



Modern Slavery Statement

2021 – 2022

Balfour Beatty

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Section 54 of the UK Modern Slavery Act states that all UK businesses with a global annual turnover of £36 million must report on the steps they are taking to tackle modern slavery.

This statement has been published in accordance with the Modern Slavery Act 2015 (the Act). It sets out the steps taken

by Balfour Beatty plc. and other subsidiaries in the Balfour Beatty group of companies during 2021 to prevent modern slavery and human trafficking in its business and supply chains. This statement has been written using the Ethical Trading Initiative Framework for Evaluation¹ as a guide. It has been reviewed and approved by the Balfour

Beatty plc. Board and signed on its behalf by Leo Quinn, the Balfour Beatty plc. Group Chief Executive. It has also been approved by the boards of Balfour Beatty Group Limited and Balfour Beatty Group Employment Limited.

¹ <https://www.ethicaltrade.org/issues/modern-slavery/modern-slavery-statements-evaluation-framework>

Foreword

One of Balfour Beatty’s five core values focuses on driving sustainability by what we call “Building New Futures”²: strengthening the communities and nations we work in and with, to leave a legacy we are proud of – which in turn means behaving responsibly and doing the right thing in any situation.

As an industry, Construction remains a high-risk sector for modern slavery and associated issues (such as labour exploitation) for a number of reasons – including both its transient workforce and complex global supply chains for both skills and materials. Unfortunately, these risks are only likely to increase under the current pressures in the business environment through labour and materials shortages and inflation, all of which often drive poor behaviours and create conditions where corners can be cut.

We know that the wider construction and infrastructure still faces many challenges in tackling modern slavery. However, we are committed to doing everything we can to play our part in our business in identifying violations, rooting out and closing the spaces where they occur, and to operating in compliance with the regulatory duties imposed on

us. Our modern slavery statement sets out the steps we have taken so far and what we plan to do next to continue to advance these goals.

When it comes to our wider indirect construction supply chain, the situation is more complex. But we are committed to making it as difficult as possible for abuses to take place – through promoting ethical practices, raising awareness of the issue by supporting education among our supply chain partners and workforce – and ultimately, by taking decisive action where necessary.

During 2021, we’ve worked with an independent third party to carry out a number of unannounced site worker audits in the UK, on which we go into more detail on page 16. These are a really important step in helping us maintain the insight we need to continuously strengthen our policies and procedures and we have committed to continuing the practice through 2022.

Our assessment is that the risk of modern slavery is very low within our direct business operations, because our ability to enforce standards translates into rigorous pre-employment / right to work checks and other forms of due

diligence which we undertake – as we outline later in the statement. We therefore consider that modern slavery risks are most likely to be found in our supply chain and have adopted a proactive, risk-based approach to managing these, continually reinforcing messages with supply chain partners about our expectations and standards. We want to understand what others are doing on our behalf and ensure they are acting as Balfour Beatty expects.

Over recent years, this has been part of a process of gradually but substantially reducing our approved partners to reflect that we will only work with organisations that share our values and comply with our standards. Modern slavery has an immeasurable human cost – Balfour Beatty is determined to continue to play its part in ending these abhorrent practices.



Leo Quinn
Chief Executive

² <https://www.ethicaltrade.org/issues/modern-slavery/modern-slavery-statements-evaluation-framework>

Progress on tackling modern slavery in 2021

Our approach to modern slavery is constantly evolving to ensure that we keep pace with the challenges of the changing external environment. In 2021, we focused our activity around the following areas:

Target set for 2021	Progress made in 2021
Enhance Modern Slavery Working Group	New enhanced Modern Slavery Group launched in July 2021
Appointment of Compliance Officer in the US	Appointed Chief Compliance Officer in July 2021.
Review of whether improvements are needed in overseas subsidiaries	Review of US processes and decision to not implement changes due to lower risk profile. Will be reviewed on an ongoing basis.
Responsibility for case management and investigation of Speak Up helpline to be moved to Group Risk, Audit and Quality function	Completed June 2021.
Reviewing training on modern slavery	Key senior stakeholders received training on modern slavery in 2021. Wider training improvements delayed until 2022.
Modern Slavery checks integrated into access control points for third party workers	System developed. Deployment in 2022.
Development of posters in wider range of languages and in 'safe places'	Content agreed. Delivery in 2022.
Quarterly review of Constructionline's modern slavery data for supply chain	Reported to Senior Management Team on a quarterly basis as part of sustainability reporting
Ongoing work to ensure 100% of supply chain partners have modern slavery statements by 2025	System in place. Reporting mechanism being developed in 2022.
Use of Supply Chain Sustainability School learning pathway to support supply chain	Included modules as part of support for supply chain partners who don't have a modern slavery statement
Review and refresh Code of Conduct	New Code of Ethics to be launched in 2022

In addition to these targets, we have also undertaken the following steps during the last year to reduce the risk of modern slavery:

- > Our UK Procurement Strategy for 2022 – 2025 now includes a section on modern slavery, reiterating the priority we place on the issue and the expectations we have of our supply chain partners in this area. This is being shared with all of the relevant internal audiences and our supply chain partners.
- > We have simplified the process for raising concerns about modern slavery, directing all calls to our Speak Up helpline (see pull out box on page 15).
- > We have worked with a third party to undertake site worker audits addressing labour exploitation and modern slavery. This helps us to identify any indicators of modern slavery or of poor labour practices occurring on our sites (see case study on page 16).



