risk commodity(ies) that you are, or are not, disclosing on. For each forest risk commodity selected, identify the stages of the supply chain which best represents your organization's area of operation.

	Commodity disclosure	Stage of the value chain
Timber products	Disclosing	Manufacturing
Palm oil	This commodity is not produced, sourced or used by our organization	
Cattle products	This commodity is not produced, sourced or used by our organization	
Soy	This commodity is not produced, sourced or used by our organization	
Other - Rubber	This commodity is not produced, sourced or used by our organization	
Other - Cocoa	This commodity is not produced, sourced or used by our organization	
Other - Coffee	This commodity is not produced, sourced or used by our organization	

F0.5

(F0.5) Are there any parts of your direct operations or supply chain that are not included in your disclosure?

Yes

F0.5a

(F0.5a) Identify the parts of your direct operations or supply chain that are not included in your disclosure.

Value chain stage	Exclusion	Description of exclusion	Potential for forests-related risk	Please explain
Supply chain	Other, please specify Subcontractors	We employ subcontractors to supply and fix timber based products.	Potential for forests-related risk but not evaluated	Whilst we have no direct control over our subcontractors timber based product procurement it is industry practice that they follow the same procurement routes as ourselves and only purchase timber in the UK via certificated importers and distributors when working on our projects.

F1. Current state

F1.1

(F1.1) How does your organization produce, use or sell your disclosed commodity(ies)?

Timber products

Activity

- Using for construction
- Buying manufactured products

Form of commodity

- Sawn timber, veneer, chips
- Paper
- Boards, plywood, engineered wood
- Primary packaging
- Secondary packaging

Source

- Contracted suppliers (processors)
- Contracted suppliers (manufacturers)

Country/Area of origin

- Australia
- Brazil
- Canada
- Chile
- China
- Finland
- France
- Germany
- Indonesia

Italy
 Latvia
 Malaysia
 New Zealand
 Poland
 Portugal
 Russian Federation
 South Africa
 Sweden
 Thailand
 United Kingdom of Great Britain and Northern Ireland
 United States of America

% of procurement spend

1-5%

Comment

Being a Construction and Regeneration Group we procure timber in relation to concrete formwork, structural timbers, flooring, cladding, manufactured joinery items including windows, doors & furniture. Paper is also used in communication and marketing materials. To determine the percentage of revenue dependent on timber, it has been calculated that in 2019, our timber product purchases made up approximately 5%, which equates to £125 million of our total spend of £2.6 billion

F1.2

(F1.2) Indicate the percentage of your organization’s revenue that was dependent on your disclosed forest risk commodity(ies) in the reporting year.

	% of revenue dependent on commodity	Comment
Timber products	1-5%	Revenue £3.1b and spend of £125m = 4%

F1.5

(F1.5) Does your organization collect production and/or consumption data for your disclosed commodity(ies)?

	Data availability/Disclosure
Timber products	Consumption data available, disclosing

F1.5a

(F1.5a) Disclose your production and/or consumption data.

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Forest risk commodity

Timber products

Data type

Consumption data

Volume

16,540

Metric

Cubic meters

Data coverage

Partial commodity production/consumption

Please explain

We collect data quarterly from our supply chain to ensure that we are in strict compliance with our Group Timber Policy. We ensure all timber products purchased for either temporary or permanent inclusion in our projects will be certified as legally and sustainably sourced, as defined by the UK Government Central Point of Expertise on Timber (CPET). We give preference to timber and timber fibre products from suppliers with independently certified Chain of Custody controls. The two principal schemes preferred by the Group are, in priority order, the (Forest) Stewardship Council "FSC" and the Programme for the Endorsement of Forest Certification "PEFC". We also recognise and comply with GIR (Grown in Britain). We work with our suppliers and our supply chain to achieve documented evidence that the wood they supply is from legal and sustainable sources. Where necessary we will take action to influence the procurement processes of our suppliers and subcontractors. We specify on all purchases of timber materials the requirement for the products to be either FSC or PEFC certified and purchased in line with legal requirements such as the EU Timber Regulations. We are only able to give "Partial commodity production/consumption" figures as we currently do not have full visibility of our subcontractors' data, although they are required by us to comply with our Group Timber Policy

F1.5b

(F1.5b) For your disclosed commodity(ies), indicate the percentage of the production/consumption volume sourced by national and/or sub-national jurisdiction of origin.

Forest risk commodity

Timber products

Country/Area of origin

Brazil

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Paranagua

% of total production/consumption volume

16

Please explain

Data obtained from the quarterly supply chain reports enable us to approximate the % by country.

Forest risk commodity

Timber products

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Kedah

% of total production/consumption volume

2

Please explain

Data obtained from the quarterly supply chain reports enable us to approximate the % by country.

Forest risk commodity

Timber products

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

% of total production/consumption volume

82

Please explain

Data obtained from the quarterly supply chain reports enable us to approximate the % by country. Other countries our suppliers source timber from are United Kingdom of Great Britain and Northern Ireland, Australia, Canada, Chile, China, Finland, France, Germany, Indonesia, Italy, Latvia, New Zealand, Poland, Portugal, Russian Federation, South Africa, Sweden, Thailand, Ireland, United States of America.

F1.6

(F1.6) Has your organization experienced any detrimental forests-related impacts?

No

F2. Procedures

F2.1

(F2.1) Does your organization undertake a forests-related risk assessment?

Yes, forests-related risks are assessed

F2.1a

(F2.1a) Select the options that best describe your procedures for identifying and assessing forests-related risks.

Timber products

Value chain stage

Supply chain

Coverage

Partial

Risk assessment procedure

Assessed in an environmental risk assessment

Also assessed as a stand alone issue.

Frequency of assessment

Annually

How far into the future are risks considered?

