

CORPORATE RESPONSIBILITY

SIG is continually developing its approach to Corporate Responsibility and is a constituent member of the FTSE4Good Index of socially responsible companies. As such, SIG fully recognises its corporate responsibilities to its Shareholders, employees, customers and suppliers and is committed to good practice in all its activities.



FTSE4Good

FTSE Group confirms that SIG plc has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index company FTSE Group, FTSE4Good is an equity index series that is designed to facilitate investment in companies that meet globally recognised corporate responsibility standards. Companies in the FTSE4Good Index Series have met stringent social and environmental criteria, and are positioned to capitalise on the benefits of responsible business practice.



SIG is a member of Business in the Community in the UK and has worked with that organisation to develop its approach and practices.



SIG continues to develop its approach to Corporate Responsibility ("CR") and is pleased to be able to inform its stakeholders of the measures which it is taking to continue to monitor and improve its CR performance reporting. The Company is a constituent member of the FTSE4Good Index of socially responsible companies. 2009 was both difficult and economically challenging for the Group and whilst not deterring our commitment to the continued implementation of our CR programme, the extensive restructuring of the Group's operations has affected the speed and scale of the progress achieved in 2009. Nevertheless the Group has put in place a three-year rolling CR plan with objectives to drive and demonstrate improvement in its CR performance.

SIG is able to confirm that the Board takes regular account of the significance of social, environmental and ethical matters to the business of the Group and that it has in place a comprehensive risk management and internal control process which identifies and assesses the significant risks to the Company's short and long term value arising from such matters. The Board receives a report on CR issues at each of its Board meetings. CR issues form part of the overall internal control process and are covered in the training of Directors.

SIG recognises its corporate responsibilities to its Shareholders, employees, customers and suppliers and is committed to good practice in all its activities. The Board believes that the progressive integration of CR across the Group and the inclusion of broader social and environmental issues into its decision making will help us to achieve our business goals and act as an essential building block for growth in Shareholder value. SIG has in place a Group-wide Ethics Policy, which sets out a number of fundamental principles, which all Group companies are required to follow. In addition we have in place a Group-wide Anti-corruption Policy and Ethical Trading and Human Rights Policy. These policies underpin our CR programme and support our business integrity.

SIG has certification under ISO 14001:2004 (Environment) and OHSAS 18001:2007 (Health and Safety). This certification covers all of the Group's UK sites with Moody International and BSI being the appointed Assessors.

BUSINESS PRINCIPLES AND CODE OF ETHICS

The Group's Ethics Policy, which has been issued to all employees, sets out a number of fundamental principles, which all Group companies are required to follow. The policy can be viewed on the Company's website at www.sigplc.com. The Ethics and Anti-corruption Policies include the Company's prohibition on the giving or receiving of bribes or other payments. The key business principles contained in the Ethics Policy are set out below:

- SIG's policy is to operate within applicable laws;
- discrimination or harassment of any kind will not be tolerated;
- SIG aims to be a responsible partner within its local communities;
- the legal and moral rights of others will be taken into account in all SIG's business transactions;

Focus, Specialisation and Service

BUSINESS PRINCIPLES AND CODE OF ETHICS CONTINUED

- we will maintain a safe and healthy environment for people to work in;
- we will be proactive in managing our responsibilities to the environment;
- we will not knowingly make misrepresentations;
- as a matter of policy, we do not make political donations;
- no bribes can be given or received;
- conflicts of interest must be avoided and in all cases must be reported; and
- employees are encouraged to report any suspected wrongdoings.

ENVIRONMENT

The Chief Executive, Mr. C. J. Davies, is the Board Director responsible for the environmental performance of the Group. Each individual subsidiary Managing Director is responsible for the environmental performance of their own business. SIG is committed to minimising the environmental impact of its activities through good environmental management practices.

As a leading international supplier of insulation and related materials our core business is focused on the reduction of energy consumption and the subsequent reduction in harmful environmental impacts. The Group's Environmental Policy was reviewed in 2009. The policy is displayed in all trading sites and offices throughout the Group and on the SIG website. Environmental objectives and targets have been established at relevant functions and levels within the organisation.

SIG believes that it is in the Group's best interests to be aware of, and seeks to minimise the risks arising from, the social and environmental impact of its activities and is committed to conducting its activities and operations in line with current legislation and best environmental practice, seeking continual improvement and innovation within all Group businesses and activities.

