

**ASSOCIATED BRITISH PORTS
CORPORATE RESPONSIBILITY REPORT 2010**

Who we are

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Scope of this report

This report provides a summary of our 2010 activities in relation to our wider corporate responsibilities and explains the progress we are making with initiatives to further develop our Corporate Responsibility (CR) programme.

Further information on the group can be found on our corporate website - <http://abports.co.uk/>

Data included within this report covers our wholly-owned operations for the period 1 January to 31 December 2010. As the group does not have operational responsibility for its associated undertakings, their activities have not been included in this report.

Who we are

Foreword

In 2010 the UK economy saw a partial recovery which led to improved volumes across a number of key trades for the group. This, combined with the full year impact of cost saving initiatives implemented in 2009 and income generated under long term agreements, delivered a strong improvement in the group's operating performance compared to 2009. Notwithstanding the tragic fatality at the Port of Ipswich and a below par performance against health and safety targets, the group continued to make good progress across the CR targets and initiatives that were set for the business at the beginning of the year.

Fatalities are by far the worst thing that can happen in our business and the accident at Ipswich once again served to highlight why health and safety must remain an absolute priority for us. In terms of the group's operational performance in relation to health and safety, we were very disappointed that our incidence rate for reportable injuries of 7.3 per thousand employees, was higher than the record set in 2009 of 3.9 and fell short of the target set at the beginning of the year of 5.0 or less per thousand employees. We remain committed to continuous improvement in our health and safety performance and will again aim to reduce our rate of reportable injuries per thousand employees to 5.0 or less during 2011, compared with the historic industry average of more than 20.

The future growth of the business continues to be dependent upon our ability to identify and address the needs of our current and future customers as well as the quality of our service delivery to meet the needs of our customers. We remain committed to our policy of developing the business by investing in projects backed by long term customer agreements. During 2010 we invested £13m in new customer-driven growth projects and approved a further £50.7m for future projects which all have estimated lead times of 2 years. At the end of 2010 we were pleased to be selected by Siemens as the preferred bidder for their UK wind turbine manufacturing and export facility with parties

signing a Memorandum of Understanding in connection with ABP's proposed Green Port Hull development.

The size of our physical footprint means that good environmental stewardship is an important consideration in the effective management of our operations. Our CO₂ emissions and electricity consumption in 2010 were again below the equivalent levels for the prior year. However, due to new business and increased activities in energy consumptive trades, the group failed to meet its target of an absolute reduction and a like-for-like reduction of 3%. Our resource efficiency groups (REGs) are now well established and continue to contribute towards improving environmental performance as well as cost reductions. We were extremely pleased to see Hams Hall rail freight terminal named as one of the finalists for the "environmental innovation of the year" award at the Rail Freight Group Awards 2010.

We also continued to pursue a varied and interactive community investment programme, with overall community investment in 2010 once again exceeding £300,000.

As in previous years, we have set ourselves CR goals for 2011 and remain committed to further developing our practices to meet the needs of our stakeholders.

Thank you for your continued support.

Peter Jones
Chief Executive
26 May 2011

Who we are

Our business

- UK's largest ports operator
- 21 ports around the UK
- Handles almost a quarter of the UK's seaborne trade
- Owns over 12,000 acres of land and seabed in the UK
- Employs approximately 2,000 people
- Owned by a consortium of four long-term private investors
- Ongoing plans for further port developments

Our activities

Ports & transport – income from vessels entering our ports and from goods handled over our quays, together with rental income from tenants who use our quays.

Property investment – rental income from tenants who do not use our port facilities.

Property development – disposal of surplus land and property.

Our CR highlights

We completed 19 of the 25 targets and initiatives that we committed to in 2010. The highlights of 2010 include:

- Sickness and absenteeism rate improved in comparison with 2009 and maintained below industry average
- Increased usage of e-learning platform available to employees with the introduction of a further 4 courses

- Performance in relation to reportable injuries per thousand employees of 7.3 compared with an industry average of 19
- As part of our commitment to health and safety, 94% of staff were IOSH (or equivalent) trained, against a target of 95%
- New risk assessment training packages launched
- Absolute reductions in CO₂ emissions and electricity consumption
- 2010 Resource Efficiency Group projects saved £300,000
- Launch of group's new sustainable development policy
- Overall community investment again exceeded £300,000

Who we are

The Basics

We segment our business into three areas. The biggest by far is our ports and transport business, which in 2010 accounted for 99.0 per cent of revenue and 98.5 per cent of underlying operating profit.

Ports & transport – UK

We own 21 ports in the UK and are the market leader in our sector, handling over 118.5 million tonnes of cargo in 2010. As the UK's largest ports operator, we benefit from having ports in prime locations in England, Scotland and Wales. As well as excellent geographic coverage, our business benefits from a well diversified cargo base. We work with a wide range of customers, usually under long-term contracts. This means that the business has a good level of visibility over its future annual revenues – for example in 2011, as in previous years, over 50 per cent of turnover is expected to originate from existing customer contracts.

Typically, our UK ports and transport revenue is earned from:

- Ships' dues, from vessels berthing at our ports
- Goods' dues (also known as wharfage or cargo dues) levied on the tonnage of goods passing over our quays
- Handling services provided by our ports and charges to independent stevedores for working at our ports and hiring our equipment
- Income from terminals we operate on behalf of other customers
- Charges for storage or warehousing of cargo passing through our ports
- Property rental and service income from the provision of land on our port estates
- Pilotage charges for guiding vessels through estuary or harbour areas

- Conservancy charges for the maintenance of safe and navigable waterways
- Value-added transport-related services

Property – investment and development

With over 12,000 acres of land and seabed in the UK, effective management of our property assets is an important part of our success. Property investment income is derived from rental income from tenants on our port estates who do not use our port facilities. Proceeds generated from the disposal of surplus land and property are classified as property development income.

Associates

In addition to our own activities, we have interests in two UK container terminals. We own 49 per cent of DP World Southampton, the second largest container terminal in the UK, and 33 per cent of Tilbury Container Services. The revenues of these businesses come from:

- Container handling
- Storage (including temperature-controlled cargoes)
- Ship-planning services
- Cargo inspection and consolidation

How we manage CR

The policies and practices discussed in this report have long been part of our day-to-day activities. Our CR reporting to stakeholders is facilitated by an all-inclusive CR framework that extends from boardroom to quayside.

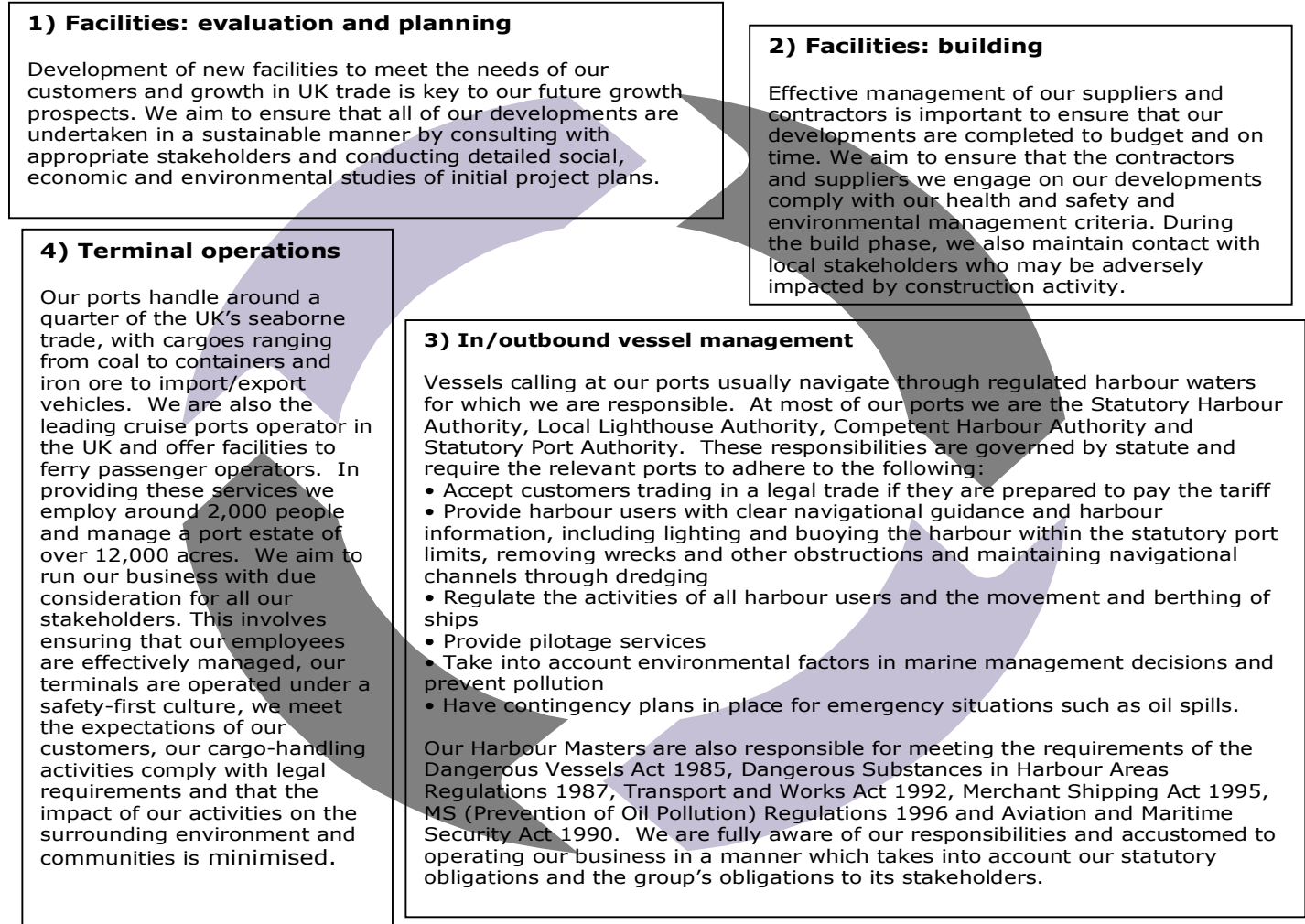
The Chief Executive has overall responsibility for the group's performance and strategy on CR issues. The Board receives regular updates on key CR issues and bi-annual updates on the group's overall progress on CR matters.