HS2 Main Civil Engineering Works

Structure, business and supply chains

About Balfour Beatty

Balfour Beatty is a leading international infrastructure group with 24,500 employees driving the delivery of powerful new solutions, shaping thinking, creating skylines, and inspiring a new generation of talent to be the change-makers of tomorrow.

We finance, develop, build, maintain and operate the increasingly complex and critical infrastructure that supports national economies and deliver projects at the heart of local communities. Our projects span transportation, power and utility systems, social and commercial buildings, combining world-class investments capability and leading construction and support services to deliver both large, nationally critical complex infrastructure and local and regional projects at the heart of local communities.

Our main geographies are the UK, US and Hong Kong, where we have a joint-venture business, Gammon.

Our customers are government departments and agencies, regulated utilities and private sector organisations.

Balfour Beatty is committed to operating with integrity and high ethical standards in line with the values and behaviours set out in our Cultural Framework. We are determined to leave a positive legacy for the people we work with, the communities we work in, and the world in which we operate, as we set out in our Sustainability Strategy, Building New Futures³. We fully support the UK Modern Slavery Act and the UN Universal Declaration of Human Rights and associated standards.

Our workforce

Balfour Beatty's workforce is made up of permanent and temporary skilled and lower skilled roles employed both directly by Balfour Beatty and via our supply chain partners. Due to the wide range of different contracts that those working with and for us are on, we ensure that our due diligence extends beyond the first tier of the recruitment process. We apply appropriate employment practices and policies for each market and always work within the relevant collective agreements that are applicable to our projects and sites.

UK

Our current headcount is just under 12,000 employees with 8,855 monthly paid and 2,834 weekly paid employees. Weekly paid employees are predominantly blue-collar workers and monthly paid workers are predominantly white-collar workers. We also currently have around 1,000 vacancies. Across the sector in the UK there is an unprecedented high level of vacancies and attracting candidates is a key challenge. There is the potential for exploitation to increase to fill gaps lower down the construction supply chain, which is something we are aware of and will remain vigilant to.

Across parts of our UK workforce we operate under a number of different local and national collective agreements. Where we have formalised relationships with trade unions, we provide the opportunity for them to escalate any risks they identify by regular meetings.

For our contingent workers, we require our labour agency to be able to satisfy us that staff all have written employment

contracts, have not had to pay for the opportunity to work, and are legally able to work within the UK. Where umbrella companies are used these services must be provided in line with the Freelancer & Contractor Services Association (FCSA) code of compliance.

US

In the US, our current headcount is 5,913 employees. Of those, 2,985 are salaried and 2,928 are hourly. We also currently have around 280 vacancies and like the UK attracting and retaining qualified candidates is a challenge. In the US we have robust employment verification requirements in place to meet both State and Federal requirements. This includes e-verification background checks which require employee identity documentation.

In California, we meet the Department of Industrial Relations requirement for certified payroll reporting which lists wages paid to each employee, hours worked, type of work undertaken and the benefits they are entitled to. This ensures workers are paid the prevailing wage agreed with the US Department of Labour based on factors such as type of labour, location and bargaining agreements in place.

Hong Kong

There are approximately 7,000 employees working for the Gammon Group with the majority (around 90%) based in Hong Kong. Around 65% of those employees are monthly paid employees and 35% are daily paid (mainly blue collar) workers with around 200 vacancies. Gammon's labour force in Hong Kong is in the majority provided by sub-contractors engaged on universally

accepted subcontract terms including provisions prohibiting the employment of illegal immigrants and persons not legally employed. Where the workforce is employed directly by Gammon they are retained on employment contracts complying with the requirements of Hong Kong Labour Ordinances. Gammon maintains close relations with the various local trade unions which allow the opportunity for mutual areas of concern to be addressed proactively.

Gammon uses agents to provide workers for Singaporean operations. These agents must be licensed with the Singaporean Ministry of Manpower. This ensures they are following the correct work permitting requirements for construction, particularly for overseas workers. Agencies must declare the fixed monthly salary of the workers to the Ministry of Manpower, ensure they have proper housing and provide medical insurance, amongst other requirements.

Our supply chain

Balfour Beatty spends around two thirds of its revenue in procuring goods and services from our supply chain partners. Making sure that we are spending this money wisely, and in a way which leaves a positive legacy, is something which we take very seriously. We have long term relationships with many of our supply chain partners – which range from large global corporations to micro businesses and social enterprises.

UK – a supply chain of around 8,200 supply chain partners

US – a supply chain of 13,569 supply chain partners

Hong Kong – a supply chain of 1,117 supply chain partners.



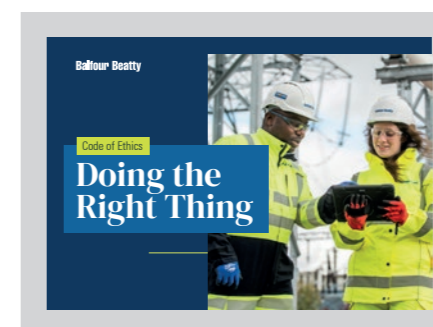
London Underground Track Renewals

Policies

Balfour Beatty adheres to a comprehensive suite of policies and standards which are signed off by our Group Chief Executive and reviewed annually. These policies and standards reflect the UN Universal Declaration of Human Rights and require compliance with internationally recognised requirements for workers' welfare and conditions of employment. The policies are built into our procurement processes and contracts, which require that our supply chain partners agree to commit and comply with them. The key policies are summarised below:

- > The Balfour Beatty Code of Conduct⁴ defines the principles and standards that we expect our employees, supply chain partners and temporary workers to understand and adhere to. The Code makes clear that we will always support our employees in adhering to the Code. A refreshed Code will be launched in 2022 and will include a dedicated section on Human Rights – UN Universal Declaration of Human Rights and the International Labour Organisation's standards for child labour. There will be mandatory training for all employees.
- > The Code of Conduct for employees is complemented by the Supplier Code of Conduct⁵, which, together with our Sustainable Procurement Policy⁶, Sustainable Procurement Policy Guidance and Requirements for Supply Chain⁷ and modern slavery and Labour Exploitation Guidance for Suppliers⁸, outlines the principles and standards we expect our supply chain partners to abide by. More information about these documents is provided in the 'Managing our supply chains' section of this modern slavery statement.
- > Our Speak Up policy provides information on how to speak up where you believe that we have failed to observe the behaviours and standards we set ourselves. We encourage a culture of openness and expect all employees to speak up if they see or hear something in our workplace that may be inappropriate, unethical, illegal or immoral.
- > Our Sustainability Policy⁹ outlines how we will deliver the ambitions in our Sustainability Strategy, Building New Futures, including reducing the risk of modern slavery in our business and supply chain, by raising awareness with our employees and supply chain partners through training courses, toolbox talks, workshops, and other formal and informal communication methods.
- > Our Supplier Health, Safety, Environment, Quality and Sustainability (HSEQ&S) Conditions are being revised in 2022

Our policies can be found in the Policies section of the Balfour Beatty website.¹⁰



4 <https://www.balfourbeatty.com/how-we-work/our-code-of-conduct/>
 5 <https://www.balfourbeatty.com/how-we-work/supply-chain/supplier-code-of-conduct/>
 6 <https://www.balfourbeatty.com/media/319260/prc-pl-0007-sustainable-procurement-policy.pdf>
 7 <https://www.balfourbeatty.com/media/319273/sustainable-procurement-supply-chain-requirements-december-2020-1.pdf>

8 <https://www.balfourbeatty.com/media/318192/modern-slavery-and-labour-exploitation-guidance-and-requirements-for-suppliers-updated-june-2019.pdf>
 9 <https://www.balfourbeatty.com/media/319077/sus-pl-0001-sustainability-policy.pdf>
 10 <https://www.balfourbeatty.com/how-we-work/our-code-of-conduct/policies/>



Cooper's Hill Retirement Development

Risk assessment and management

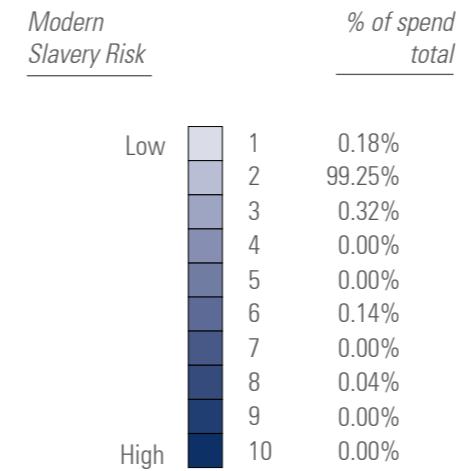
We know that key activities, such as the procurement of materials, and the use of subcontractors and labour agencies, increase the risk of modern slavery taking place on our sites and within our supply chain.

Material Suppliers	Production in, or using suppliers from, high risk countries for modern slavery and where the enforcement of labour laws is poor, without having good systems and processes to prevent exploitation occurring.
Labour Agencies	Risk of labour agencies exploiting workers directly Risk of Gangmasters using labour agencies to exploit workers through modern slavery.
Subcontractors	Risk of subcontractors not completing worker checks. Subcontractors use their own subcontractors to complete certain packages of work, creating additional tiers and complexity. Length of time that subcontractors are on site results in different workers on site over the lifespan of the project. This makes it hard to track where workers are from, who employs them and any potential indicators of modern slavery. Subcontractors frequently purchase materials on our behalf. As a result, we have little oversight of who these suppliers are, where they are sourcing from and what their working practices are.
Emerging Risks (Factors including COVID 19, international conflicts, changing trade agreements and increased infrastructure investment globally.)	Risk that normal supply options may be impacted, potentially prompting the use of lesser-known suppliers, in potentially high-risk countries with reduced visibility and more uncertainty. Subcontractors could be exposed to increased prices. They may look to recover value from lower cost supply options with less diligent employment and sourcing practices.

UK

In 2022 we launched a three-year Procurement Strategy which includes a section on modern slavery, highlighting to both our internal audiences and our external partners the importance of this issue and that we expect the highest standards and vigilance from them and their onward supply chain.

Our UK spend has been reviewed against the prevalence of modern slavery score and the estimated absolute number of victims provided by the Global Slavery Index. In 2021, 97.26% of our UK spend was with companies registered in the UK. According to the prevalence of modern slavery scores 99.74% of spend is in the lowest risk of modern slavery, 0.14% of spend is in the medium risk and 0.04% of spend is in the highest risk countries.



The top five countries in our spend data with the largest estimated absolute numbers of people in modern slavery are India, China, Nigeria, Thailand, and Egypt, this accounts for 0.23% of our spend data. Our spend in India and Nigeria was with regulated suppliers in the service sector, which has a low risk profile.

Hong Kong

The supply chain partners are located in 48 geographies. The spend is reviewed against the prevalence of modern slavery score provided by the Global Slavery Index. 93.42% of spend is in the lowest risk countries for modern slavery risk, 5.04% of spend is in the medium risk countries and 1.54% is in high-risk countries. These high-risk countries were Greece and Thailand.