All Group companies actively seek to:

- minimise the use of all materials, supplies and energy – and wherever possible use renewable or recyclable materials;
- minimise the quantity of waste produced in all aspects of our business;
- adopt an environmentally sound transport policy;
- communicate our Environmental Policy to all staff and encourage them to participate in the achievement of our goals;
- supply and promote, wherever possible, those products which contribute to energy conservation and do not damage the environment; and
- ensure that the Company continues to meet present and future environmental standards and legislation.

ENVIRONMENTAL MANAGEMENT

The Group has in place in the UK an Integrated Management System for Health, Safety and Environment, certified to ISO 14001 (Environment) and OHSAS 18001 (Health and Safety).

Throughout 2009 SIG has continued to progress towards being a "Carbon Managed" business. During 2009 improved data capture procedures across the UK and Mainland Europe have resulted in significant improvements in the accuracy, quality and quantity of the data captured. During 2010 these procedures will continue to be strengthened and developed towards achieving the Group's strategy of reducing its carbon footprint.

2009 was the third year for quantitative benchmarking, with all of the Group's UK locations being internally audited by the Health, Safety and Environmental ("HSE") Advisers with the average audit scores across all the divisions again increasing against the prior year.

During 2009 a pan-European policy was agreed, and a copy signed by the Group Chief Executive. Copies of the policy are displayed in the local language at each Mainland European trading location. Meetings were held at the head office of each country/region to agree procedures to enable the strengthening of our carbon footprinting data capturing and to review the progress of the 2009 objectives.

The Group has received no prosecutions relating to environmental matters during 2009.

In the UK, during 2010, the Carbon Reduction Commitment Energy Efficiency Scheme ("CRC") will be introduced, requiring SIG's UK operations to provide auditable records and evidence for energy and heating fuel consumption, leading to the purchase of carbon allowances in 2011. SIG has in place a Low Carbon Committee, which has assessed the impact of the CRC on its operations and is working with the Carbon Trust to identify ways to reduce its carbon emissions. Objectives and an agreed action plan have been identified to reduce carbon emissions from energy and fuel consumption in order to meet the Group's Low Carbon Policy. Any carbon reduction initiatives will be shared across the Group to ensure that the maximum benefits can be gained in this next step towards achieving a low carbon business.

The Group has identified the significant environmental impacts of its operations, which are summarised on pages 37 to 40.

ENERGY AND TRANSPORT

As a founder member of the Association for the Conservation of Energy, SIG is active in promoting and encouraging the raising of mandatory standards for thermal insulation.

Reducing energy consumption is a priority for all of our operations. This is targeted both through reducing the amount of fuel used in delivery, by increasing the efficiency of heating and lighting and maximising the use of natural light in the Group's properties and by environmental awareness training at UK sites. Throughout 2009 significant improvements were made in the recording and monitoring of electricity and gas consumption at each location, with sophisticated reporting technology being installed at larger locations. In the UK, energy brokers have been instructed to, where practicable, purchase energy from renewable sources.

- SIG has recently launched its own UK Road Risk Policy, the main objective of which is to ensure that our vehicles operate safely and efficiently throughout our organisation. As part of this policy we have launched a driver training programme provided by Mercedes Benz. This training will be focused on economical/fuel efficient and safe driving as well as contributing to the Driver Certificate of Professional Competence.
- In 2010, SIG will be introducing Key Performance Indicators ("KPIs") to specifically monitor the performance of its drivers and vehicles in terms of their fuel economy. It is planned to use this information to support incentives for drivers and provide further training and support for those who are not performing to an acceptable level.
- The City Initiative in the UK, which commenced during 2009, is supporting collaboration across different business streams to make better use of vehicles and resources within SIG's branch network. This initiative looks at efficient sharing of vehicles, routes and collections to the branch network within a local geography, cutting down on empty running vehicles and duplication of delivery areas.
- SIG has a policy of introducing the most energy efficient vehicles commercially available (currently considered to be Euro V category engines), which the Company purchases, whenever possible.
- SIG employs staff to train drivers in driving techniques aimed at reducing accidents and damage (safe driving) and to drive vehicles using methods and practices which will reduce fuel consumption. In addition SIG is in the process of putting in place a structured driver risk assessment process which will be launched in 2010. Equipment is fitted to commercial vehicles to measure ongoing driver efficiency (in particular fuel and braking). All vehicles are regularly serviced to ensure that vehicle emissions are kept to a minimum.