Responsibility for the implementation of CR strategy and the management of day-to-day issues is delegated to a multi-disciplinary CR Steering Committee that includes representatives from the group's personnel, communities, health and safety, environment, internal audit and risk management functions. The terms of reference for this committee include implementation of new initiatives, monitoring of performance, the provision of updates to the Board and reporting of performance to external stakeholders. The committee meets at least once a quarter and is chaired by the Chief Financial Officer.

At regional level, the local Port Director has overall responsibility for management of CR issues. Each region has dedicated local managers to address key CR issues such as community relations, health and safety, employee relations and environmental management.

In addition, multi-disciplinary resource efficiency groups meet regularly to review and improve the environmental efficiency of our operations. These groups are designed to encourage the flow of ideas from our employees and report regularly to the CR Steering Committee.

Our CR impact cycle



Workplace – Our People

Our people

Our people are an important part of our organisation and its success. This section of our report provides an update on our performance in relation to the management of our employees during 2010.

Although 2010 was a challenging year, the continued support and loyalty of our employees led us to a good business performance.

Table 1 Performance summary – employees

Performance indicator ¹	2010	2009
Average number of employees	1,922	2,063
Sickness and absenteeism rate per employee per annum (days)	6.8	7.7
Annual new appointments as percentage of headcount	7.8	4.2
Annual leavers as percentage of headcount	11.1	16.3
Female employees as percentage of headcount	11.8	11.4

Review of our 2010 performance

Table 1 provides a summary of our key performance indicators for 2010. An average of 1,922 (2009: 2,063) employees were employed by the group during the year. The decrease in our workforce has largely been due to resignations and retirements, which have led to the re-organisation of existing employees.

Sickness and Absenteeism

Our 2010 sickness absence rates were 6.8 days per employee per annum, which is an improvement against last year's 7.7 days per employee per annum. This is against a benchmark of 9.6 days per employee, as reported by the IRS Research Benchmarking Survey. This benchmark is the most recent statistic available and relates to private companies with 1,000 or more employees.

¹ See glossary for an explanation of performance indicators.

During 2010, 38 employees were absent for long periods due to serious illness. Almost half of these employees have recovered and are back at work. 37 per cent have left the group and 16 per cent are still absent. We are confident that the policies we have in place to manage and assist employees returning to the workplace after a long period of illness help in dealing with these situations.

Our Employee Wellbeing Programme (EWP) provider reports to us on the number of employees that seek help and assistance while absent from work. The figure for 2010 is 4.5 per cent, which compares favourably with an industry figure of 18.1 per cent. This demonstrates that employees are able to cope with problems without being absent from work.

Workplace – Our People

Equal opportunities

We continue to conduct analysis of our workforce gender, age and ethnicity on an annual basis, and there has been no significant change in the demography of our employees. We believe that our employee base continues to be representative of the industry and the geographical regions in which we operate. We operate fair policies when dealing with employment issues and follow Acas Codes of Practice.

Our training on the application of fair employment policies has been popular. The Manager's Toolkit course covers equality and fairness at work and in 2010 we ran five courses which were attended by 56 delegates. We had planned to run only three courses in 2010. However, greater demand for these led to us running two further courses. The aim is to deliver this training to as many of our managers and supervisors as possible.

Toolkit Course Feedback

What did you think about the course content?

All three days of the course had good worthwhile content, which I shall find useful.

Do you think it will help you in your day-to-day management of people?

It will, and is, helping in my day to day management of people; it laid a good groundwork for the implications of how 'people' issues are dealt with by myself and other supervisors around me.

Which topic did you enjoy most and why?

I found the first day, which was interviewing techniques etc the most enjoyable day, though this could be partly because of the course tutor on the day.

What have you done differently since completing the course?

I have been more aware of how I deal with people, and the issues they may have, though I don't think I had too many things to change really, it is good to have the guidelines that the course gives you.

What was the most eye-opening thing you learnt?

The complexity of employment law, and the importance of attention to detail when an individual's actions may lead to tribunals.

Dave Burrell, Engineering Planner at Immingham.

Workplace – Our People

Employee development

There were 2,142 recorded instances of participation in training during 2010 (2009: 2,501). Of the training provided, 60 per cent was on health and safety matters, 28 per cent on training operators of plant and equipment, and 12 per cent on management techniques and information technology.

During 2010, 308 (2009: 259) instances of e-learning courses were undertaken by employees. Four new courses were introduced during the year; 'Business Continuity', 'Office Resource Efficiency', 'Making a Managerial Referral to the EWP' and 'Conducting Investigations'.

We concluded our 2009/2010 mentoring programme during the year. It involved sixteen pairs of mentors and mentees.

The Performance Development Reviews have continued to be an important part of our employee development strategy. We reviewed and updated the ratings for 2010, to help line managers score the competencies in a more accurate way. The process has been made clearer, so that employees understand what happens to the review form once they have signed it.

ABP continued to provide work experience placements for students. In total 40 placements were made in 2010 (2009: 34). We strongly believe placements showcase ABP as a prospective employer to students and local schools, as well as providing an opportunity for employees to give something back to the local community.

Communication

Our methods of internal communication have centred around the in-house employee magazine (PortsTalk), notice boards and the group's intranet. The intranet was re-designed and re-launched in June 2010. We involved

employees in suggesting a name for the new intranet and the name 'Navigator' was chosen. At its highest, the usage has reached 80,000 hits a month. The top 5 sections that have been viewed by employees are:

1. Communication
2. Personnel
3. Employee Directory
4. Employee Forums
5. Health & Safety



Picture 1 ABP intranet

The Personnel intranet content was reviewed and regularly updated during the year.

Workplace – Our People

A revised Employee Forum Constitution was issued to all forums to adopt. The Employee Forums have continued to be an excellent platform for internal communications.

Employee Forum – Employee rep feedback



Ben Ball, Pilot, South Wales.

I have been employed as a harbour pilot for the ports of Swansea & Port Talbot for the past 13 years and was nominated to join the Employee Forum back in 2007.

I put my name forward as I felt that there was an opportunity to improve communication between the South Wales ports. The idea that I could assist in the channelling of information back and forward appealed to me - not least because I personally was keen to know what was going on around the company both locally and nationally.

The Employee Forum plays a very important role in the dissemination of information in both directions i.e. it provides a voice for employees who may otherwise feel they have no means of voicing their opinions and likewise it provides the company the opportunity to inform employees of developments both at a local and national level. This movement of information can only strengthen the relationship between management and staff.

Individual employees are able to voice relevant concerns or issues knowing that they will be raised and minuted and that they will receive feedback in due course. This, I feel, helps to improve their feeling of self-worth and makes them feel more valued as an employee.

On a personal level I have found my involvement in the Employee Forum very rewarding and still continue to do so. Firstly, I have found the quarterly

meetings both relaxed and informative and they have given me the opportunity to meet and chat with senior management. I feel strongly that the movement of information that the Forum promotes helps us all in the long run - if you feel happy at work and you feel your voice counts then this has to be good for the business as a whole.

How would I 'sell' being a rep to my colleagues? Well, like most things in life, you get out of it what you put into it. A little bit of effort in informing colleagues locally that a meeting is imminent and requesting any items for the agenda lets people know you are serious about your role. Following this up with feedback from the meeting is just as important. You have to be interested in people and have a desire to want to keep abreast of developments. If this sounds like you then go for it - I certainly feel more integrated, more a part of the company as a whole, more valued.

Benefits

ABP aims to provide competitive remuneration and a wide range of benefits to employees. Benefits provided in 2010 included our Employee Wellbeing Programme (EWP), which provides a free 24-hour, confidential advisory service; which was used by 138 employees (2009: 153). This represented a 7.8 per cent annualised utilisation rate (2009: 10 per cent) which is considered satisfactory for the type of industry in which we operate and the profile of our workforce. The benchmark provided for our industry is 3.9 per cent utilisation. The EWP usage is split between Life Management services and counselling by 80:20, this is a very proactive profile. It shows that employees seek help and support early on and thereby mitigate the effects on their work and home life. The industry norm is 45 per cent Life Management and 55 per cent counselling. During 2010 the services provided by the EWP were expanded to include an online health and wellbeing portal. wellbeingworks® is an interactive, healthy lifestyles website that addresses a wide range of medical and health issues. It is an excellent way of getting

Workplace – Our People




information from a reliable source when employees need it. Once enrolled employees are encouraged to complete a health assessment. Take up has been low and we are planning further promotion of the portal during 2011.