> 6 years

Tools and methods used

Internal company methods

External consultants

Please explain

Partial because we can only mitigate risk in our direct supply chain and not their subcontractors. Our main risk is non-compliance of certificated product either by bogus means or availability. We request copies of the environmental policies of all suppliers in our supply chain & details of timber checks carried out. We also seek declaration from suppliers of species and evidence of known legal forest origin and that the wood is not

from a recent forest conversion. Dependent upon the risk we may request that the evidence is provided by an independent and credible third party. We carry out environmental risk assessments on individual projects and contracts.

We recently carried out a cross-division risk assessment focused on forest and water risks with the assistance of external consultants. This focussed on the physical and regulatory risk drivers most likely to lead to a substantial impact on the Group over the next 10 years.

F2.1b

(F2.1b) Which of the following issues are considered in your organization's forests-related risk assessment(s)?

Availability of forest risk commodities

Relevance & inclusion

Relevant, always included

Please explain

Availability of forest risk commodities is included as a part of a stand alone risk-assessment focussing on the physical and regulatory risk drivers most likely to lead to a substantial impact on the Group over the next 10 years. The results of this assessment are used as an input to the Group's responsible business strategy. Depending on the type of project build, this issue will also be considered when environmental risk assessments are carried out on individual project contracts.

Quality of forest risk commodities

Relevance & inclusion

Relevant, always included

Please explain

Quality of forest risk commodities is included as a part of a stand alone risk-assessment focussing on the physical and regulatory risk drivers most likely to lead to a substantial impact on the Group over the next 10 years. The results of this assessment are used as an input to the Group's responsible business strategy. Depending on the type of project build, this issue will also be considered when environmental risk assessments are carried out on individual project contracts. One determinant of the quality of timber is the speed of forest growth in the region from which it is sourced, and this is considered when identifying alternative timber sources.

Impact of activity on the status of ecosystems and habitats

Relevance & inclusion

Relevant, always included

Please explain

Impact of activity on the status of ecosystems and habitats is included as a part of a stand alone risk-assessment focussing on the physical and regulatory risk drivers most

likely to lead to a substantial impact on the Group over the next 10 years. The results of this assessment are used as an input to the Group's responsible business strategy. Depending on the type of project build, this issue will also be considered when environmental risk assessments are carried out on individual project contracts, and whether the Group's sourcing activities could potentially have a detrimental impact.

Regulation

Relevance & inclusion

Relevant, always included

Please explain

Regulation is included as a part of a stand alone risk-assessment focussing on the physical and regulatory risk drivers most likely to lead to a substantial impact on the Group over the next 10 years. The results of this assessment are used as an input to responsible business strategy and purchasing decisions throughout the group. Depending on the type of infrastructure build, this issue will also be considered when environmental risk assessments are carried out on individual project contracts.

Climate change

Relevance & inclusion

Relevant, always included

Please explain

Our approach to timber impacts on the Group's approach to climate change. Climate change is included as a part of a stand alone risk-assessment for timber focussing on the physical and regulatory risk drivers most likely to lead to a substantial impact on the MS Group over the next 10 years. The results of this assessment are used as an input to responsible business strategy throughout the group. Depending on the type of infrastructure build, this issue will also be considered when environmental risk assessments are carried out on individual project contracts.

Impact on water security

Relevance & inclusion

Relevant, always included

Please explain

Impact on water security is included as a part of a stand alone risk-assessment focussing on the physical and regulatory risk drivers most likely to lead to a substantial impact on the MS Group over the next 10 years. The results of this assessment are used as an input to the Group's responsible business strategy and purchasing decisions throughout the group. Depending on the type of infrastructure build, this issue will also be considered when environmental risk assessments are carried out on individual project contracts, and whether the Group's sourcing activities could potentially have a detrimental impact.

Tariffs or price increases

Relevance & inclusion

Relevant, always included

Please explain

Potential tariffs or price increases is included as a part of a stand alone risk-assessment focussing on the physical and regulatory risk drivers most likely to lead to a substantial impact on the MS Group over the next 10 years. The results of this assessment are used as an input to purchasing decisions and responsible business strategy throughout the group. If there are tariffs/price increases this would impact the cost of projects and may lead to us purchasing alternative timber products. Depending on the type of infrastructure build, this issue will also be considered when environmental risk assessments are carried out on individual project contracts.

Loss of markets

Relevance & inclusion

Relevant, always included

Please explain

Potential loss of market is included as a part of a stand alone risk-assessment focussing on the physical and regulatory risk drivers most likely to lead to a substantial impact on the Group over the next 10 years. The results of this assessment are used as an input to responsible business strategy throughout the group.

Brand damage related to forest risk commodities

Relevance & inclusion

Relevant, always included

Please explain

Brand damage related to forest risk commodities, the risk of which is minimal for the Group, is included as a part of a stand alone risk-assessment focussing on the physical and regulatory risk drivers most likely to lead to a substantial impact on the MS Group over the next 10 years. The results of this assessment are used as an input to responsible business strategy throughout the group.

Corruption

Relevance & inclusion

Relevant, always included

Please explain

Corruption, the risk of which is minimal for the Group, is included as a part of a stand alone risk-assessment focussing on the physical and regulatory risk drivers most likely to lead to a substantial impact on the MS Group over the next 10 years. The results of this assessment are used as an input to responsible business strategy throughout the group.

Social impacts

Relevance & inclusion

Relevant, always included

Please explain

Potential social impacts from timber procurement are included as part of a stand alone risk-assessment focussing on the physical and regulatory risk drivers most likely to lead to a substantial impact on the Group over the next 10 years. The results of this assessment are used as an input to responsible business strategy throughout the group.

Other, please specify

Relevance & inclusion

Please explain

F2.1c

(F2.1c) Which of the following stakeholders are considered in your organization's forests-related risk assessments?