We have conducted a heatmapping exercise to identify the most at-risk areas of our UK supply chain. The heatmapping process involved internal experts, suppliers and customers. Out of 183 areas of spend, the high-risk goods for modern slavery are Brickwork and Masonry; Catering; Electrical Accessories, Electrical Services; Floor and Wall Tiling; Flooring; Hard Landscaping; Heating, Ventilation, and Air Conditioning (HVAC); Instrumentation; IT Consumables; IT Hardware and PPE. These materials account for just over 1% of our UK spend.

US

In the US we have an internally developed vendor/subcontractor prequalification process that screens business partners against a standard questionnaire that covers compliance-related topics. We do not currently include a question on modern slavery, but we do require vendors to verify the existence of a code of conduct and to disclose relevant pending legal proceedings. As we move through 2022 and into 2023, we will develop a procurement strategy to evaluate our supply chain partners and to emphasize the importance of adherence to the highest standards of ethical behaviour.

Risk mitigation



Modern Slavery compliance check at qualification



Modern Slavery Statement check during eProcurement



Riskmap to identify potential risks

- > Product/Service specific
- > Typical Country of origin
- > Risk for UK labour
- > Spend threshold



Ongoing supplier management – quarterly business reviews

a) Recruitment companies

During 2021 Balfour Beatty changed its white-collar recruitment agency. Modern slavery and sustainability criteria were a key part of the tender selection process. All new employees of the recruitment agency receive information relating to Modern Slavery as part of their induction programme and during their recruitment process are required to confirm a number of key points against a checklist which was developed in consultation with the GLAA and Stronger Together. These points include, for example, that they have a contract of employment, that they have not paid direct or indirect fees to obtain work and that they have a bank card.

In 2021, IR35 legislation came into force in the UK. The legislation is designed to ensure that workers, who would have been an employee if they were providing their services directly to the client, pay broadly the same Income Tax and National Insurance contributions as employees.

Balfour Beatty made the decision that all blue-collar workers fall inside of the IR35 Legislation and therefore can no longer be paid via their own limited company. We informed our blue-collar agency suppliers that all blue-collar workers must be engaged direct via PAYE directly or via a Freelancer

and Contractor Services Association approved umbrella company.

This means that these workers must be subjected to a right-to-work check. As a result, this may help to lower risk for modern slavery.

b) Subcontractors providing labour

UK subcontractors are expected to undertake checks on all worker documentation, including:



The dates for the worker's right to work in the UK have not expired



Dates of birth are the same across all documents



Photos are the same across all documents and look like the worker



If two documents give different names, the worker has supporting documents showing why they are different, e.g. a marriage certificate or divorce decree



The worker is in possession of their legal documents (passport, identification and their own bank account details) and these are not being held by someone else.

In the UK, all workers should have a written contract of employment and be able to confirm that they have not had to pay any direct or indirect fees to obtain work. They should be paid at least the legal minimum wage and not have wages deducted for accommodation, food or to repay any supposed debt. Workers should be informed of their statutory rights including sick pay, holiday pay and any other benefits they may be entitled to. Additionally, their working hours are monitored.

Socio-Political Risks

These factors impact material price stability and availability, resulting in some materials and commodities rising in price by more than 200%. To reduce socio-political risks, we aim to work exclusively with established and preferred partners, and where we are forced to introduce new supply options these organisations undergo the same strict due diligence process.

Case study:

Solar panels

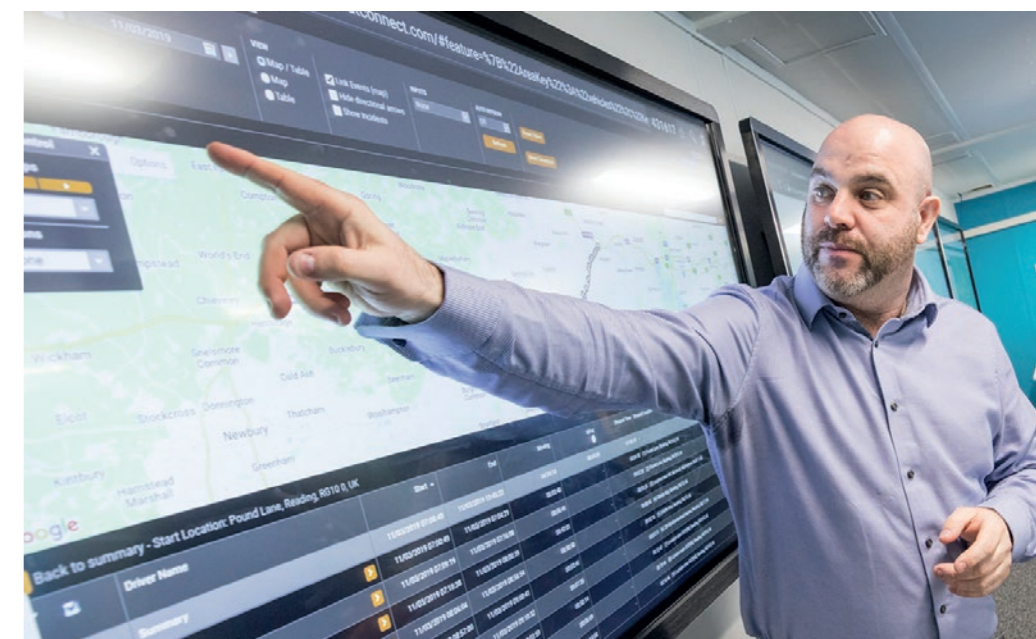
During 2021 Balfour Beatty became aware of modern slavery and labour exploitation issues in the supply chains of solar panels. Due to the energy intensity of construction activities both Balfour Beatty and our customers have been seeking to use more renewable energy sources, including solar panels, on sites.