The private medical insurance scheme is open to most employees and their families.

In partnership with our EWP provider we ran a number of health promotions during the year, including 'Know Your Numbers', 'National Men's Health Week' and 'Bowel Cancer Awareness', amongst others. We will continue promoting a number of national health awareness days during 2011.

We undertook to promote the interest free season ticket loan scheme during the year. This was actioned through posters on notice boards, the intranet and Ports Talk.


**Interest Free
Season Ticket Loan**

All ABP employees can apply for an interest free season ticket loan

- You must travel to and from work on public transport – bus, train, tube or ferry
- The loan is available for an annual ticket
- Recovery of the loan is over 11 months

Further details are posted on the Intranet or contact Personnel


Associated British Ports

Workplace – Our People

Give as you earn

Through the Give As You Earn (GAYE) scheme ABP continues to match employee donations and meet the administration costs. The average monthly donation per employee has risen to £22.79 during 2010 (2009: £13.09). This is even though only 5.9% of employees participate in the scheme (2009: 6.0 per cent). In total, employees donated approximately £30,100 (2009: £18,800) to good causes through the GAYE scheme during the year, which was matched by ABP. The top three charities that they donated to were Barnardos, Cancer Research UK and The British Red Cross.

Unions

A new agreement on national recognition was signed with Unite in March 2010 with both parties seeking to maintain a positive ongoing working relationship. The agreement covers Manual Grade staff within our port operations. The 2010 pay negotiations resulted in members accepting ABP’s offer with a substantial majority.

Summary of our progress against targets and initiatives

Table 2 provides a summary of our current targets and initiatives and the status of our progress as at 31 December 2010:

Table 2 2010 Employee targets and initiatives

Initiative	Status
Conduct a comprehensive review of our Employee Handbook	Achieved
Publish a policy on Public Duties	Achieved
Continue to match GAYE donations and promote the scheme	Achieved
Introduce a further two e-learning courses	Achieved, four in total
Promote the Season ticket loan scheme	Achieved
Review and update the Employee Forum constitution	Achieved

Our priorities for 2011

Our people	
1.	Promote wellbeingworks® web portal and Employee Wellbeing Programme
2.	Promote the smoking cessation assistance ABP gives employees
3.	Train investigators to ensure sufficient resource to conduct bullying and harassment investigations across ABP
4.	Review policies in line with the impending removal of the default retirement age
5.	Run three Management Toolkit courses
6.	Monitor the implications of the impending Bribery Act for ABP and its employees and promote the information internally as appropriate

Workplace – Health & Safety

Health & safety

Continuous improvement in our health and safety performance remains an absolute priority for the group. We believe that accidents and injuries suffered at work are preventable and support this belief by providing rigorous and high quality training to our employees to ensure that they are aware of potential risks in their places of work. Our board of directors keeps the group’s performance in health and safety matters under regular review.

In this section of our report we provide an update on our performance during 2010 along with future initiatives that we are looking to implement during 2011.

Table 1 Performance summary - health & safety

Performance indicator ¹	2010	2009
Fatal accidents to employees / contractors	1 ²	-
Reportable injuries to employees	14	8
Reportable injuries per thousand employees	7.3	3.9
Lost days per employee due to reportable injuries at work	0.18 ³	0.12
Non-reportable lost time accidents to employees	17	9
Reportable dangerous occurrences	1	7
Improvement notices issued by the HSE	1 ⁴	-
Prohibition notices issued by the HSE	0	-
HSE fines (£'000)	0	266 ⁵

¹ See glossary for explanation of performance indicators

² Employee at Ipswich received fatal injuries when a pneumatic wheel instantly deflated whilst removing it from a forklift truck. The accident is under investigation by the HSE.

³ $348 / 1922 = 0.18$ lost days per employee

⁴ Requirement to change buried LPG pipe from steel to PVC, or expose steel pipe overground

Review of our 2010 performance

A summary of our 2010 performance compared to 2009 is provided in Table 1. In 2010 there were 14 reportable accidents to employees, resulting in an incidence rate of 7.3 reportable accidents per thousand employees. This is obviously a very disappointing performance compared to the record year in 2009 (8 reportable accidents to employees and an incidence rate of 3.9), and is overshadowed by the fatal accident involving the loss of a valued employee in Ipswich in March 2010. This accident, which occurred when a pneumatic wheel instantly deflated as it was being removed from a forklift truck, remains under investigation by both ABP and the Health & Safety Executive.

⁵ In 2009, the group was fined a total of £266,000 plus £74,442 costs following the fatal accident involving an employee at Ipswich in 2007. Measures have been taken to ensure that the lessons learned from this tragic loss of an employee have been shared with other terminal operators in our ports and beyond. Such measures include improvements to workplace transport risk assessments and safe systems of work specifically for vehicle marshals and banksmen.

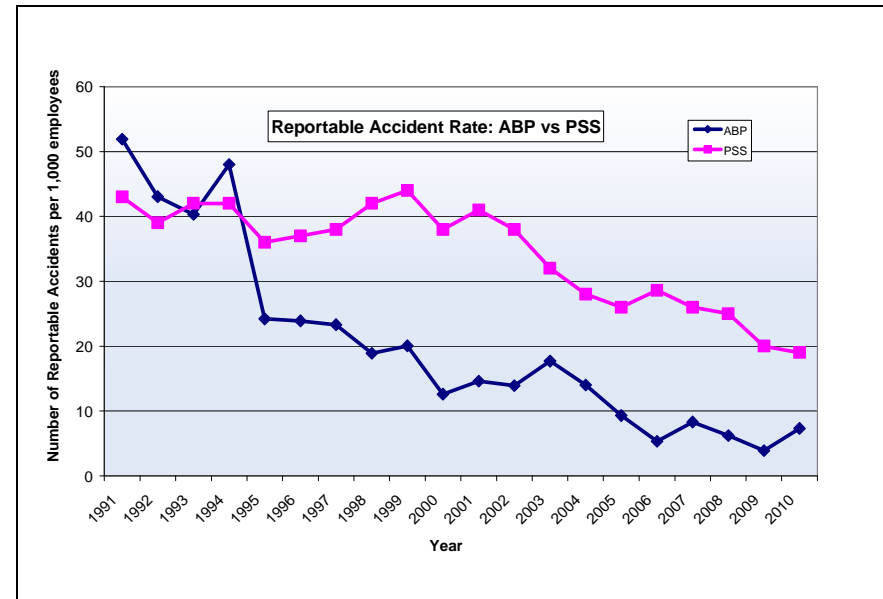
Workplace – Health & Safety



Health & safety

In common with our peers in the ports industry, we measure our headline health and safety performance in terms of reportable injuries involving over three days of lost time, major injury or fatality. In addition to close monitoring of all health and safety related issues and a range of safety-related KPIs, the Board sets annual targets in relation to reportable injuries. Due to the exceptional performance in 2009, our target for 2010 was to maintain our reportable injury accident rate below 5 per thousand employees. The actual rate for 2010 was 7.3 reportable injury accidents per thousand employees. For the same period, the industry safety, skills and standards body, Port Skills and Safety (PSS), recorded a reportable injury accident rate across its whole membership of 19 reportable injury accidents

per thousand employees⁶. Figure 1 shows the comparison between the membership of PSS (and its predecessor organisation) and ABP's individual performance, for the period 1991 to 2010.



⁶ PSS full-year reportable accident rate for 2010.

Workplace – Health & Safety

Figure 2 provides an analysis of our reportable injuries for 2010 by type:

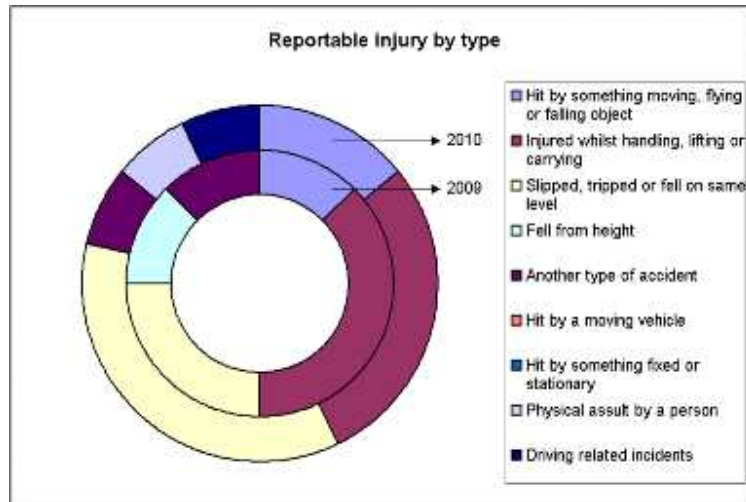
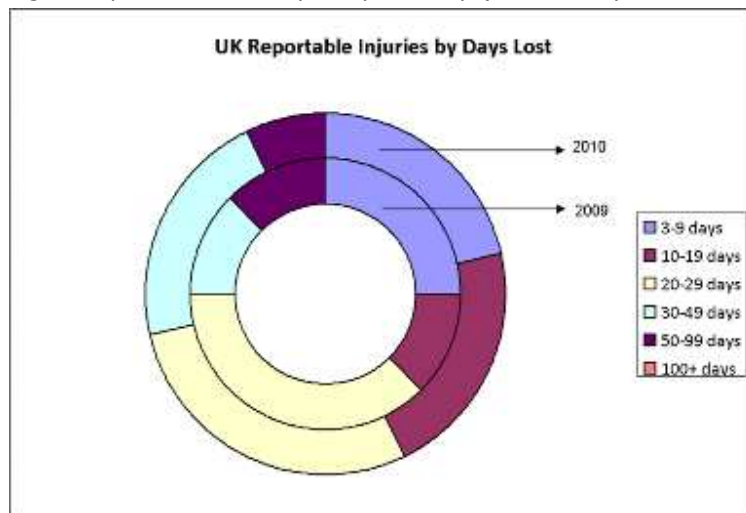


Figure 3 provides an analysis by severity (assessed by number of days lost):



Health & safety

Risk management and employee training

Risk assessment and the development of safe systems of work are the foundations of our approach to health and safety. A multi-disciplinary approach is adopted to assessing risk at the planning stage for major projects, in working closely with contractors to manage safety during construction and commissioning, and developing safe operational systems with employees and customers for implementation when new facilities are handed over for use. In 2008 we updated our Risk Assessment Toolkit. In support of this we developed a new training package on the preparation of risk assessments and the subsequent development of safe systems of work designed to give a more realistic hands on approach. Delegate feedback on the improvements made to the training course includes:

“Learned more in detail”, “Interactive; much better than the usual sit and listen”, “Very good course, practical exercises relevant to the job we do”, “Excellent course for attendee participation”.