Customers

Relevance & inclusion

Relevant, always included

Please explain

Morgan Sindall Group is a customer driven business. We make timber purchases at the behest of our customers and where possible we will seek to influence their decisions to ensure that they only specify FSC timber from legitimate sources and/or to recycle as much timber as possible. Customers are considered as part of a stand alone risk-assessment focussing on the physical and regulatory risk drivers most likely to lead to a substantial impact on the MS Group over the next 10 years. The results of this assessment are used as an input to responsible business strategy throughout the group.

Employees

Relevance & inclusion

Relevant, always included

Please explain

The risk of increased stakeholder concern, or negative stakeholder feedback would influence our assessments, and this includes employees as key stakeholders. Stakeholders are considered as part of a stand alone risk-assessment focussing on the physical and regulatory risk drivers most likely to lead to a substantial impact on the Group over the next 10 years. The results of this assessment are used as an input to the Group's responsible business strategy.

Investors

Relevance & inclusion

Relevant, always included

Please explain

The risk of increased stakeholder concern or negative stakeholder feedback would influence our assessments, and this includes investors as key stakeholders. Stakeholders are considered as part of a stand alone risk-assessment focussing on the physical and regulatory risk drivers most likely to lead to a substantial impact on the Group over the next 10 years. The results of this assessment are used as an input to the Group's responsible business strategy.

Local communities

Relevance & inclusion

Relevant, always included

Please explain

The risk of increased stakeholder concern or negative stakeholder feedback would influence our assessments, and this includes local communities as key stakeholders. Stakeholders are considered as part of a stand alone risk-assessment focussing on the physical and regulatory risk drivers most likely to lead to a substantial impact on the Group over the next 10 years. The results of this assessment are used as an input to the Group's responsible business strategy.

NGOs

Relevance & inclusion

Relevant, always included

Please explain

The risk of increased stakeholder concern or negative stakeholder feedback, would influence our assessments, and this includes NGOs as key stakeholders. Stakeholders are considered as part of a stand alone risk-assessment focussing on the physical and regulatory risk drivers most likely to lead to a substantial impact on the Group over the next 10 years. The results of this assessment are used as an input to the Group's responsible business strategy.

Other forest risk commodity users/producers at a local level

Relevance & inclusion

Relevant, always included

Please explain

Other forest risk commodity users/producers at a local level, as potential stakeholders, are considered as part of a stand alone risk-assessment focussing on the physical and regulatory risk drivers most likely to lead to a substantial impact on the Group over the

next 10 years. The results of this assessment are used as an input to the Group's responsible business strategy.

Regulators

Relevance & inclusion

Relevant, always included

Please explain

Regulators are considered as part of a stand alone risk-assessment focussing on the physical and regulatory risk drivers most likely to lead to a substantial impact on the Group over the next 10 years. The results of this assessment are used as an input to the Group's responsible business strategy.

Suppliers

Relevance & inclusion

Relevant, always included

Please explain

Supply chain risks are assessed in an environmental risk assessment. We can only mitigate risk in our direct supply chain and not their supply chain and subcontractors. Our main risk is non-compliance of certificated product either by illegal means or availability. We request copies of the environmental policies of all members of the supply chain of our direct suppliers & details of any timber checks carried out. We seek a declaration from the supplier of species and evidence of known legal forest origin and declaration that the wood is not from a recent forest conversion. Dependent upon risk we may request that the evidence is provided by an independent and credible third party.

We rely on our supply chain to conduct risk mitigation, for example, deforestation which may lead to illegally harvested timber entering the supply chain, and natural resource depletion resulting in commodity supply chain / end user impacts. We also request monthly updates on long and short-term availability due to world events such as storms, earthquakes and market demand for materials used in construction and regeneration.

Other stakeholders, please specify

Relevance & inclusion

Please explain

F3. Risks and opportunities

F3.1

(F3.1) Have you identified any inherent forests-related risks with the potential to have a substantive financial or strategic impact on your business?

	Risk identified?
Timber products	Yes

F3.1a

(F3.1a) How does your organization define substantive financial or strategic impact on your business?

The Auditors in their Audit report determine the Group's materiality at £4.1m (see 2019 Annual Report for further information).

Our planning cycle is 5 years. The Board is responsible for setting the Group's risk appetite and risk management framework and assesses the principal risks to the Group that threaten our business model and performance. Each division identifies the risks facing its business and takes measures to mitigate the impacts. Twice a year each division carries out a detailed risk review, recording significant matters in its risk register. The divisional risk registers are reviewed and collated by the Group's head of audit and assurance, who refers to them when preparing the Group risk register. This approach ensures that principal risks and controls throughout the Group are under regular review at all levels. The Group also has a risk committee that meets twice a year and assists the Board and audit committee in monitoring risk management and internal control. The risk committee ensures that both inherent and emerging risks across the business are properly identified and managed. This applies to our direct operations, and supply chain.

F3.1b

(F3.1b) For your disclosed forest risk commodity(ies), provide details of risks identified with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Forest risk commodity

Timber products

Type of risk

Regulatory

Geographical scale

Global

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Lack of mature certification and sustainability standards

Primary potential impact

Supply chain disruption

Company-specific description

Customers may not accept non-certified products entering their projects, for example, National Government contracts.

Timeframe

Current - up to 1 year

Magnitude of potential impact

Medium-high

Likelihood

About as likely as not

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact (currency)

12,500,000

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial

We believe that a shortage of certificated wood product would add 10% onto our purchase price

Primary response to risk

New product/technology development

Description of response

We believe that timber is an excellent product and managed correctly improves our environment. Its shortage may lead us to look at alternatives to timber in the medium to long-term.