Xinjiang Province in China has a developed solar panel industry, and 40% of the UK's solar industry is linked to this province.¹¹ Evidence has been found that forced labour is used in the production of raw materials of solar panels¹² and in photovoltaic cell production¹³.

In particular, five major solar companies have been found to have signs of using some forced labour.¹⁴

As a result, during 2021 Balfour Beatty reviewed our spend data to ensure we did not have any direct spend with these companies. We also spoke to our suppliers of solar panels to ensure they did not have connections with these companies. Our Plant and Fleet business unit and Energy Management Unit are most impacted by these risks and have been informed of the risks.

As the demand for these products continues to grow, this is an area Balfour Beatty will remain vigilant on, raising awareness with relevant teams.



Case study:

Supply chain onboarding process

In the UK we use a pre-qualification process called Constructionline, which aligns to the standardised pre-qualification questionnaire for the infrastructure sector called PAS 91. This questionnaire includes modern slavery, requesting information on whether supply chain partners have an anti-slavery and human trafficking statement. A central review of this data is conducted on a quarterly basis to ensure that supply chain partners are meeting legal requirements.

Once a supply chain partner is pre-qualified, they can be invited to participate in a tender.

Tenders are conducted on our eProcurement system, Jaggaer. All supply chain partners are asked to provide a modern slavery statement, or equivalent, if their turnover is less than £36million, to participate in the tender. As construction is such a high-risk sector, we want to see that all of our supply chain is thinking about how modern slavery affects their business and how they can mitigate the risk of modern slavery in their business and supply chain. In 2022 we are moving towards a minimum of 10% weighting for our sustainability question sets in Jaggaer.

Due diligence

Our strategic approach to identifying, preventing and mitigating modern slavery is based on making it difficult for modern slavery to thrive, equipping people to identify modern slavery and to know what to do if they suspect it.

We make it clear that we will not work with supply chain partners or source materials from those who do not take it seriously and make efforts to root it out of their business and supply chain.

There is no single solution to tackling modern slavery, which is why our approach is multi-faceted and aims to address all of the different, interlinked elements.



At Balfour Beatty, we recognise that good governance is essential for driving out modern slavery in our business and on our sites, and that senior-level ownership and engagement on the issue of modern slavery is critical. Our Group Chief Executive and the Balfour Beatty Board has ultimate responsibility for the company's response to modern slavery. The Board has established procedures to manage risk and oversee the internal control framework. It undertakes a full assessment of the Company's emerging and principal risks biannually, during which it also considers the effectiveness of the risk management and internal control systems including financial, operational and compliance steps that are in place to prevent occurrence or mitigate impacts. All risks, including those relating to modern slavery, are tracked and managed using the group risk register, which is part of the group's bespoke risk management software package Intelligent Risk Information System (IRIS).

UK modern slavery working group

In 2021 we refreshed our UK Modern Slavery Working Group, in line with a commitment made in our 2020 modern slavery statement. Our previous working group had a strong membership from our enabling functions such as human resources, health, safety, environment & sustainability, procurement and supply chain and communications functions. However, it did not have representation from our business units. This decision was made to ensure we have an improved understanding of the different risks faced by each of our operational business units, which is where the greater risk of modern slavery lies. When identified we can then work on these risks to identify appropriate solutions.

As part of developing the new Working Group we also refreshed the Terms of Reference to clarify the purpose and role of the individual members and the Chair.



Balfour Beatty's modern slavery governance structure

HR due diligence

> Right to Work Checks: As part of our onboarding process for new employees, we carry out right to work passport checks in accordance with Government requirements. We also check the bank details supplied by employees to ensure they will be receiving the money directly into their bank account, this can include a joint bank account.

> Working with employers, trade associations and trade unions: We seek to ensure our recruitment and employment practices are constantly reviewed and aligned with national standards and best practice. These are relationships managed via a combination of continuous informal communication and regular structured meetings; this enables issues to be identified and resolved at the earliest opportunity by working collaboratively to achieve the best outcomes. We also align to 11 national agreements.

> Employee engagement: Balfour Beatty actively encourages two-way feedback via a multi-faceted approach including our annual employee engagement survey to maximise and further enhance engagement, employee forums, project joint councils and workforce engagement sessions as well as regular leadership tours on our projects.



Integrated Track Team
– Acton Depot

Case study:

Using technology to prevent modern slavery

Balfour Beatty uses MSite as its digital workforce management solution for projects. Our projects generally have workers from multiple subcontractor organisations and labour agencies. MSite aims to provide everyone on site with a digital identity that drives improvements in safety and efficiency. MSite enables us to complete off-site registration, on-boarding checks and inductions, competence management, attendance management – both physically at turnstiles and virtually via a mobile app.

MSite has biometric attendance management which helps us to reduce the risk that workers exchange places

with another individual, a practice which can be used to exploit workers. Additionally, when a subcontractor registers a new worker onto our MSite system they must confirm that they have conducted a right to work check on the worker in line with government guidance.

We have been working with MSite to identify further interventions which will help us to mitigate modern slavery with our onsite workforce, for example requiring workers to provide evidence of access to their passport, a bank card in their name, proof of address and access to a working mobile phone.