CORPORATE RESPONSIBILITY CONTINUED

SIG has in place a Low Carbon Committee, which has assessed the impact of the Carbon Reduction Energy Efficiency Scheme on its operations and is working with the Carbon Trust to identify ways to reduce its carbon emissions.

ENVIRONMENTAL MANAGEMENT CONTINUED ENERGY AND TRANSPORT CONTINUED

- The Transport Co-ordinators at each trading site throughout the Group are required to make the most efficient use of vehicles, consistent with meeting customer requirements. Techniques used include maximising vehicle loading (within legal limits) so reducing vehicle numbers and route planning, to minimise distances travelled and thereby fuel usage.
- SIG continues to fit vehicles with logistics tracking systems and navigation planning equipment. This is aimed at using the most fuel efficient route for each journey.
- Video conferencing equipment is used in nine key locations across the Group in order to reduce, in particular, overseas travel with the consequent reduction in the Company's carbon footprint.

WATER

Water consumption throughout the Group is minimal as the majority of consumption is from welfare use. At present SIG is unable to provide consumption information relating to the water used throughout its operations; however as part of the ongoing data gathering process improvements it is envisaged that future reports will include this data.

CO₂ EMISSIONS – SCOPE 1 – DIRECT

Source	Definition	Data source and calculation methods	Metric tonnes (Group) 2009
Road vehicle fuel	Emission from vehicle use	Fuel cards and direct purchase records in litres converted according to DEFRA guidelines	82,675
Plant vehicle fuel	Emission from vehicle use	Direct purchase records in litres converted according to DEFRA guidelines	1,973
Natural gas	Directly purchased gas, which generates greenhouse gases including CO ₂ emissions	Actual or estimated consumption in kWh converted according to DEFRA guidelines	4,481
Gas oil	Directly purchased gas oil, which generates greenhouse gases including CO ₂ emissions	Actual or estimated purchases in litres converted according to DEFRA guidelines	4,158
Coal/coke	Directly purchased coal/coke, which generates greenhouse gases including CO ₂ emissions	Actual or estimated purchases in tonnes converted according to DEFRA guidelines	55
Kerosene	Directly purchased Kerosene, which generates greenhouse gases including CO ₂ emissions	Actual or estimated purchases in litres converted according to DEFRA guidelines	38
Total			93,380

The data relating to CO₂ emissions has been collected from all of the Group's operations; with the exception of the Air Trade Centre businesses.

The above table does not include CO₂ emission data relating to the wood burning (generation of heat) at the Crawley, Nottingham and Barnstaple operations as these operation are deemed to be carbon neutral.

CARBON (CO₂) EMISSIONS

SIG's disclosures of emission are for all of its operations with the exception of the Air Trade Centre business operations which represent 2% of Group turnover.

SIG has reported emissions of CO₂ according to the Greenhouse Gas Protocol, which was jointly developed by the World Business Council for Sustainable Development and the World Resources Institute. The protocol differentiates between emissions for which businesses are directly responsible ("Scope 1 emissions") and indirect emissions from the generation of supplied electricity and supplied heat ("Scope 2 emissions"). Certain other indirect emissions ("Scope 3 emissions") do not form part of the pure carbon footprint. As it is impossible to know or control the negligible downstream emissions generated when products sold by the Group are used, they have been excluded from this report. Similarly, reporting on the upstream emissions of our business would currently rely heavily on estimates and, as a result, they have also been excluded from this analysis. However, given the nature of our operations, the Group does believe that it is appropriate to report on the emissions from third-party provided air and rail transportation. These Scope 3 emissions, together with our Scope 1 and Scope 2 emissions, are included in the data reported below.

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ENVIRONMENTAL MANAGEMENT CONTINUED

CARBON (CO₂) EMISSIONS CONTINUED

CO₂ EMISSIONS – SCOPE 2 – INDIRECT

Source	Definition	Data source and calculation methods	Metric tonnes (Group) 2009
Electricity	Directly purchased electricity, which generates greenhouse gases including CO ₂ emissions	Actual or estimated consumption in kWh converted according to DEFRA guidelines	28,438
Total			28,438

The data above comprises of CO₂ emission data captured from businesses representing circa. 98% of Group revenue for the year ended 31 December 2009.