We rely on our supply chain to conduct risk mitigation, for example, deforestation which may lead to illegally harvested timber entering the supply chain, and natural resource depletion resulting in commodity supply chain / end user impacts. We also request

monthly updates on long- and short-term availability due to world events such as storms, earthquakes and the markets demand for materials used in construction and regeneration

Cost of response

2,000,000

Explanation of cost of response

Employees time and increased costs

Forest risk commodity

Timber products

Type of risk

Reputational and markets

Geographical scale

Country

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Negative media coverage

Primary potential impact

Brand damage

Company-specific description

Acute risks from supply chain specific exposure can still occur - even where buying certified product. This can give rise to a reputational impact on the Group and loss of construction work - primarily from the government.

Timeframe

Current - up to 1 year

Magnitude of potential impact

Low

Likelihood

Unlikely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact (currency)

31,000,000

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial

Estimated 1% of the Groups turnover

Primary response to risk

Greater due diligence

Description of response

Ensuring considered purchases are made and that risk is mitigated regardless of legal obligations. Where possible purchases are made over and above the certified chain of custody standards. This is already implemented across the business.

We rely on our supply chain to conduct risk mitigation, for example, deforestation which may lead to illegally harvested timber entering the supply chain, and natural resource depletion resulting in commodity supply chain / end user impacts. We also request monthly updates on long and short-term availability due to world events such as storms, earthquakes and the markets demand for materials used in the regeneration and rebuilding.

Cost of response

50,000

Explanation of cost of response

This is an estimate of management time

Forest risk commodity

Timber products

Type of risk

Physical

Geographical scale

Global

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Increased severity of extreme weather events

Primary potential impact

Supply chain disruption

Company-specific description

Timber supply chains are already vulnerable to shortages in volume caused by weather related constraints to harvesting and it is possible to anticipate that this will worsen and be compounded by physical constraints to timber growth in some regions.

Timeframe

1-3 years

Magnitude of potential impact

Medium-high

Likelihood

About as likely as not

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact (currency)

12,500,000

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial

We believe that a shortage of certificated wood product would add 10% onto our purchase price

Primary response to risk

Supplier diversification

Description of response

Establish and maintain relationships with multiple distributors and switch purchasing between them to mitigate volume and price shocks.

We rely on our supply chain to conduct risk mitigation, for example, deforestation which may lead to illegally harvested timber entering the supply chain, and natural resource depletion resulting in commodity supply chain / end user impacts. We also request monthly updates on long and short-term availability due to world events such as storms, earthquakes and the markets demand for materials used in the regeneration and rebuilding.

Cost of response

50,000

Explanation of cost of response

This is an estimate based on employee time

F3.2

(F3.2) Have you identified any forests-related opportunities with the potential to have a substantive financial or strategic impact on your business?

	Have you identified opportunities?
Timber products	Yes

F3.2a

(F3.2a) For your selected forest risk commodity(ies), provide details of the identified opportunities with the potential to have a substantive financial or strategic impact on your business.

Forest risk commodity

Timber products

Type of opportunity

Resilience

Where in your value chain does the opportunity occur?

Supply chain

Primary forests-related opportunity

Ensuring supply chain resilience

Company-specific description & strategy to realize opportunity

Demand for timber and timber products in our projects is expected to increase in the coming years. Two thirds of the UK's timber is imported. Reducing our reliance on imports and growing the domestic industry is one of our core aims. We will support initiatives to help plant trees for future UK forests, to ensure there is future capacity and sufficient locally and sustainably grown timber to help meet long-term procurement objectives.

Case Study: For 'Grown in Britain' we are hosting a project to help ensure that sufficient certified timber is available for meeting long-term construction requirements. Grown in Britain is a programme to create a new and stronger market demand for the array of products derived from our woodlands and forests. The programme is developing private sector funding and harnessing positive views towards our woodlands and forests.

Grown in Britain has brought together environmentalists and woodland owners, contractors, builders, and retailers.

Estimated timeframe for realization

>6 years

Magnitude of potential impact

Medium

Likelihood

More likely than not

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

100,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

We estimate that in 2019, 70% of our direct timber procurement was grown in the United Kingdom & Ireland. Due to uncertainty that still surrounds our trading position post-Brexit, increasing UK supply could potentially have a positive financial impact if import costs and risks were to increase, e.g. higher administrative and logistics fees for importing timber. Due to considerable uncertainty regarding the financial impacts over this timeframe, we have provided an order of magnitude estimate of £100,000.

F4. Governance

F4.1

(F4.1) Is there board-level oversight of forests-related issues within your organization?

Yes

F4.1a

(F4.1a) Identify the position(s) of the individual(s) (do not include any names) on the board with responsibility for forests-related issues.

Position of individual	Please explain
Board-level committee	The Board’s HSE committee assists the Board in fulfilling its oversight responsibilities in relation to environmental matters and makes recommendations to the Board for any changes considered necessary. The committee is responsible for monitoring the Group’s strategy and regulatory environmental obligations including forests-related issues. The committee is made up of one non-executive director (who is the chair), the Group’s commercial director (GCD) and company secretary. The chair of the Board also attends each meeting. The committee meets 4 times per year and reports to the Board after each meeting.

	The Group’s director of sustainability and procurement (DSP) reports to the GCD and attends one meeting of the HSE committee each year to review the Group’s responsible business strategy which includes environmental performance. The DSP chairs the climate action group (CAG) which is responsible for setting the Group’s environmental strategy.
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F4.1b

(F4.1b) Provide further details on the board’s oversight of forests-related issues.