Speaking up

At Balfour Beatty, we will always empower our workforce to do the right thing. We are committed to making it safe and easy for those working with and for us to voice concerns, and to embed a culture where everyone feels confident raising those concerns without fear of reprisal.

Speak Up is our confidential reporting line operated by an independent company that specialises in handling concerns at work. Details of concerns raised are taken and a report sent through to Balfour Beatty to investigate. Speak Up is available both to our

employees and to third parties including our supply chain partners, with contact details widely publicised across our sites and offices, enabling people report possible instances of modern slavery or any other potentially unlawful or unethical behaviour.

In 2021, the Modern Slavery Working Group simplified the process for raising concerns about modern slavery. All reporting should now go directly to our Speak Up helpline. Concerns are then brought to the attention of the Legal and Compliance Team and any concerns relating to Modern Slavery will be reported to the relevant authority.

This was supported by an internal communications campaign raising awareness of the Speak Up helpline which included posters that could be translated into different languages and articles on our internal intranet system.

Raising concerns

There are a number of ways we encourage those who work with and for us to raise their concerns, based on the level of seriousness.

Option 1

Manager or Supervisor

- We encourage people to raise the concern first with the line manager or supervisor. They can do this face to face or in writing.
- If they can't raise the issue with their line manager or supervisor, they are encouraged to talk to their line manager's manager.

Option 2

HR, Ethics or Legal Contact

- Alternatively, we encourage people to raise their concern with a member of the HR, Ethics or Legal teams.

Option 3

- If they would feel more comfortable speaking to someone in confidence and independent of Balfour Beatty, then they can contact our confidential reporting line, Speak Up, on 0800 028 0822 or www.balfourbeattyspeakup.com

- This confidential reporting line is operated by an independent company that specialises in handling concerns at work. Details of the concern will be taken and a report sent through to Balfour Beatty to investigate. The individual can ask to keep their identity confidential.



Seahouses Main Pier Refurbishments

Case study:

Modern slavery audits

In Q4 2021 we engaged a third-party auditing company to conduct some unannounced site worker audits. Auditors spoke with an average of 73% of workers on project sites to understand if there were any poor labour practices, exploitation or examples of modern slavery found. The workers interviewed were employed by subcontractors working on Balfour Beatty's behalf, or workers employed via labour agencies. In some cases, subcontractors used labour agencies themselves.

Workers were spoken to for around 10 minutes each. The audit company uses a dynamic question set which has been developed in conjunction with the not-for-profit Unseen UK. Questions covered

in the audit included right to work, rates of pay, modern slavery awareness and terms of employment.

Three audits were conducted in our UK Construction Services business on civils projects. Although no examples of modern slavery were uncovered, limited examples of poor practice were identified. The key areas of concern were:

- > A limited number of right to work checks not being completed in line with government requirements.
- > Occasions where terms or conditions of employment not being shared with workers, or only partial terms being shared, such as day-rate.

- > Pay and deductions. In some instances, workers had to pay to use umbrella companies.

None of these practices aligned with Balfour Beatty contractual terms. Because of these audits, we have identified the need to raise awareness with supply chain partners of our expectations. This includes providing supply chain partners with further communications about legislative requirements such as right to work checks and the living wage. This is now underway.

Communication and awareness raising materials

Our efforts to make our sites and other workplaces areas where modern slavery cannot survive continue to evolve. This includes how we make sure that those who work for us and with us are aware of the issues and what to do about it, and how we highlight to those who may be victims of modern slavery ways to access assistance.

We already use posters and other materials created by the GLAA Construction Protocol and the Supply Chain Sustainability School on our UK sites. We support the activities both organisations undertake on modern slavery awareness raising.

For employees with a Balfour Beatty email, our policies, guidance, and training tools are available on our internal intranet system. For those that do not have a Balfour Beatty email address, and for many of our employees and subcontracted workers who are based on sites, communal areas within our site offices are used to display essential information for employees, including our policies, in a range of easily digestible, eye-catching formats. Each week, important notification posters are sent out to sites to highlight issues, including modern slavery.

In 2021, our Modern Slavery Working Group identified the need for a more robust modern slavery communication plan, using digital communications and ensuring printed material is readily available in safe spaces. The strategy was presented to the Working Group in Q4 2021 and will be deployed throughout 2022 and beyond.

2021 External validation / collaboration with industry & academia

Acknowledging that modern slavery is a systemic issue and not something that we as a single company can solve alone, we collaborate with government and academic partners to support further change on this agenda.

- > Gangmaster and labour abuse authority – Signatory to Construction Protocol.
- > University of Cambridge – Supported Sustainable Leadership in Value Chains research on human rights due diligence and transparency legislation.
- > Independent anti-slavery commissioner – Supported the research for a report on Modern

Slavery in the construction industry¹⁵ instigated by the Independent Anti-Slavery Commissioner Dame Sara Thornton.

- > Supply chain sustainability school – The Supply Chain Sustainability School provides resources and training for the construction supply chain at no cost to them. The aim is to upskill and spread best practice across the industry. Balfour Beatty is a funding partner and Gold member of the Supply Chain Sustainability School and is also represented on its Board. As part of this partnership, we support with arranging and delivering workshops to the supply

chain outlining the risks to our business, mitigation methodology, our supply chain heatmapping approach, governance and procedures and top tips for our supply chain partners. During 2021, our colleagues accessed over 1700 resources from the Supply Chain Sustainability School to improve their sustainability knowledge.