The group remains committed to the achievement of the highest standards of health and safety. We demonstrate this commitment through a range of initiatives: employee training, regular communication through meetings, forums and awareness campaigns on specific themes linked to our industry and the types of accidents suffered by our employees.

Health & safety

Training

We aim to ensure that all our employees are provided with rigorous and high quality health and safety training. This is in addition to job- and task-specific training tailored to individual roles. In 2010 we continued to deliver training

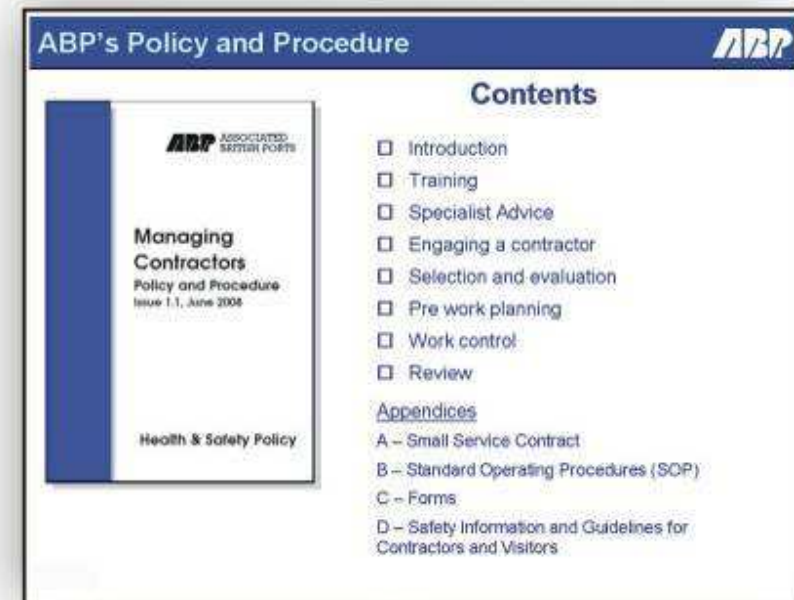
Workplace – Health & Safety


accredited by the Institute of Occupational Safety and Health (IOSH) using the following suite of courses:

- IOSH 'Working Safely' and the group's IOSH-accredited 'Cargo Handling in Ports', depending upon whether the employee works in an operational or office-based environment
- IOSH 'Managing Safely' for all supervisors and managers working in an operational environment
- IOSH 'Safety for Senior Executives' for all senior managers and directors
- IOSH 'Safety for Safety Representatives' for all group appointed safety representatives

We have a long-term target of 95 per cent of employees having received initial general health and safety training, plus subsequent refresher training, within the cycle agreed with IOSH. At the end of 2010, 94 per cent (2009: 96 per cent) of employees had received this training and were re-trained within the agreed refresher period. Maintaining this target over the long-term remains very challenging as it is impacted by the timing of employees joining and leaving the group, and excludes any employee who received the training after the three-year refresher date.

Training of employees in relation to applying our Managing Contractors policy was previously undertaken by an external training organisation. In 2010 this training was reviewed and updated, and the decision was taken to bring the delivery of this course in-house. This updated training course has been completed and is being rolled out across the group during 2011. The course format follows that of the risk assessment course in that it uses electronic voting to make learning interactive and fun, but more importantly it includes practical scenarios for which the delegates assess, manage and monitor the competency of contractors. This will ensure a greater understanding of what is expected to be achieved by applying our Managing Contractors procedures.



ABP's Policy and Procedure 

Contents

- Introduction
- Training
- Specialist Advice
- Engaging a contractor
- Selection and evaluation
- Pre work planning
- Work control
- Review

Appendices

- A – Small Service Contract
- B – Standard Operating Procedures (SOP)
- C – Forms
- D – Safety Information and Guidelines for Contractors and Visitors

Managing Contractors
Policy and Procedure
Issue 1.1, June 2008
Health & Safety Policy

Extract from our control of contractors training course

Workplace – Health & Safety

Health & safety

Safety campaigns

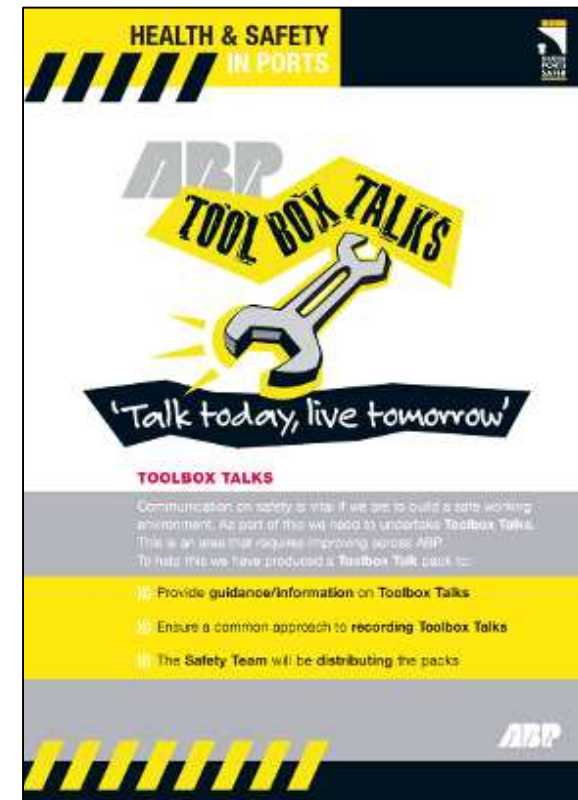
Regular safety campaigns form an integral part of our risk management and communication process.

The delivery of “toolbox talks” is a key communication tool adopted across all business units. The use of this tool has proven to be extremely successful, and audits show the guidance has been well received and implemented in our business.

In 2010 a number of safety alerts and safety notices were issued in order to create awareness of safety issues and alert employees to particular risks.

The key safety awareness campaign in 2010 focused on workplace transport and involved a series of posters to raise awareness on topics such as:

- general information on workplace transport accidents;
- the dangers of reversing vehicles;
- case study examples to show where risks have been eliminated; and
- the role of banksmen/vehicle marshals.



Workplace – Health & Safety

SAFETY ALERT 07/10

Machinery Fires from Dusty Environments and Fires from Arson

A copy of this Safety Alert has been posted on the ABP Intranet under "Health and Safety"

Date: 16 September 2010	SA Ref: 07/10	Location: All Locations
Distribution: ABP Board Port Managers Engineering Managers Operations Managers Heads of Safety/Safety Managers/Safety Officers		cc: General Counsel

PLEASE CIRCULATE THIS ALERT TO APPROPRIATE MEMBERS OF YOUR TEAMS

High Hazard Reportable Injury Accident	Reportable Dangerous Occurrence	High Risk "Near Miss" <input checked="" type="checkbox"/>	Plant/ Equipment Defect Report
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A fire incident occurred in July 2010 re-iterating the potential for plant to catch fire whilst operating in a dusty environment (see Photo 1 of the fire damaged loading shovel). The action of the driver in driving the shovel out of the shed whilst on fire prevented escalation.

There has been a history of similar fires across ABP where machinery has been operated in a dusty environment, such as biomass, and product has built up on the plant causing local overheating and a fire to break out, ultimately destroying the equipment.

Also, a fire incident occurred in June 2010 due to the inappropriate storage of gas cylinders left behind by a contractor. A caravan was maliciously set alight by trespassers and the fire escalated to the bank of stored gas cylinders. Luckily none of these cylinders ruptured. In addition to the safety issues, fires involving gas cylinders can cause business/operational disruption, as the Fire Service will set up a large exclusion zone whilst tackling the fire.

It was necessary for the Fire Service to attend both of these incidents.

Photographs of the above fire incidents are included on page two of this Safety Alert.

Action to be taken:

1. For equipment operating in dusty environments ensure there is a scheduled programme of cleaning to avoid product build up and overheating, and this is addressed in the fire risk assessment.
2. Ensure appropriate storage of flammable materials and ensure that the potential for arson has been considered in the fire risk assessment.
3. Plant should not be parked overnight in sheds where a fire could break out undetected (see Photo 2).
4. Plant should be parked with spacing away from other vehicles/buildings to avoid escalation should a fire be likely to occur undetected.