	Frequency that forests-related issues are a scheduled agenda item	Governance mechanisms into which forests-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	<p>Monitoring implementation and performance</p> <p>Reviewing and guiding business plans</p> <p>Reviewing and guiding corporate responsibility strategy</p>	<p>The Board’s HSE committee is responsible for monitoring the Group’s environmental strategy. The HSE committee assists the Board in fulfilling its oversight responsibilities in relation to environmental matters and makes recommendations to the Board for any changes considered necessary. The committee is responsible for monitoring the Group’s strategy and regulatory environmental obligations, which includes forest-related issues, though not explicitly.</p> <p>The committee is made up of one non-executive director (who is the chair), the Group’s commercial director (GCD) and company secretary. The chair of the Board also attends each meeting. The committee meets 4 times per year and reports to the Board after each meeting.</p> <p>The DSP reports to the GCD and attends 1 meeting of the HSE committee each year to review the Group’s responsible business strategy which includes environmental performance. The DSP chairs the climate action group (CAG) which is responsible for setting the Group’s environmental strategy.</p>

F4.2

(F4.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on forests-related issues	Please explain
<p>Other, please specify</p> <p>Director of sustainability & procurement (DSP)</p>	<p>Both assessing and managing forests-related risks and opportunities</p>	<p>Annually</p>	<p>The Board has appointed the DSP to have overall responsibility for delivering and determining the approach to environmental management, including forest-related issues.</p> <p>The DSP ensures that he is aware of current legislation, regulation and best practice in timber procurement. He also has a deep understanding of how best the Group can act to ensure it meets its obligations and ensure that it delivers against any commitments made.</p> <p>The DSP meets with the Board's HSE committee annually and also attends one meeting per year of the Group's Management Team (the executive team below Board level), which is made up of the two executive directors, the divisional MDs, the Group's commercial director and the company secretary. The purpose of these meetings is to report on progress against strategy as well as to advise on changes to regulatory/customer requirements and best practice that may impact the Group's sourcing activities.</p> <p>The DSP also sits on the Group's risk management committee which consists of the heads of key Group functions, including legal, company secretarial, IT, finance, internal audit and tax and treasury. This committee meets twice per year to review the Group's risk and opportunities.</p>

F4.3

(F4.3) Do you provide incentives to C-suite employees or board members for the management of forests-related issues?

	Provide incentives for management of forests-related issues	Comment
Row 1	No, and we do not plan to introduce them in the next two years	We do not currently plan to introduce them, however the decision about whether or not to introduce non-financial targets for incentives for the executive directors and senior management team is kept under regular review by the Board's remuneration committee.

F4.4

(F4.4) Did your organization include information about its response to forests-related risks in its most recent mainstream financial report?

Yes (you may attach the report – this is optional)

F4.5

(F4.5) Does your organization have a policy that includes forests-related issues?

Yes, we have a documented forests policy that is publicly available

F4.5a

(F4.5a) Select the options to describe the scope and content of your policy.

	Scope	Content	Please explain
Row 1	Company-wide	Commitment to eliminate deforestation Commitment to transparency Commitment to align with the SDGs Recognition of the overall importance of forests and other natural ecosystems Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy List of timebound milestones and targets	Morgan Sindall Group plc is committed to minimising the environmental impact of its operations and activities. In meeting this commitment, we progressively review our processes for the procurement of key commodities, components, and services incorporated within the projects delivered to our clients. We aim to procure timber and timber fibre products from sources that can demonstrate, through auditable certification and chain of custody, that the wood raw material is manufactured from has been forested in a legal and sustainable manner. This policy is delivered through the following actions: <ul style="list-style-type: none"> • Ensure all timber products purchased for either temporary or permanent inclusion in our projects are certified as legally and sustainably sourced, as defined by the UK Government Central Point of Expertise on Timber (CPET) • Give preference to timber and timber fibre products from suppliers with independently certified Chain of Custody controls. The two principal schemes preferred by the Group are, in

		<p>Description of forests-related performance standards for direct operations</p> <p>Description of forests-related standards for procurement</p>	<p>priority order, the (Forest) Stewardship Council www.fsc-uk.org/ and the Programme for the Endorsement of Forest Certification http://www.pefc.org/internet/html/</p> <ul style="list-style-type: none"> • Work with our suppliers and our supply chain to achieve documented evidence that the wood is from legal and sustainable sources. Where necessary we will take action to influence the procurement processes of our suppliers • Take steps to influence our designers and customers to ensure that we are provided with contract specifications that do not require the use of endangered species. • Regularly assess our current procurement practices and record the proportion of wood that comes from credible and auditable sustainable sources • Specify on all purchases of timber materials the requirement for the products to be either FSC or PEFC certified and purchased in line with legal requirements such as the EU Timber Regulations. • Not accept timber or timber fibre products from uncontrolled sources onto our construction sites. • Identify those hard and soft woods that are endangered (Cites listed) and select alternatives and remove these types of wood from our procurement processes. • Consider the use of recycled and reused timber and wood products where appropriate. • Support creating a sustainable future for our woodlands and forests through the 'Grown in Britain' programme
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F4.5b

(F4.5b) Do you have commodity specific sustainability policy(ies)? If yes, select the options that best describe their scope and content.

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain
Timber products	Yes	Company-wide	<p>Commitment to eliminate deforestation</p> <p>Commitment to protect rights and livelihoods of local communities</p>	<p>We aim to procure timber and timber fibre products from sources that can demonstrate, thorough auditable certification and chain of custody, that the wood raw material is manufactured from has been forested in a legal and sustainable manner.</p> <p>This policy is delivered through the</p>