CO₂ EMISSIONS – SCOPE 3 – OTHER INDIRECT

Source	Definition	Data source and calculation methods	Metric tonnes (Group) 2009
Business travel	Third-party provided transport (air and rail)	Actual or estimated distance travelled converted according to DEFRA guidelines	244
Total			244

The data relating to Business travel has been collected from all of the Group's operations; with the exception of the Air Trade Centre businesses.

Emissions per £m of revenue (Scope 1, 2 and 3)	45.5 metric tonnes
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The scale of the Group's operations has changed significantly over the previous year as a result of the economic environment, the consequential effect on the Group's business markets and the significant restructuring programme in the UK. For these reasons, including the improved quality of data gathering since last year, it is deemed not to be useful to provide a direct comparison with the Group's environmental performance in previous years, nor does it provide a useful indication of future trends. We expect to improve the scope and integrity of the data that we collect to present a basis for year on year comparisons in future reports.

PACKAGING AND WASTE REDUCTION

SIG works with its suppliers to minimise primary and secondary packaging, while maintaining necessary levels of packaging to ensure that the product arrives with the customer in perfect condition. All of the Group's businesses comply with their applicable waste management regulations. As a break bulk supplier, SIG has recognised that the major impact of the organisation on environmental waste is through packaging and has taken a pro-active approach to minimise the amount of new packaging entering the market and the amount of waste generated at trading site level going to landfill.

This is achieved by:

- environmental awareness training at all sites, including the distribution of energy reduction awareness information and reminder aids to all employees;
- purchasing recycled and recyclable packaging where practicable, including pallets and cartons;
- returning reusable pallets to suppliers and similarly recovering used pallets from customers;
- reusing packaging for internal transfers and deliveries;

- actively taking part in recycling and reclamation schemes through the Company's memberships with Valpak and Veolia working closely with suppliers to improve the accuracy of data. SIG meets its responsibilities under the packaging waste regulations in the UK through Valpak's compliance scheme. As part of the Company's ongoing development in this area, it has entered into a national agreement with Veolia for waste removal. Veolia operates its own waste recycling and reclamation compliance scheme;

- SIG embraces electronic communication within its businesses, which has resulted in a significant reduction in internal and external paperwork throughout the Group; and

- the continued expansion of the Group's waste paper and ink cartridge recycling activities at principal administrative centres and where practicable at site level.

SIG actively seeks to reduce the number of printed copies of its Annual Report and Accounts and will be actively encouraging Shareholders to elect to receive their communications from the Company in electronic form.

SIG's commitment to environmental issues is reflected in this Annual Report which has been printed on Satimatt Green and Revive 50, both recycled paper stocks comprising 75% recycled fibre and 25% virgin fibre. This document was printed by CPG using vegetable-based inks and water-soluble lacquers and all production processes used make the minimum demand on the environment and produce the minimum amount of waste. Both the printer and the paper mill are registered to ISO 14001 and FSC approved.

WASTE MANAGEMENT

SIG recognises its responsibilities to measure and minimise the waste generated by its business operations with over 42% of waste generated in the UK being diverted from landfill. In addition improved paper and cardboard recycling has resulted in saving over 35,921 trees based on the calculation that one tonne of waste recycled equates to the equivalent of 17 trees saved. Waste data is divided into hazardous and non-hazardous.

CORPORATE RESPONSIBILITY CONTINUED

SIG recognises its responsibilities to measure and minimise the waste generated by its business operations.

The Group has in place policies to ensure that its customers receive the level of service and the quality of product that they have come to expect from SIG.