Immediate: <input checked="" type="checkbox"/>	By 3 Months:	By 6 Months:
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Page 1 of 2

Safety Alert 07/10 (continued)

Machinery Fires from Dusty Environments



Photo 1 - Shovel Destroyed by Fire (July 2010, Immingham)



Photo 3 - Scissor Lift Fire, 2007 (Immingham)



Photo 2 - Loading Shovel Fire
The fire occurred overnight inside a shed (Immingham)



Photo 4 - Burnt out Engine Compartment on Volvo Loading Shovel Oct 2005 (Garston)

Fire due to Arson




Photo 5 - Arson to Caravan, Fire Escalated to a Bank of Gas Cylinders

Page 2/2

Workplace – Health & Safety

ABP ASSOCIATED BRITISH PORTS
Workplace Transport



At the end of the day we're as fragile as an egg when it comes to collisions with vehicles

THE HARD FACTS


each year in the UK workplace transport accidents result in:

- 50 deaths** (which means that by the end of this week somebody has died at work)
- 1500 major injuries** (that's a fracture or amputation, 28 this week)
- 3500 when somebody has been off for >3 days** (that's 67 this week)

(Data source: HSE 136, year 2005)

PEDESTRIANS

- Never stand in the flow of traffic
- Never stand behind a reversing vehicle
- Never blindly cross roads/shed entrances
- Never assume the driver knows you are there
- Never assume you have right of way



DRIVERS

- Never reverse if you can't see behind you
- If you can't see behind you use a marshal/banksman
- If you can't get help - STOP
- If you lose sight of the marshal/banksman - STOP
- Never assume a pedestrian is aware of you
- Never assume no one will be there

Workplace Transport - let's be very vigilant
 if you SPOT something wrong then report it!

1 MAKING PORTS SAFER

Safety Campaign 2010 - 7. Financed by ABP Participations. © Associated British Ports

Workplace Transport **ABP**

REVERSING VEHICLES KILL!



Eight wheel tractor



Loading shovel

All vehicles have Blind Spots



STOP - If you can't see behind you
 STOP - Never assume the area behind is clear.

GO Plan to eliminate/minimise reversing movements
 Use a banksman for assistance

A quarter of workplace transport deaths are caused by vehicles reversing
 A sample of these accidents includes:

- Mar 03 Pedestrian killed by a reversing lorry - no vehicle marshal and no Safe System of Work
- Jun 05 Welder killed by a reversing scrap lorry - no segregation and excessive distance being reversed
- May 05 Bus driver crushed when a bus lurched backwards - poor traffic management
- Jun 05 Operator killed by reversing telehandler - no banksman and no marked crossing point
- Feb 06 Operator killed by reversing loading shovel - no segregation of pedestrians and vehicles
- May 06 Pedestrian killed by reversing truck - failed to minimise reversing movements
- Apr 07 18 yr old killed by reversing skip loader - no risk assessment or safe system of work, no banksman
- May 07 Operator killed by reversing tipper lorry - uncontrolled vehicle movements
- Jun 07 Operator crushed by reversing loading shovel - no risk assessment and no segregation
- Jun 07 Operator crushed by reversing lorry - failed to separate pedestrians
- Jan 08 Road side worker killed by reversing lorry - no traffic plan

Workplace Transport - let's be very vigilant
 if you SPOT something wrong then report it!

1 MAKING PORTS SAFER

Safety Campaign 2010 - 2

Workplace – Health & Safety

Health & safety

Monitoring and improving performance

Our approach to monitoring and performance improvement is multi-layered.

- At group level we are active members of a number of safety related organisations such as the British Safety Council and Port Skills and Safety. We use these and other memberships to monitor trends and initiatives in the ports and other industries, and to feed into our systems and training development
- Our internal audit provider, KPMG, routinely audits our safety management systems, performance and improvement
- Our in-house safety team, led by the Group Safety Manager, carry out detailed audits of all ABP's operations on a 3-year cycle, as detailed in our Safety Policy
- Each operating region produces annual safety action plans with specific target areas focused on the individual needs and areas for improvement relating to the specific operation
- We have active Safety Committees in all our operations through which we communicate safety management system and performance updates and engage with employee representatives
- All our Safety Committees undertake a programme of Workplace Inspections looking at all operations and feeding into the work of the Safety Committees

As mentioned above, our Safety Policy sets the requirement that all sites will be subject to a detailed in-house safety audit every three years. The most recent audits commence in September and will run through until March. Initial audit findings indicate that all locations have improved and have moved into a higher audit classification.

In working with KPMG we identified the opportunity to develop a longer-term vision for the development of the group's safety culture. At the end of 2009 we established a Safety Strategy Group, and issued our first five-year Safety Strategy, setting out our objectives for the period 2010 – 2014. The strategy has undergone its first annual review, and our strategy for 2011-2015 is now in place. This strategy will form the basis of our feedback in future corporate responsibility reports.

Workplace – Health & Safety

Health & safety

Summary of our progress against targets and initiatives

Table 2 provides a summary of our 2010 targets and initiatives and the status of our progress as at 31 December 2010.

Table 2: Health and safety targets and initiatives

Health & safety initiative	Status
1. Maintain reportable accident injury rate for employees below 5 per thousand employees.	NOT ACHIEVED – 7.3 IN 2010.
2. 10% improvement on 2009 employee lost time due to reportable accidents to employees.	NOT ACHIEVED – INCREASED TO 0.18 DAYS PER EMPLOYEE IN 2010, FROM 0.12 DAYS PER EMPLOYEE IN 2009.
3. Maintain 95% of employees with in-date IOSH general health and safety training.	NOT ACHIEVED – 94% AT END DECEMBER 2010.
4. Review and update the group’s Permits to Work Policy and Procedures.	ACHIEVED – UPDATE COMPLETED FOR IMPLEMENTATION Q1-11.
5. Awareness campaign and focused audits on workplace transport safety management.	ACHIEVED – AUDITS CARRIED OUT AND 3 CAMPAIGNS COMPLETED IN 2010.
6. Five-year review and update of the group’s Cargo Handling in Ports (Managing Contractors) training course.	ACHIEVED – REVIEW COMPLETED DURING 2010.

2011 objectives

Health and Safety	
1.	Reduce employee reportable injury accident rate to 5 or less per thousand employees
2.	10% improvement on 2010 employee lost time due to reportable accidents
3.	Develop and implement a replacement course for "Managing Safely Re-certification" (following changes in IOSH’s accreditation requirements)
4.	Produce and issue revised in-house legionella safety policy
5.	Update and re-issue the ABP Safety Training policy
6.	Update and re-issue the ABP Safety Management System overview document

Suppliers

Suppliers

The effective and efficient sourcing of both operating and capital expenditure is a key driver of our business performance. We work with a large number of suppliers to source a range of goods and services. The practices and performance of our suppliers can affect our reputation and service-delivery to our customers; we therefore place a great deal of emphasis on the successful management of our relationships with our suppliers.

Table 1 Performance summary – suppliers

Performance indicator ¹	2010	2009
Total amounts paid in relation to capital expenditure (£m)	32.4	51.2
Average creditor days	46	30

¹ See glossary for explanation of key performance indicators.

Review of our 2010 performance

A summary of our 2010 performance is provided in table 1. We spent £32.4m on capital expenditure projects. The decrease in our spending in 2010 reflects the impact of cost reduction initiatives taken as a result of the reduced throughput levels expected during 2009. Goods and services purchased included:

- Design and engineering
- Construction and construction management
- Plant and equipment
- Security and stevedoring
- Legal, financial and other professional services

Partnership approach

As with our customers, we aim to develop long-term relationships with our suppliers and subcontractors. In all of our dealings with our suppliers and contractors, we aim to ensure:

- Agreement in advance of a set of reasonable terms of trade
- Establishment of a fair and transparent relationship based on mutual trust
- Settlement of amounts due in line with agreed terms
- Respect for the sensitive nature of commercial agreements
- Compliance with all appropriate health, safety and environmental standards and regulations

As in our customer relationships, we are committed to encouraging a way of working with our suppliers which is fair, honest and responsible.

Supplier relationship management

Open communication with our suppliers is important to us because it enables us to understand developments in their businesses and allows us to keep them informed of any changes in our business plans. Regular dialogue helps us to ensure that suppliers continue to comply with our procurement policy and that any service-delivery issues are highlighted in a timely manner. The supplier liaison initiatives adopted by our business units include regular formal meetings at senior management level and ongoing dialogue between operational personnel.

Sustainable Development

Our sustainable development policy is focussed on managing our obligations to the environment in a responsible manner, whilst developing our business to meet the needs of our customers. We aim to achieve our sustainable development objectives through the promotion of good governance and the maintenance and improvement of our Environmental Management Framework (EMF).

The group’s management is committed to promoting sustainability and high standards of environmental management across the business. This commitment comes from our belief that good environmental management is integral to good business management and is therefore a key ingredient of long-term success.

Table 1 Performance summary – environment

Performance indicator¹	2010	2009
CO ₂ emissions (tonnes) ²	83,897.3	84,822.8
Normalised figure – CO ₂ tonnes/£million revenue	205.6	209.1
Electricity consumption (million kWh)	77.6	78.7
Water consumption (million litres)	1,417	1,380
Dredged material (million tonnes)	9.5	10.5
ABP-generated waste (tonnes)	7,128	5,701

¹ See glossary for explanation of key performance indicators.