		<p>Commitment to transparency</p> <p>Commitment to align with the SDGs</p> <p>Recognition of the overall importance of forests and other natural ecosystems</p> <p>Recognition of potential business impact on forests and other natural ecosystems</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p> <p>List of timebound commitments and targets</p> <p>Description of forests-related performance standards for direct operations</p> <p>Description of forests-related standards for procurement</p>	<p>following actions:</p> <ul style="list-style-type: none"> • Ensure all timber products purchased for either temporary or permanent inclusion in our projects shall be certified as legally and sustainably sourced, as defined by the UK Government Central Point of Expertise on Timber (CPET) • Give preference to timber and timber fibre products from suppliers with independently certified Chain of Custody controls. <p>The two principle schemes preferred by the Group are, in priority order, the (Forest) Stewardship Council www.fsc-uk.org/ and the Programme for the Endorsement of Forest Certification http://www.pefc.org/internet/html/</p> <ul style="list-style-type: none"> • Work with our suppliers and our supply chain to achieve documented evidence that the wood is from legal and sustainable sources. Where necessary we will take action to influence the procurement processes. • Take steps to influence our designers and customers to ensure that we are provided with contract specifications that do not require the use of endangered species. • Regularly assess our current procurement practices and record the proportion of wood that comes from credible and auditable sustainable sources • Specify on all purchases of timber materials the requirement for the products to be either FSC or PEFC certified and purchased in line with legal requirements such as the EU Timber Regulations. • Not accept timber or timber fibre products from uncontrolled sources onto our construction sites. • Identify those hard and soft woods that are endangered (Cites listed) and we will select alternatives and remove these types of wood from our procurement processes.
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				<ul style="list-style-type: none"> • Consider the use of recycled and reused timber and wood products where appropriate. • Support creating a sustainable future for our woodlands and forests through the 'Grown in Britain' programme.
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F4.6

(F4.6) Has your organization made a public commitment to reduce or remove deforestation and/or forest degradation from its direct operations and/or supply chain?

Yes

F4.6a

(F4.6a) Has your organization endorsed any of the following initiatives as part of its public commitment to reduce or remove deforestation and/or forest degradation?

Other, please specify

WWF's Forest Campaign, GIR & Grown in Britain, TRADA

F4.6b

(F4.6b) Provide details on your public commitment(s), including the description of specific criteria, coverage, and actions.

Forest risk commodity

Timber products

Criteria

Zero net deforestation

Avoidance of negative impacts on threatened and protected species and habitats

No trade of CITES listed species

Resolution of complaints and conflicts through an open, transparent and consultative process

No sourcing of illegally produced and/or traded forest risk commodities

No sourcing of forest risk commodities from unknown/controversial sources

Restricting the sourcing and/or trade of forest risk commodities to credible certified sources

Operational coverage

Direct operations and supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

Not applicable

Commitment target date

2020

Please explain

We are supporting and working with the WWF to achieve zero net deforestation and forest degradation, meaning no further loss in the quantity or quality of the world's forests. The target is to achieve this by 2020, and maintain it from then on. We are trying to secure a rating on their next scorecard.

F5. Business strategy

F5.1

(F5.1) Are forests-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are forests-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, forests-related issues are integrated	5-10	Being a Construction and Regeneration Group we procure timber in relation to concrete formwork, structural timbers, flooring, cladding, manufactured joinery items including windows, doors & furniture. The long-term availability of good quality, competitive priced timber is vital for our ability to deliver projects, so forests-related issues are integrated into our long-term business objectives. We feed timber-related issues into, and report against the long-term business plan quarterly to check that we are achieving objectives. We are also involved at an early stage in planting trees for future UK forests, to help ensure there is future capacity to meet long-term procurement objectives.
Strategy for long-term objectives	Yes, forests-related issues are integrated	5-10	Our strategy includes ensuring that forests issues are integrated into project documentation for procurement and specifications, particularly where we subcontract work. We support 'Grown in Britain' by hosting a project to help increase the

			<p>availability of UKcertified timber to meet future long-term construction requirements.</p> <p>We are effectively managing our supply chain in terms of certification and our procurement policy for timber. As a source of origin, we try to avoid South America and South East Asia timber as far as possible because of the higher risk of non-sustainably sourced timber. We seek to concentrate on sourcing from North America and Northern Europe where possible.</p>
Financial planning	No, forests-related related issues were reviewed but not considered as strategically relevant/significant	5-10	<p>Forest-related issues, such as appropriate and certified timber procurement is a feature on most jobs, but not a strategic financial planning issue. We are effectively managing our supply chain in terms of certification and our procurement policy for timber. . As a source of origin, we try to avoid South America and South East Asia timber as far as possible because of the higher risk of non-sustainably sourced timber.</p>

F6. Implementation

F6.1

(F6.1) Did you have any timebound and quantifiable targets for increasing sustainable production and/or consumption of your disclosed commodity(ies) that were active during the reporting year?

Yes

F6.1a

(F6.1a) Provide details of your timebound and quantifiable target(s) for increasing sustainable production and/or consumption of the disclosed commodity(ies), and progress made.

Target reference number

Target 1

Forest risk commodity

Timber products

Type of target

Third-party certification

Description of target

100% Certification

Linked commitment

Zero net/gross deforestation

Traceability point

Third-party certification scheme

FSC Chain of Custody

PEFC Chain of Custody

Start year

2013

Target year

2020

Quantitative metric

Target (number)

Target (%)

100

% of target achieved

99.9

Please explain

Annual progress to achieving the target has been as follows:

2013 - 96.9%,

2014 - 97.9%,

2015 - 99.5%,

2016 - 99.9%,

2017 - 99.8%,

2018 - 99.9%

2019 - 99.9%

F6.2

(F6.2) Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?

	Do you have system(s) in place?	Description of traceability system	Exclusions	Description of exclusion
Timber products	Yes	We request from our main suppliers that they disclose country of origin.	Specific supplier(s)	Main suppliers are prioritised, so smaller suppliers may not be requested to provide country/region of origin details, though other FSC/PEFC Chain of Custody certification is still a requirement.

F6.2a

(F6.2a) Provide details on the level of traceability your organization has for its disclosed commodity(ies).