- > Rail Safety and Standards Board – participate as a member of the Modern Slavery Working Group

Modern slavery concerns raised in 2021

We take all allegations of unethical behaviour and potential incidences of modern slavery extremely seriously. In 2021 we received three concerns relating to modern slavery and labour exploitation raised to us. These included:

- 1.** An incident where signs of modern slavery were present among employees of a labour-only subcontractor. The case was logged with the GLAA, and Balfour Beatty conducted further due diligence checks and concluded, as a result, that modern slavery, was not occurring among the employees of the subcontractor.
- 2.** An incident where the GLAA contacted us following a complaint from a worker who interviewed with a subcontractor about wage deductions.

The GLAA conducted an investigation and no widespread abuses were identified.

- 3.** An incident where concerns were raised about a security subcontractors. After invalid SIA licences were found to be in use, those without valid accreditation were removed from the site and our due diligence processes updated.

Training and capacity building

There are parts of our business where an in-depth knowledge of Modern Slavery issues is required, for example our Procurement and HR teams and construction site managers. We have therefore developed training that meets the needs of the various employees within these higher risk areas of our business. Training for the rest of the workforce will be delivered with our Code of Ethics training.

Key Stakeholder Capacity Building

The Modern Slavery Working Group identified a number of key stakeholders to provide additional training to on modern slavery during 2021. As a result, awareness and capacity building presentations were delivered to the following audiences:

- > Project Directors' Council
- > Human Resources Management Team
- > Health, Safety, Environment and Sustainability management team
- > Balfour Beatty Highways Directors

ESSA 2

Balfour Beatty delivers Environment and Sustainability Site Awareness (ESSA) courses to our project managers, site managers, works managers, site supervisors and H&S practitioners. In 2020 a second ESSA course was developed to include additional topics including modern slavery. The modern slavery training covers the inherent risks for our industry, spotting the signs and what to do if you suspect someone is a victim of modern slavery. ESSA had been delivered face-to-face so the roll-out of the ESSA 2 was delayed until 2022. In Q1 2022 two cohorts have completed the course, including an online training course to ensure it is widely accessible. The training will continue throughout 2022 and is expected to reach 200 employees over the next 18 months.

Looking ahead – next steps in mitigating modern slavery 2022 – 2023

- > Launch of an Ethics Officers programme. Training (and materials) will include Modern Slavery and the Speak Up helpline. Regular sessions will follow throughout the year. Toolbox talks and presentations will be circulated to facilitate roundtable discussions.
- > Launch of new Code of Ethics and training plan which will include high level training on modern slavery.
- > Development and roll out of a Modern Slavery Communications Plan.
- > A further series of modern slavery and labour exploitation audits will take place in 2022.
- > Review of systemic risks from audit findings and actioning as appropriate in response.
- > Explore the option to partner with a charity supporting survivors of modern slavery in the UK.
- > During 2022 – 23 the US business will develop a procurement strategy to evaluate our supply chain partners and to emphasise the importance of adherence to the highest standards of ethical behaviour.
- > From 2022, we will be measuring our work on modern slavery against more Key Performance Indicators (KPIs) as outlined in the table below.
- > Recruitment of an auditor to lead on supply chain audits including modern slavery and labour rights.

To monitor supply chain compliance with the Modern Slavery Act, we review data held in the pre-qualification system, Constructionline. We check key supply chain partners with a turnover greater than £36m per annum. In Q4 2021, we had 99% compliance with one supply chain partner out of 117 not having a statement. We reviewed their website and found they did have a modern slavery statement, but had not reflected this in the pre-qualification system.

Modern Slavery Key Performance Indicators		
Focus Area	Objective	Indicator
Modern Slavery Site Audits	Conduct labour exploitation and modern slavery audits	Number of audits completed
Worker Induction Checks	Roll out Worker Modern Slavery Checks	Number of sites using checks
Supply Chain Governance	Requirement for supply chain partners in the UK to have a modern slavery statement or equivalent by 2025, regardless of turnover	% supply chain partners in the UK with statement

Appendix 1: Balfour Beatty subsidiaries UK

43 Details of related undertakings of Balfour Beatty plc as at 31 December 2020

In accordance with Section 409 of the Companies Act 2006 a full list of subsidiaries, partnerships, associates and joint ventures, including the principal activity, the country of incorporation and the effective percentage of equity owned as at 31 December 2020 is disclosed below. Unless otherwise stated, all interests are in the ordinary share capital or shares of common stock in the entity and are held indirectly by the Company, and all entities operate principally in their country of incorporation. All subsidiaries had a reporting period ended 31 December 2020 and are wholly owned and consolidated into the Group's results, except where indicated.