² The 2009 figure differs from previously published CR reports due to the most recent conversion factor supplied by the EA being used in the calculation of carbon emissions.

Review of our 2010 performance

Carbon management remains a significant issue for the group and we have been reporting and targeting improvements in our carbon emissions for a number of years. In 2010 our absolute carbon emissions decreased compared with the prior year continuing the trend from previous years. We also improved our performance on a like-for-like basis against revenue, narrowly missing the 3% improvement target. In order to continue our commitment to resource efficiency, we have decided to keep the target of reducing emissions on an absolute basis and to reduce emissions by 3 per cent per annum from 2009 after adjusting for changes in revenue.

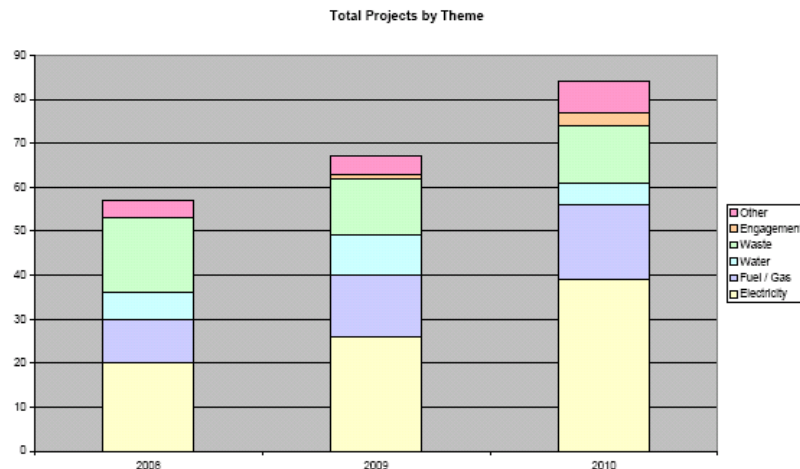
In 2010, our water consumption increased compared with the previous year, for the second year running. Our consumption of water is related to operations occurring at the ports and this can vary from year to year. Many of our port estates have old infrastructure and we often suffer from leakage in the system and this is the reason for some of our non-operational increases. We continue to promote the use of smart metering of water in order to improve the accuracy and detail of our data.

Sustainable Development

Resource efficiency groups

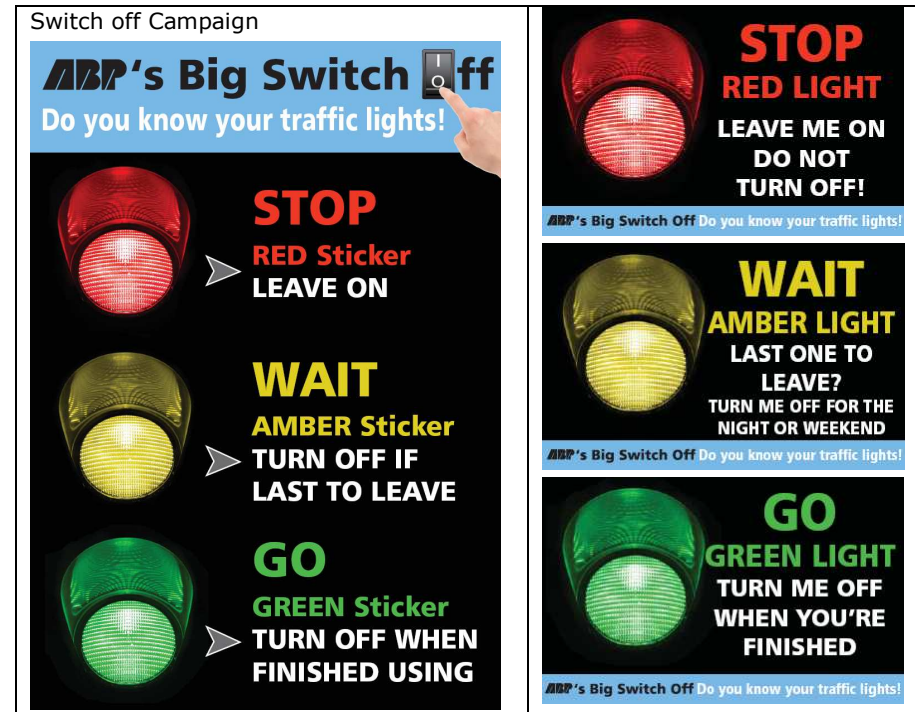
In 2010 our resource efficiency groups (REGs) continued to identify a wide range of initiatives to save resources across the group in line with our policy objective: *To use natural resources in an efficient and responsible manner*. In 2010 more than 80 REG projects were identified or undertaken (compared with 57 and 67 in 2008 and 2009 respectively). Those that could be quantified gave rise to an annual saving of more than £300,000 on an ongoing basis, and we expect this figure to rise when more data from monitoring of the projects is collected and analysed. We had a good range of projects identified again including further lighting improvements, waste minimisation programmes, travel / transport projects and employee engagement initiatives.

Figure 1



Employee engagement is a key factor in ensuring resource efficiency. In 2010 we ran a group wide switch-off poster and sticker campaign (see picture) to remind all our employees of the key role they have in improving our resource efficiency by simply remembering to power down equipment. During the year

we held a meeting for the resource efficiency groups where we brought together the chairpeople to present their best idea to date and discuss their most replicable idea. Following the meeting a list was created of suggested projects that the REGs could develop and we hope to develop some further tools for the REGs to use over the course of 2011.



Sustainable Development

REG Case Study - Voltage Reduction Analysis

In Hams Hall, Cardiff and Southampton some work has been done by the group's IT department to check voltages at point of use in locations around the sites. Over-voltage damages electrical equipment, shortening their lifespan and uses unnecessary power. By the purchase of a simple plug-in logger and software we have been able to record average, minimum and maximum voltages. In some of our locations the average voltages have been found to be as high 253V, whilst the optimal voltages for equipment are typically only between 220 and 230V. There have been several failures of PCs, network equipment and other electrical items that are likely to be attributable to the over-voltage. Where suitable the engineers have adjusted down the voltage and savings of up to 20% are expected.

Carbon reduction commitment energy efficiency scheme (CRCEES)

During 2010 we registered as a compulsory participant in the CRCEES, a government-sponsored scheme to be operated by the Environment Agency (EA). The comprehensive spending review undertaken by the Government made some significant changes to CRCEES, including the removal of the 'recycling' payment for good performance. CRCEES is now effectively a carbon tax on the business and provides further incentives for increasing resource efficiency across the group. The procedures we have in place as part of our CR reporting already provide most of the data needed for our participation in this scheme; however, we continue to make a number of minor changes to our current procedures to ensure that they are in line with the requirements of the CRCEES. For example, we currently manage and report all sources of carbon emissions in the business, although some of these sources of emissions are outside the scope of the CRCEES. To address this anomaly our future CR reports will include both our total carbon emissions and our reported CRCEES emissions. In order to promote consistency of our CR reporting, our future CR reports will also reflect any changes made in order to ensure our compliance with CRCEES.

Sustainable Development Policy

In 2010, ABP developed a new sustainable development policy that applies across the group. The policy sets out our key high level aims which are:

- To manage and, where possible, reduce the environmental risk of our operations
- To use natural resources in an efficient and responsible manner
- To ensure all new developments and business growth prospects have regard for the environment and look for opportunities of environmental improvement
- To effectively communicate our environmental performance to all relevant stakeholders
- To prepare for, and respond effectively to, environmental incidents or emergencies

The policy clearly sets out the role each employee has to play in integrating good sustainable management across the group based on our belief that sustainable development is the responsibility of all of our employees and that everyone has a role to play. We look forward to integrating the philosophy further within the business and raising awareness of sustainable practices.

Sustainable Development



described above will have indirect benefits for biodiversity, but we also make many direct contributions through the work undertaken at our ports. Following a request from the Department for Environment, Food and Rural Affairs (DEFRA) in 2009, we collated a list of the projects undertaken across the group to enhance biodiversity. In order to demonstrate our commitment to these requirements, we continue to look for areas we can improve biodiversity across the group (see the South Wales Case study) and in 2011 we have set a target to undertake a minimum of 5 biodiversity related projects.

South Wales Biodiversity Case Study

During 2010, our South Wales ports of Swansea, Newport and Port Talbot worked in partnership with the Bumblebee Conservation Trust to develop a management plan for our grassland areas at these ports. This will be done with the aim of increasing the habitat of the Shril Carder Bee. The Shril Carder Bee is one of the most endangered species of bumblebee and one of their few remaining strongholds is in South Wales. We look forward to making a real contribution to the survival of this species in the coming years and continuing our work with the Bumblebee Conservation Trust.

Biodiversity

We have a legal duty to conserve and enhance natural resources for the benefit of biodiversity in order to comply with the Natural Environment and Rural Countryside Act 2006. Many of the resource efficiency projects

Sustainable Development

Dredging

Maintenance dredging is an essential operation that we undertake to ensure safe navigable channels to our ports. Our dredging contracts are carefully managed to ensure that dredging only takes place where needed. We continue to develop and update baseline documents in line with Natural England's voluntary Maintenance Dredging Protocol to ensure our maintenance dredge operations meet the requirements of the Habitats Directive. We are also applying the Environment Agency's guidance on dredging and the requirements of the Water Framework Directive across the group as we renew our maintenance dredge licences.