Forest risk commodity	Point to which commodity is traceable	% of total production/consumption volume traceable
Timber products	Country	99.9

F6.3

(F6.3) Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)? Indicate the volume and percentage of your certified production and/or consumption.

Forest risk commodity

Timber products

Third-party certification scheme

FSC Chain of Custody

Certification coverage

Consumption volume

% of total production/consumption volume certified

50

Form of commodity

Sawn timber, veneer, chips

Boards, plywood, engineered wood

Volume of production/ consumption certified

8,270

Metric

Cubic meters

Please explain

We collect data quarterly from our supply chain to ensure that we are in compliance with our Group Timber Policy

We ensure all timber products purchased for either temporary or permanent inclusion in our projects shall be certified as legally and sustainably sourced, as defined by the UK Government Central Point of Expertise on Timber (CPET)

We give preference to timber and timber fibre products from suppliers with independently certified Chain of Custody controls. The two principal schemes preferred by the Group are, in priority order, the (Forest) Stewardship Council "FSC" and the Programme for the Endorsement of Forest Certification "PEFC". We also recognise and comply with GIR (Grown in Britain).

We work with our suppliers and our supply chain to achieve documented evidence that the wood is from legal and sustainable sources. Where necessary we will take action to influence the procurement processes of our supply chain

We specify that all purchases of timber materials are either FSC or PEFC certified and purchased in line with legal requirements such as the EU Timber Regulations.

We are only able to give "Partial commodity production/consumption" figures as we currently do not have full visibility of the data for our suppliers or subcontractors, although they are required by us to comply with our Timber Policy.

Forest risk commodity

Timber products

Third-party certification scheme

PEFC Chain of Custody

Certification coverage

Consumption volume

% of total production/consumption volume certified

45

Form of commodity

Sawn timber, veneer, chips

Boards, plywood, engineered wood

Volume of production/ consumption certified

7,340

Metric

Cubic meters

Please explain

We collect data quarterly from our supply chain to ensure that we are in compliance with our Group Timber Policy

We ensure all timber products purchased for either temporary or permanent inclusion in our projects shall be certified as legally and sustainably sourced, as defined by the UK Government Central Point of Expertise on Timber (CPET)

We give preference to timber and timber fibre products from suppliers with independently certified Chain of Custody controls. The two principal schemes preferred by the Group are, in priority order, the (Forest) Stewardship Council "FSC" and the Programme for the Endorsement of Forest Certification "PEFC". We also recognise and comply with GIR (Grown in Britain).

We work with our suppliers and our supply chain to achieve documented evidence that the wood is from legal and sustainable sources. Where necessary we will take action to influence the procurement processes.

We specify that purchases of timber materials are either FSC or PEFC certified and purchased in line with legal requirements such as the EU Timber Regulations.

We are only able to give "Partial commodity production/consumption" figures as we currently do not have full vision of our subcontractors, although they are required by us to comply with our Timber Policy.

F6.4

(F6.4) For your disclosed commodity(ies), do you have a system to control, monitor, or verify compliance with no conversion and/or no deforestation commitments?

	A system to control, monitor or verify compliance
Timber products	Yes, we have a system in place, but for other commitments

F6.6

(F6.6) For your disclosed commodity(ies), indicate if you assess your own compliance and/or the compliance of your suppliers with forest regulations and/or mandatory standards.

	Assess legal compliance with forest regulations	Please explain
Timber products	No, we do not assess legal compliance	We rely on FSC and PEFC chain of custody product certification.

F6.7

(F6.7) Are you working with smallholders to support good agricultural practices and reduce deforestation and/or conversion of natural ecosystems?

	Are you working with smallholders?	Please explain
Timber products	Not applicable	We do not purchase direct from countries, and only purchase product through major UK suppliers. We indirectly rely on FSC and PEFC chain of custody product certification.

F6.8

(F6.8) Are you working with your direct suppliers to support and improve their capacity to comply with your forests-related policies, commitments, and other requirements?

	Are you working with direct suppliers?	Type of direct supplier engagement approach	Direct supplier engagement approach	% of suppliers engaged	Please explain
Timber products	Yes, working with direct suppliers	Supply chain mapping	Supplier questionnaires on environmental and social indicators Other, please specify Collecting data in central database. Encouraging certification. Encouraging work with multi-stakeholder groups. Workshops and training Technical support	81-90%	We work closely with our major supplies. We engage with them on forward planning especially on the larger, more complex projects and those with extended contract periods. In turn they supply us with market updates on current and future availability in relation to world events such as storms, earthquakes and the markets demand for materials used in construction and regeneration..We progressively review our processes for the procurement of key commodities, components, and services incorporated within the projects delivered to our clients. We aim to procure timber and timber fibre

					<p>products from sources that can demonstrate, thorough auditable certification and chain of custody, that the wood raw material is manufactured from has been forested in a legal and sustainable manner. We give preference to timber and timber fibre products from suppliers with independently certified Chain of Custody controls. We work with our suppliers and our supply chain to achieve documented evidence that the wood is from legal and sustainable sources. Where necessary we will take action to influence the procurement processes. We specify on all purchases of timber materials the requirement for the products to be either FSC or PEFC certified and purchased in line with legal requirements such as the EU Timber Regulations. We are founder members of the Supply Chain Sustainability School. The School provides FREE practical support in the form of CPD accredited e-learning modules and training workshops, tailored self-assessment and action plans, bench-</p>
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					<p>marking tools, networking opportunities and access to thousands of online resources.</p> <p>A recent module was "Sustainable Timber and Chain of Custody"</p>
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F6.9

(F6.9) Are you working beyond your first-tier supplier(s) to manage and mitigate deforestation risks?