ENVIRONMENTAL MANAGEMENT CONTINUED PACKAGING AND WASTE REDUCTION CONTINUED WASTE MANAGEMENT CONTINUED

HAZARDOUS WASTE

	Definition	Data source and calculation methods	Absolute tonnes (Group) 2009
Landfill	Hazardous waste sent to landfill	Volume per annum converted to tonnes	33.5
Recycled	Hazardous waste diverted from landfill	Volume per annum converted to tonnes	761.5
Incinerated	Hazardous waste incinerated	Volume per annum converted to tonnes	13.2
Total			808.2
Hazardous waste per £m of revenue			0.3 absolute tonnes

NON-HAZARDOUS WASTE

	Definition	Data source and calculation methods	Absolute tonnes (Group) 2009
Landfill	Non-hazardous waste to landfill	Volume per annum converted to tonnes	17,696
Incinerated	Non-hazardous waste incinerated	Volume per annum converted to tonnes	160
Total			17,856

OTHER WASTE DIVERTED FROM LANDFILL

	Definition	Data source and calculation methods	Absolute tonnes (Group) 2009
WEEE (Waste, Electrical and Electronic Equipment)	Diverted from landfill	Volume per annum converted to tonnes	11
Glass	Diverted from landfill	Volume per annum converted to tonnes	194
Wood	Diverted from landfill	Volume per annum converted to tonnes	5,260
Metal	Diverted from landfill	Volume per annum converted to tonnes	1,157
Plasterboard	Diverted from landfill	Volume per annum converted to tonnes	441
Paper/cardboard	Diverted from landfill	Volume per annum converted to tonnes	2,113
Plastic	Diverted from landfill	Volume per annum converted to tonnes	1,376
Other	Diverted from landfill	Volume per annum converted to tonnes	1,057
Total			11,609

The data above comprises of waste data captured from businesses representing circa. 98% of Group revenue for the year ended 31 December 2009 and is based on a combination of actual and estimated data.

Non-hazardous and other waste per £m of revenue	11.0 absolute tonnes
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Focus, Specialisation and Service

SUPPLIERS AND CUSTOMERS

The Group has in place a supplier audit programme. The programme is conducted by way of questionnaire and includes a request for details of the health, safety and environmental aspects of the suppliers' operations. Health, safety and environmental management will be one of the criteria considered when examining a suppliers' qualifications for Group orders. The Group has a policy that, when specified, timber purchased for use in its manufacturing activities must be from renewable resources. This is a relatively small part of the UK operations but where accreditation and forest stewardship schemes are applicable and available, SIG uses these in its sourcing procedures.

The Group has in place policies to ensure that its customers receive the level of service and the quality of product that they have come to expect from SIG.

HEALTH AND SAFETY

The Group has in place in the UK an Integrated Management System for Health, Safety and Environment, certified to ISO 14001 (Environment) and OHSAS 18001 (Health and Safety).

The Group is committed to high standards of health and safety for all of its employees and the Health, Safety and Environmental Policy was reviewed in 2009. The policy is displayed throughout the Group's workplaces and is available on the Company's website. Whilst Mr. C. J. Davies, the Chief Executive, is the Board Director responsible for the health and safety performance of the Group, the SIG systems ensure that responsibility exists throughout all of the SIG businesses. Health and safety objectives and targets have been established within relevant functions and levels within the organisation.

During 2009 the management system was brought into line with the revised standard OHSAS 18001:2007 for all of the Group's UK Mainland operations as part of the certification renewal process.

The Group has received no prosecutions relating to health and safety matters during 2009.

In the UK, HSE Advisers who are either company or regionally based support the increased focus on health and safety education and awareness at workplace level. As part of the management system's audit process each location is annually benchmarked, any corrective actions are identified and a plan put in place to address deficiencies raised. In the UK all locations were internally audited by the HSE Advisers in 2009 using a quantitative benchmarking system, with the average audit scores across all divisions improving against prior year. Within the Group the continuing improvement of health and safety performance is a key priority. A Health and Safety Training Manager is in place to ensure that all UK subsidiary company directors and managers receive appropriate training in health and safety in order to meet their responsibilities.

Following the benchmarking of the Mainland European and Ireland businesses in 2008 against the Group's established management system, objectives for 2009 were implemented across the business to achieve a pan-European policy and arrangements.

Forklift and commercial driver training form an important part of SIG's Workplace Safety Policy, which impacts on reduced insurance costs, enhanced pedestrian and site safety and an improved working environment. Daily inspections complement periodic training to keep the vehicle and driver at peak performance.

The Group's accident performance is monitored by the Board on a monthly basis. The overall rate of workplace accidents within the UK operations increased slightly in 2009 however the overall Group performance showed a slight improvement. There was a reduction in the number of major injuries both for the UK and the Group. The number of injury accidents reportable to the HSE under the Reporting of Injuries, Diseases and Dangerous Occurrence Regulations ("RIDDOR") was 16.8 per 1,000 employees in 2009, compared with 15.0 per 1,000 employees in 2008.