2010 also saw a lot of work and involvement with Defra and the Marine Management Organisation with regards to the development of a new marine licensing regime that will be in place from April 2011. We are hoping to work with the Marine Management Organisation during this coming year to develop an improved, streamlined and proportionate system.

Management and reduction of the environmental impacts of our operations

One of our policy aims is to *manage and, where possible, reduce the potential environmental impacts associated with our operations*. Our business units continue to use their Environmental Aspects Registers (EARs) to assess the environmental risk of their operations. The EARs are designed to detail the risks and controls applied to different activities and highlight areas in which actions are required.

During 2010, we developed a number of toolbox talks that are available for use within the business units and are intended to raise awareness of topical issues. We have also expanded our suite of guidance and information notes to provide more information on potential mitigation measures for our operations.

After reaching the end of our third round of internal audits at the beginning of 2010, we took a 6 month break from auditing before starting the fourth cycle. We have now started on this next round and will continue this through 2011 when we will reflect upon the process and how to take it forward. We have developed and launched an internal self-audit tool which the business units can use to self diagnose environmental issues and prepare for audits.

KPMG continued their role in 2010 as our internal audit services provider and conducted a number of environmental audits across the group. The findings from these audits provide a useful test of our environmental management framework and help us to take forward our continuous improvement agenda.

Toolbox talks

In 2010 we introduced a selection of toolbox talks that can be given to employees as appropriate for the location. All toolbox talks include discussion points and have a section to record questions asked and the attendees present. We will be developing more talks as necessary.

Our current suite of talks include

- Dust and Noise
- Oil and Fuel Storage
- Landside Spill Response
- Incident Reporting
- Waste
- Resource Efficiency

Sustainable Development

An extract from our Oil and Fuel Storage Toolbox Talk



Climate Change

We have been monitoring the potential impacts of climate change on our operations for a number of years. In 2010, DEFRA issued ABP with four directions to report, (for our harbour authorities handling over 10 millions tonnes of cargo), under the Climate Change Adaptation Reporting Power which was introduced under the Climate Change Act 2008. During 2011 we will be reporting to the Secretary of State on the impacts that climate change may have on these harbour authorities and their statutory functions.

During 2011 and 2012 we will also be reviewing our land-side and operational risks related to climate change based on the latest projections, and will be providing each of our ports with the latest projections for their area so that they can be informed of the potential changes.

Sustainable port development

We grow our business by investing capital in new projects which can have the potential to impact the environment surrounding our facilities. It is our policy to: *ensure that all new developments and business growth prospects have regard for the environment and we proactively look for opportunities of environmental improvement.*

As well as ensuring that our operations continue to be managed in an environmentally sensitive manner, our REGs have also helped to ensure that the design of new projects takes into account resource consumption and efficiency as it is important to ensure that we can work within our carbon targets while expanding and developing the business.

In 2010, we worked on some revisions to our engineering procedures to ensure environmental aspects are consistency and fully considered during the planning and design of all engineering projects, no matter how large or small.

Sustainable Development

We are planning to finalise these project management procedures and associated guidance in 2011, along with revisions to our procurement policy.

Update to our Land Quality Assessments

ABPmer was commissioned by ABP to produce an updated version of the ABP Land Quality Assessment (LQA), including a revised methodology to implement recent changes in legislation and advances in technology and access to historical datasets. The original LQA work was undertaken, following a trial in Immingham, across the group in 2002, where each port created a site specific assessment. Results showed that there were no significant risks identified and that the Port Estates were suitable for use and not liable to be designated as contaminated land.

The project involved creating a new standard methodology to ensure consistency between port sites; to set up a standard list of datasets to establish a thorough background review; to update template pathways using latest guidance; to update risk matrices in line with latest guidance and to ensure a thorough, repeatable and transparent methodology; and to ensure that the template includes all potential contaminants outlined by guidance. This work was undertaken in line with the guidance in Planning Policy Statement 23 on Planning and Pollution Control which outlines the role of the owner/developer and makes them responsible for ensuring that development is safe and suitable for use for the purpose that it is intended.

This revised approach has been trialled in Newport and is being rolled out to our other ports in the first half of 2011. ABP Property Managers will attend a workshop and be talked through the assessment process and provided a comprehensive package to conduct their assessment. This package will include the guidance document and a layered pdf (see example opposite) that can be used to get a greater understanding of the underlying characteristics and historical uses.

Example of the layered pdf



Ordnance Survey Data © Crown copyright and database rights, 2011.

Communication, education and training

We remain committed to communicating our environmental performance to all relevant stakeholders and it is our policy to: *effectively communicate our environmental performance to all relevant stakeholders*

Our updated sustainable development policy was adopted in 2010. The policy document and supporting materials were put onto our section of Navigator (the ABP intranet) and have been promoted in the employee magazine.

Sustainable Development

During 2011 we will continue to promote the document and increase the awareness amongst our employees.

Our commitment to communication includes ensuring all employees have an appropriate level of environmental awareness. In 2010 we issued a revised edition of the environment induction pack, which is given to all new starters, and we have begun updating the environmental sections in our safety courses, which all employees receive.

In 2010 we developed and delivered a new training package for our environment co-ordinators across the group. The training gave an introduction to the key environmental issues within the company as well as explaining the role of our environmental management tools.

We also continue to look at improving communication of environmental matters with our tenants and customers by integrating environmental matters into our existing port safety liaison meetings, which are held with all port users. Such meetings give us the opportunity to provide customers with environmental legislation updates and assist them where we can in improving their environmental performance.

One of our key policy objectives is *to prepare for, and respond effectively to, environmental incidents or emergencies*. Following on from the introduction of our landside spill response procedure in 2008, the group sustainable development team included this as part of its in-house audit scope. To build on this, in 2011, we are planning to finalise a Environmental Incident Response Planning EMF Guidance note, to ensure our ports have consistent and formal plans in place to ensure effective response to any environmental incidents.

In order to assist in the prevention of marine pollution, we have a legal duty to prepare Oil Pollution Preparedness Response & Co-operation (OPRC) plans for each port, under the International Convention on Oil Pollution Preparedness, Response & Co-operation Regulations 1990. These plans have

now been extended to cover hazardous and noxious substances as well as oil. Training exercises are a key part of ensuring that employees know how to

follow these plans, and as such our marine departments run periodic marine spill exercises across the group.

Garston Oil Pollution Response Exercise

In August 2010 Garston held an oil spill response exercise. The scenario was based in Garston Docks and involved the simulation of an oil spill that had occurred when a coal ship was taking bunkers. The exercise ran smoothly and was a useful learning exercise for all involved. The exercise tested our plan and gave staff a chance to familiarise themselves with the equipment available. It also gave everyone involved a chance to see and meet our current group spill response contractor.

Photo from a similar exercise conducted at our port of Southampton.



Sustainable Development

We continue to promote our incident response reporting mechanism which was introduced in 2008, encouraging all incidents to be reported so that lessons can be learnt from them. The reports are collated on a monthly basis by group sustainable development and reviewed for appropriate resolution. In 2010 we introduced an alert system to highlight incidents or near misses that have the potential to occur in other ports, in order to prompt all business units to check their controls. Any notable incidents that have occurred are also flagged to the operational board on a monthly basis.

Summary of progress against targets and initiatives

Table 2 provides a summary of our current targets and initiatives and the status of our progress as at 31 December 2010.

Table 2 Environment targets and initiatives

Initiative	Status
Reduce absolute carbon emissions on prior year and reduce like-for-like carbon emissions by 3%	Not Achieved (2.1% decrease)
Reduce absolute water consumption by 3% on prior year	Not Achieved (2.6% increase) due to a large increase in one of our ports
Report ABP-generated construction waste by recyclable/non-recyclable component	This project was superseded by improvements to our engineering guidance on site waste management plans for construction projects
Recycle 30% of ABP-generated waste	Achieved (51% recycled)
Develop a system to capture all forms of business travel in order to calculate the carbon emissions from this activity	In 2010 we had a new electronic expenses system rolled out across the group. This system is now being developed to capture business related travel
Resource Efficiency Groups to develop	Achieved – REGs continue to work

carbon, water and waste projects on a local level in order to deliver the above targets	on relevant projects.
Issue a revised sustainable development policy to include a carbon reduction strategy	Achieved
Sustainable development team to Implement three employee engagement initiatives regarding sustainable development review EARs for consistency - following which the ports will prepare action plans for the highest priority risks	Achieved

Sustainable Development

Our priorities for 2011

Sustainable development	
1.	Reduce absolute carbon emissions on 2009 figures and reduce like-for-like carbon emissions by 3% per annum from 2009 figures
2.	Increase the proportion of renewables / low carbon sources in our energy supply
3.	Roll out the sustainable development policy across the Group – including the development of an online familiarisation e-learning module
4.	Reduce absolute water consumption on 2009 figures and reduce like-for-like consumption by 3% compared with 2009
5.	Resource Efficiency Groups to develop carbon, water and waste projects on a local level, including any projects specified by Group SD, in order to deliver the above targets
6.	Recycle 50% of ABP-generated waste
7.	Implement three employee engagement initiatives regarding sustainable development
8.	Undertake at least five biodiversity related projects across the Group
9.	Review and update the procurement policy to ensure it is in line with the sustainable development policy

Communities

We understand that our daily operations can have an impact on our local communities and we work hard to ensure that, where we do affect our neighbours, the effects are positive rather than detrimental. We also appreciate that our business has the potential to make a positive contribution to the local communities and that we cannot operate successfully in isolation from our local communities. We therefore endeavour to foster harmonious and mutually beneficial relationships with this important stakeholder group.