	Are you working beyond first tier?	Please explain
Timber products	No, not working beyond the first tier	<p>We set the standards for sourcing by our direct suppliers and expect them to comply with these requirements, evidenced by third-party certification schemes.</p> <p>We collect data quarterly from our supply chain to ensure that we are in compliance with our Group Timber Policy.</p> <p>We ensure all timber products purchased for either temporary or permanent inclusion in our projects shall be certified as legally and sustainably sourced, as defined by the UK Government Central Point of Expertise on Timber (CPET).</p> <p>We work with our suppliers and our supply chain to achieve documented evidence that the wood is from legal and sustainable sources. Where necessary we will take action to influence the procurement processes.</p> <p>We specify purchases of timber materials that are either FSC or PEFC certified and purchased in line with legal requirements such as the EU Timber Regulations.</p> <p>We are only able to give "Partial commodity production/consumption" figures as we currently do not have full visibility of our subcontractors production/consumption figures, although they are required to comply with our Timber Policy</p>

F6.10

(F6.10) Do you participate in external activities and/or initiatives to promote the implementation of your forests-related policies and commitments?

Forest risk commodity

Timber products

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Initiatives

Forest Stewardship Council (FSC)

Programme for the Endorsement of Forest Certification (PEFC)

Other, please specify

Supply Chain Sustainability School, Grown in Britain, WWF's Forest Campaign,

Jurisdictional approaches

Please explain

We are founder members of the school.

The School provides FREE practical support in the form of CPD accredited e-learning modules and training workshops, tailored self-assessment and action plans, benchmarking tools, networking opportunities and access to thousands of online resources. Benefits reported by our members include; cost & time savings, business won, increased competitive advantage, reduced risk and enhanced reputation. A recent module was "Sustainable Timber and Chain of Custody"

Grown In Britain

Grown in Britain is a government backed, and industry-led, campaign which aim to create a more sustainable future for British forests. In line with the UKCG / Build UK commitment, the

Group has committed to support the Grown in Britain campaign and procure British grown timber where feasible

WWF's Forest Campaign

We are supporting WWF's Forest Campaign, which is calling for a transition to a 100% legal and sustainable timber market in the UK and EU by 2020.

To Support the Campaign, we have pledged to:-

- Buy timber and timber products from sustainable sources by 2020, and make our performance public.

- Support the call for the EU to close the loopholes in the EU Timber Regulation (EUTR) so that all timber and timber products must be from legal sources.
- Support the call to the UK and the EU to complete the transition to a market in sustainable timber and timber products by 2020.

F6.11

(F6.11) Is your organization supporting or implementing project(s) focused on ecosystem restoration and protection?

Yes

F6.11a

(F6.11a) Provide details on your project(s), including the extent, duration, and monitoring frequency. Please specify any measured outcome(s).

Project reference

Project 1

Project type

Other ecosystem restoration

Primary motivation

Voluntary

Description of project

Peak District East VIP – The removal of National Grid’s OHL in and around the village of Dunford Bridge within the Peak District National Park and replacing it with electric cables buried underground. We have been asked to support and implement the enhancement of existing habitats for willow tit (*Poecile montanus*) as part of the Peak District East VIP project. Two willow tit territories (thought to represent 2.4% of the breeding population) were confirmed in early ecology surveys conducted on the project, and due to a decline in the numbers of breeding pairs in the UK to just 2,000 (2016), the willow tit population in this area is considered to be of District importance.

Start year

2019

Target year

2022

Project area to date (Hectares)

Project area in the target year (Hectares)

Country/Area

United Kingdom of Great Britain and Northern Ireland

Latitude

Longitude

Monitoring frequency

Annually

Measured outcomes to date

No measured outcomes

Please explain

Habitat enhancement measures will include selective thinning of existing vegetation and installation of dead wood stumps/sections attached to existing mature scrub/trees to increase the number of favourable breeding locations.

Additionally, grassland seed harvesting will be undertaken on the project within areas including Wogden Foot Local Wildlife site in an attempt to conserve and encourage the re-establishment of grassland species of local importance following the construction work. Its proposed to brush harvest the seed using a tractor with harvesting attachment. The collected seed will be removed from site, cleaned, dried, and placed in cold storage, for subsequent sowing at suitable receptor sites.

F7. Verification

F7.1

(F7.1) Do you verify any forests information reported in your CDP disclosure?

Yes

F7.1a

(F7.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module

F6. Implementation

Data points verified

Baseline year and performance improvement.

Verification standard

FSC and PEFC

Please explain

The purchases of certified timber has long been a KPI for the group and in common with other KPI publicly stated; the Group believes in providing limited assurance to the indicator.

F8. Barriers and challenges

F8.1

(F8.1) Describe the key barriers or challenges to eliminating deforestation and/or conversion of other natural ecosystems from your direct operations or from other parts of your value chain.

Forest risk commodity

Timber products

Coverage

Supply chain

Primary barrier/challenge type

Supply chain complexity

Comment

With our direct spend every effort is made to ensure that we comply to the Group timber policy in relation to certificated product. However, whilst we actively promote our policy to our subcontractors their compliance is not easily visible. We do take some comfort in only engaging with reputable companies

F8.2

(F8.2) Describe the main measures that would improve your organization's ability to manage its exposure to deforestation and/or conversion of other natural ecosystems.

Forest risk commodity

Timber products

Coverage

Supply chain

Main measure

Greater transparency

Comment

Better forest governance and enforcement in some producer countries. Higher profile enforcement of existing trading legislation in the EU. Consistent application of rules and standards by certification bodies More transparency around certification findings and a greater willingness to share intelligence of risks by certification bodies.

F17 Signoff

F-FI

(F-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

F17.1

(F17.1) Provide the following information for the person that has signed off (approved) your CDP forests response.

	Job Title	Corresponding job category
Row 1	Chief Executive Officer	Chief Executive Officer (CEO)

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public

Please confirm below

I have read and accept the applicable Terms