ACCIDENT AND INCIDENTS

UK			
Rate per 1,000 employees	2009	2008	2007
Major injury	2.5	2.9	1.8
Injury resulting in over three absence days from work	13.2	11.7	13.2
All RIDDORS	16.8	15.0	15.5
Average UK headcount	7,211	8,230	6,845
Lost work day rate – number of work days per 100 employees	33.4	28.5	33.3
GROUP			
Rate per 1,000 employees	2009	2008	
Major injury	2.0	2.6	
Injury resulting in over three absence days from work	18.7	19.0	
All RIDDORS	21.4	21.8	
Average Group headcount	12,348	13,520	

CORPORATE RESPONSIBILITY CONTINUED

SIG has Group-wide ethics and anti-corruption policies in place to underpin the Corporate Responsibility programme and includes broader social and environmental issues in its decision making process to help achieve business goals.



COMMUNITY

The Group endeavours to contribute to the communities in which it operates particularly those neighbouring its sites. SIG is a member of Business in the Community in the UK and has worked with that organisation to help to develop its approach and practices. This is mainly achieved through charitable donations and other initiatives that help the community.

2009 saw the second year for which SIG Insulations was the main sponsor for the Sheffield Half Marathon event, which raised a record breaking £95,000 for good causes.

The HR Director has responsibility for community issues within the Group and reports to the Chief Executive who is responsible for community issues at Board level.

DONATIONS

During the year the Group made donations of £138,000 (2008: £193,000). It is the Group's policy not to make political donations and no political donations were made in the year (2008: £nil).

The Group has a Charitable Donations Policy. The policy, in addition to supporting local causes where SIG employees are involved, is to provide support for three main charities for a period of three years. For the three years commencing January 2008 the three main charities that the Group will be supporting are Henshaws College, <http://www.henshaws.org.uk> (a charity working with young people, all of whom are visually impaired with additional disabilities), Action For Kids, <http://www.actionforkids.org> (a national charity working with disabled children and young people, their parents and carers) and St Lazarus Hospice, <http://www.hospicjum.krakow.pl> (a charity providing assistance for terminally ill individuals and help and support for families in Krakow, Poland).

During 2009, SIG's donation funded a Henshaws College Volunteer Co-ordinator to facilitate the running of a volunteer service, that has been able to recruit, train and support volunteers who help people affected by sight loss to reach their true potential in life.

Through SIG's support Henshaws College now has 68 regular volunteers with specific roles, who during 2009 generously gave 6,200 hours of their time to help support the work of Henshaws Yorkshire. Volunteers can learn about volunteering opportunities and are able to have training sessions, such as visual impairment awareness, sighted guides and health and safety for visually impaired people. This training has enabled new and existing volunteers to work safely and effectively.

From top to bottom:

1. Kevin Moore and Brian Raven competing in the Sheffield Half Marathon for Henshaws and Action for Kids.
2. Presentation of artwork by Simon Haw, Henshaws Yorkshire Art-maker.
3. Candidates and assessors for the Young Manager of the Year award 2009, at the Holt, Surrey.

Focus, Specialisation and Service

DONATIONS CONTINUED

2009 saw the second year of SIG's partnership with Action For Kids, a national charity working to create independence, provide opportunities and offer support to disabled children, young people and their families all around the UK.

During 2009, SIG's funding continued to allow disabled young people to receive relevant training programmes focusing on office skills and preparation for entering the workplace. In addition access to SIG's E-Learning programme was made available to the charity enabling employees to enhance their computer based skills.

2009 was the second year of the Group's support of the St Lazarus Hospice in Krakow, Poland, which was nominated by European employees. SIG's support during the year enabled essential building repairs to be completed, modifications of the air supply system and the purchase of vital equipment such as Pulse Oximeters and anti-bedsores mattresses.

Staff are kept informed of charitable activities and are encouraged to attend events as appropriate, as a means of encouraging them to be personally associated with charitable work and in particular with the causes supported by the Group. This has included sponsorship for individuals entering specific events and support in kind for building projects.