A summary of our 2010 performance in our community is provided in table 1.

Review of 2010 performance

Table 1 Performance summary – Communities

Performance indicator ¹	2010	2009
Total community investment, including contributions in kind (£)	349,000	332,000
Cash contributions to charities (£)	93,000	90,000
Sponsorship (£)	-	30,000
Local partnerships	2,000	6,000
Total cash contributions (£)	95,000	126,000

¹See glossary for explanation of performance indicators.

Our ports' community investment policy is to direct our cash and in-kind contributions primarily towards education, medical and maritime charities, arts sponsorship, civic organisations and local partnerships. At our small corporate head office our policy is to support charities geographically local to our premises in Aldwych, as well as maritime charities and charities that have a personal connection to head office employees. Our total community investment in 2010, including contributions in kind, amounted to £349,458, representing an increase of 5 per cent from the previous year. Our cash contributions amounted to £95,000 (2009: £126,000), a decrease of 25 per cent; while our in-kind contributions totalled £254,000 (2009: £206,000). In

2010, and for the second year running, ABP took part in the 24 Peaks Challenge organised by Seafarers UK. This exercise involved a number of our employees walking up 24 peaks in the Lake District, each over 2,400 feet in 24 hours. The challenge, as well as helping to highlight the importance of team work, also raised £33,840 for Seafarers UK.

Staff from ABP's South Wales Ports and Humber Ports plan to take part in the 2011 24 Peaks Challenge.

Communities



One of ABP's seven teams entered into the 24 Peaks Challenge at the start of the event

Community engagement

We understand that the operation of existing facilities and the development of new facilities can have potential impacts on the communities surrounding our port estates. One of the principal objectives in our community strategy is to engage directly with the local community through special events and campaigns in order to manage issues that may adversely impact local communities.

In 2010 the Port of Immingham published a draft master plan which sets out our plans for the port over the period 2010-2030. Given the potential impact of the plan for the local community and their stakeholders, we undertook an

extensive consultation exercise with the final master plan expected to be published during 2011.



Grimsby & Immingham Port Director John Fitzgerald launches the 2010-2030 Immingham master plan consultation 2010

The key community objective of this master plan is to inform local communities as to how they can expect to see the port develop over the coming years, with the consultation exercise providing a mechanism for all stakeholders to engage with us well ahead of any planned development.

The consultation process included publication of the plan on a dedicated website, distribution of copies to local libraries, distribution of summary leaflets, and public exhibitions which facilitated face-to-face question and answer sessions. We received a total of 28 responses from members of the public, statutory bodies and councils, and local businesses. All responses were carefully considered and where appropriate incorporated into the final version of the master plan.

A summary of the consultation and the group's responses can be found at www.abports.co.uk/imminghamconsultation

Communities

Charities

The group's charitable donations in 2010, comprising cash, gifts in kind, the cost of services and facilities used for charitable purposes and the cost of employee involvement in charitable endeavours during office hours, totalled £144,000 (2009: £131,000). Charities that benefited from donations in 2010 included national and international organisations such as the NSPCC and the Disasters Emergency Committee (DEC), as well as local clubs and societies including the Swansea Community Boat Trust and Sea Cadets. In Southampton, use of the QE2 terminal was granted to Help for Heroes for a charity concert.

Some of our ports run "charity of the year" schemes, in which employees are encouraged to get involved in raising money for a charity local to their region. Employees at the Port of Southampton raised £12,000 for Naomi House Hospice in 2010, and they have elected Solent Dolphin, which manages and operates the charity vessel *Alison McGregor*, as their charity of the year 2011. The Port of Hull has elected to run a similar scheme in 2011 and employees are currently being asked to nominate a charity that the port will support throughout the year.

Education

Our 2010 contributions to education-focused organisations totalled £14,000 (2009: £20,000). At Grimsby, management employees assisted 200 students, aged 12-13, when they took part in Tollbar Business & Enterprise College's Technology Enterprise Day. Port tours are often given to local schools and colleges in order to educate children and young adults about the nature of ports and to provide information about the industry.

Arts

The Port of Swansea has an ongoing project with Groundwork, an environmental regeneration charity, where ABP donates waste or recycled timber which Groundwork puts to use in a variety of art projects.

The picture below shows one of the sculptures made from wood donated by ABP on the Afan River Walk.



The group's three-year sponsorship of Welsh National Opera, which began in 2009 with a support package of £30,000, has continued. WNO is a world-class touring opera company with 250 permanent members performing to over 140,000 people a year across England and Wales. During 2009 we supported the production of *Tosca* and plan to sponsor the production of *Così fan Tutte* and *Turandot* in 2011.

Communities

A sustained performance

“ABP’s continued support for Welsh National Opera is approaching 25 years. We are thrilled with the way this remarkable partnership, between two organisations that are both so important to the community in their different ways, has flourished over 24 years. It is a partnership that is well regarded within the local community in Cardiff and across south Wales.”

“It has not only given WNO invaluable support but has also offered ABP staff unique insights into the company, access to our dress rehearsals and opportunities for ABP to profile its association across our UK tour. In the past year we were honoured to provide the quayside entertainment for the UKD Orca launch and look forward to ABP’s forthcoming sponsorship of our new production of Mozart’s *Così fan tutte* in 2011. We truly value the longevity of this partnership and look forward to celebrating its silver anniversary.”

Geraint Talfan Davies
Chairman – Welsh National Opera



Communities

Civic organisations

We aim to make an active contribution towards activities undertaken by civic organisations and other trade bodies that we believe make a positive contribution to local and national business interests. Our port directors and senior managers hold senior positions in many civic organisations, including Common Purpose, the Confederation of British Industry, local chambers of commerce, Humber Forum, and Ipswich Maritime Trust. The group’s civic activities also include providing the free use of facilities such as the City Cruise Terminal in Southampton for civic groups.

Summary of progress against targets and initiatives

Table 2 indicates our 2010 targets and initiatives and the status of our progress as at 31 December 2010

Table 2 Community targets and initiatives

Initiative	Status
Establish a community investment and charitable donations policy	Achieved
Issue guidelines to operational units to assist compliance with the new community investment and charitable donations policy	Achieved
Select two suitable charities to support on a group-wide basis in 2010	Not achieved. Some of our ports choose to elect one charity to actively support throughout the year and because of this it was felt that there was no need to do this on a group-wide basis
Continue to participate in the BiTC CR Index and align community objectives to the criteria within the Community Index	Not achieved. We decided not to continue our involvement with the Index

Our priorities for 2011

Communities	
1.	Make a community contribution that equals the 2010 contribution
2.	Maintain number of work experience placements offered at our ports at 2010 levels
3.	Continue to fund a specific charity, such as our involvement in Seafarers UK’s 24 Peaks Challenge, in order to create sustainable benefits for both ABP and the charity
4.	Allow head office employees to vote for a head office “charity of the year” from a selection of charities which meets the head office charitable donations policy

Glossary

ABP	Associated British Ports – the main operating subsidiary of ABPJ
ABPJ	ABP (Jersey) Limited
Annual leavers / joiners/ redundancies	A measure of the turnover of ABPJ employees expressed as a percentage of average employees numbers in the year
BitC	Business in the Community – an organisation that seeks to inspire, challenge, engage and support business in continually improving its positive impact on society
CO ₂ emissions	A key performance indicator calculated using conversion factors obtained from DEFRA
CR	Corporate responsibility
DEFRA	Department for Environment, Food and Rural Affairs
Dredged material	The amount of seabed material removed by ABPJ’s dredging vessels in order to maintain water depths in ports and shipping channels at acceptable levels
EAR	Environmental aspect register – an environmental risk assessment process undertaken by each ABP port
Electricity consumption	A measure of the amount of electricity used by ABPJ’s operations, excluding amounts recharged to third parties
EU	European Union
Fatal accident	The death of any ABP employee or contractor that occurs on ABP’s property. This does not include statistics relating to any third parties for which ABP is not legally responsible
GAYE	Give As You Earn – a tax-efficient payroll giving scheme
Goods & services	A measure of the amount paid by the group in the

purchased	year for the goods and services required for its operations
Group revenue	Sales revenue for ABPJ’s UK operations
HSE	Health and Safety Executive – the UK’s independent health and safety regulator
IOSH	Institution of Occupational Safety and Health, Europe’s largest safety organisation
Improvement notice	A report that contains recommendations aimed at improving safety
ISO	International Organisation for Standardisation
OPRC	Oil Pollution Preparedness Response & Co-operation
Performance indicators	Performance indicators are a set of standards or measurements against which ABP can measure its performance over time.
Prohibition notice	An order for the immediate cessation of a specified activity until certain conditions are met
REG	Resource Efficiency Group
Statutory Port Authority	Responsibility for control of specific sections of waterway
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006
Underlying operating profit	A measure of profitability that excludes the impact of any changes in the fair value of investment properties, amortisation of acquisition related adjustments and exceptional items
Unite	UK trade union incorporating the Transport and General Workers’ Union
Water consumption	A measure of the water used through the group’s operations, excluding amounts that are recharged to third parties
WFD	Water Framework Directive