The Group has in place a Payroll Giving Scheme, which is available to all UK employees. Employees are free to choose one of the current SIG sponsored charities listed above or any other charity of their choice. Despite the challenges faced during the year donations of £25,682 were made through the scheme an increase of 53% on the previous year.

EMPLOYEES

2008 and 2009 have been difficult years for the Group, requiring it to restructure and to downsize its operations particularly in the UK to match its resources against both current and anticipated future demand. Regrettably these actions have resulted in a significant number of job losses across all our operations, with around 2,800 employees having left the Group through redundancy. We endeavour to handle any job losses in a sympathetic and caring manner and in all cases we comply with local employment law when making an employee redundant.

SIG relies on the expertise and commitment of its employees whose knowledge and experience differentiate it in the market place. During 2009 significant restructuring took place in the UK providing a wide range of opportunities for employees to take up new positions and work within new product streams. In the UK the "City Initiative" was launched to bring individuals in different operating companies within the same geographic area closer together. This has provided opportunities for employees to be involved in project and cross-company working outside their normal responsibilities.

The Group operates a culture of openness and has in place a confidential hotline service so that employees can raise, on a confidential basis, any concerns about how we conduct our business. The service is provided by an independent third party and a full investigation is carried out on all matters raised and a report is prepared for feedback to the complainant. The confidential hotline service is available to all SIG employees.

The Group's policy is to provide equal opportunities to all existing and prospective employees. SIG recognises that its reputation is dependent on the quality, effectiveness and skill base of its employees and is committed to the fair and equitable treatment of all its employees and specifically to prohibit discrimination on the grounds of race, religion, sex, disability, sexual orientation, age, nationality or ethnic origin. A project to improve monitoring and reporting was undertaken within the UK during the year, from which organisational priorities have been established.

Employment opportunities are available to disabled persons in accordance with their abilities and aptitudes on equal terms with other employees. If an employee becomes disabled during employment the Group makes every effort to enable them to continue employment, with retraining for alternative work where necessary.

The Group continues to enhance and expand talent management activities with a UK Talent Manager being recruited to develop further the links between business strategy and the identification and management of talent.

The Company continued its investment in Senior Management development mainly through the Executive Development Programme run in conjunction with Sheffield Hallam University. Sponsorship on specific external programmes was also provided where appropriate.

The Young Manager of the Year Award was launched and 84 managers with less than three years' experience were nominated from across the business. The careers of all of these people are being tracked through the talent management process.

The Group continues to invest in the future through the recruitment of graduates, and a new Regional Graduate Scheme was introduced in the UK providing individuals with an opportunity to work on development projects and across business streams. This is providing broader experience and a wider range of opportunities for permanent career moves.

The Sales Academy continued to provide coaching and support for sales professionals across the UK and Ireland, while in France a Management Development Programme was launched for Regional and Branch Managers across all of the Group's French businesses.

SIG has introduced a workplace E-Learning programme which provides an engaging way for all employees to increase their knowledge through online training courses such as Induction Training, Computer Literacy, Product and Data Protection Awareness, and it is envisaged that this form of training will increase further through performance reviews.

SIG recognises the importance of good communication with its employees and dedicated personnel were appointed during the year to focus on this. The Company introduced team briefing to provide structured two-way communication. Several new internal publications were also introduced. Considerable effort was made in upgrading the Company website, www.sigplc.com, as well as the content of internal intranets. Directors in operating businesses tended to focus on local roadshows and presentations to communicate to a wider audience rather than focus on management conferences. The SIG Basics programme was introduced to provide coaching and support for branch based personnel and the Chief Executive continued to update colleagues on business priorities and performance via webcasts, the publication of transcripts and the provision of question and answer opportunities.

Employees are encouraged to become Shareholders in the Company. The Group introduced a Share Incentive Plan ("SIP") in November 2005 in place of the Save As You Earn Scheme. The Company gives one matching share for each share purchased by the employee up to a maximum of four matching shares per month. At 31 December 2009 there were 1,352 employees saving under the Company's SIP.

The Group operates a number of employee pension schemes across its businesses. In the UK it operates a defined contribution scheme, which is open to all employees. The Group's UK defined benefit scheme has been closed to new members since 1997.

The HR Director has responsibility for HR issues within the Group and reports to the Chief Executive who is responsible for HR issues at Board level.