Subsidiary undertakings incorporated in the United Kingdom

Entity	Principal activity	Entity	Principal activity
350 Euston Road, Regent's Place, London NW1 3AX			
Aberystwyth Student Accommodation Ltd	Infrastructure concession	Balfour Beatty Const Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Fire and Rescue NW Holdings Ltd	Investment holding company	Balfour Beatty Construction (SW) Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Fire and Rescue NW Intermediate Ltd	Infrastructure concession	Balfour Beatty Construction International Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Fire and Rescue NW Ltd	Infrastructure concession	Balfour Beatty Construction Northern Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Infrastructure Investments Ltd ⁽ⁱ⁾	Investment holding company	Balfour Beatty Engineering Services (HY) Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Infrastructure Partners Member Ltd	Investment holding company	Balfour Beatty Group Employment Ltd	Employer for UK workforce
Balfour Beatty Infrastructure Projects Investments Ltd	Investment holding company	Balfour Beatty Group Ltd	Construction and support services
Balfour Beatty Investments Ltd	Agent of Balfour Beatty Group Ltd	Balfour Beatty Homes Ltd	Agent of Manring Homes Ltd
Balfour Beatty OFTO Holdings Ltd	Investment holding company	Balfour Beatty International Ltd	Agent of Balfour Beatty Group Ltd
BBI Holdings Australia Ltd	Investment holding company	Balfour Beatty Investment Holdings Ltd ⁽ⁱⁱ⁾	Investment holding company
BBPF LLP ⁽ⁱⁱⁱ⁾	Investment partnership	Balfour Beatty Management Ltd	Agent of Balfour Beatty Group Ltd
Connect Roads Derby Holdings Ltd	Investment holding company	Balfour Beatty Nominees Ltd	Nominee company
Connect Roads Derby Ltd	Infrastructure concession	Balfour Beatty Overseas Investments Ltd	Investment holding company
Connect Roads Infrastructure Investments Ltd	Investment holding company	Balfour Beatty Overseas Ltd	Investment holding company
Consort Healthcare Infrastructure Investments Ltd	Investment holding company	Balfour Beatty Property Ltd ⁽ⁱ⁾	Agent of Balfour Beatty plc
East Slope Residencies Facilities Management Ltd	Infrastructure concession	Balfour Beatty Rail Infrastructure Services Ltd	Agent of Balfour Beatty Group Ltd
East Slope Residencies Holdings Ltd	Investment holding company	Balfour Beatty Rail Ltd	Agent of Balfour Beatty Group Ltd
East Slope Residencies Partner Ltd	Infrastructure concession	Balfour Beatty Rail Projects Ltd	Agent of Balfour Beatty Group Ltd
East Slope Residencies plc ⁽ⁱⁱⁱ⁾	Infrastructure concession	Balfour Beatty Rail Technologies Ltd	Agent of Balfour Beatty Group Ltd
East Slope Residencies Student Accommodation LLP ⁽ⁱⁱⁱ⁾	Infrastructure concession	Balfour Beatty Rail Track Systems Ltd	Agent of Balfour Beatty Group Ltd
Education Investments Holdings Ltd	Investment holding company	Balfour Beatty Refurbishment Ltd	Agent of Balfour Beatty Group Ltd
Initial GP1 Ltd	Investment holding company	Balfour Beatty Regional Construction Ltd	Agent of Balfour Beatty Group Ltd
Manchester Residences (New Cross) Ltd	Infrastructure concession	Balfour Beatty Utility Solutions Ltd	Agent of Balfour Beatty Group Ltd
South Cambridgeshire Investments Holdings Ltd	Investment holding company	Balfour Beatty Kilpatrick Ltd	Dormant
West Stratford Developments Ltd ^(iv)	Investment holding company	BB Indonesia Ltd	Support services
5 Churchill Place, Canary Wharf, London E14 5HU			
Avatar Ltd	Dormant	Balvac Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Build Ltd	Agent of Balfour Beatty Group Ltd	Bical Construction Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Building Ltd	Agent of Balfour Beatty Group Ltd	Bignell & Associates Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty CE Ltd	Agent of Balfour Beatty Group Ltd	Birse Group Ltd	Investment holding company
Balfour Beatty Civil Engineering (SW) Ltd	Agent of Balfour Beatty Group Ltd	Birse Metro Ltd	Dormant
Balfour Beatty Civil Engineering Ltd	Agent of Balfour Beatty Group Ltd	Bnoms Ltd ⁽ⁱ⁾	Nominee company
Balfour Beatty Civils Ltd	Agent of Balfour Beatty Group Ltd	BPH Equipment Ltd	Agent of Balfour Beatty Group Ltd
		Cowlin Group Ltd	Dormant

43 Details of related undertakings of Balfour Beatty plc as at 31 December 2020 continued

Subsidiary undertakings incorporated in the United Kingdom continued

Entity	Principal activity	Entity	Principal activity
Devonshire House Dormant Three Limited	Dormant	Woodland View Holdings Co Ltd	Investment holding company
Guinea Investments Ltd	Investment holding company	Woodland View Intermediate Co Ltd	Infrastructure concession
Haden Building Services Ltd	Dormant	Woodland View Project Co Ltd ^(v)	Infrastructure concession
Haden Young Ltd ⁽ⁱ⁾	Dormant	Midmill Business Park, Tumulus Way, Kintore, Aberdeenshire AB51 0TG	
Hall & Tawse Western Ltd	Dormant	Balfour Beatty Engineering Services (CL) Ltd	Agent of Balfour Beatty Group Ltd
Laser Rail Ltd	Agent of Balfour Beatty Group Ltd	Q14, Quorum Business Park, Benton Lane, Newcastle upon Tyne NE12 8B	
Lounsdale Electric Ltd	Dormant	Balfour Beatty Rail Corporate Services Ltd	Agent of Balfour Beatty Group Ltd
Manring Homes Ltd ⁽ⁱ⁾	Property investment	Balfour Beatty WorkSmart Ltd	Agent of Balfour Beatty Group Ltd
Multibuild (Construction & Interiors) Ltd	Agent of Balfour Beatty Group Ltd	C/O Mazars, Tower Bridge House, St Katharine's Way, London E1W 1DD	
Office Projects (Interiors) Ltd	Agent of Balfour Beatty Group Ltd	Balfour Beatty Power Construction Ltd	Dormant
Omnicom Engineering Ltd	Construction services	Balfour Beatty Power Networks (Distribution Services) Ltd	Dormant
Raynesway Construction Ltd	Agent of Balfour Beatty Group Ltd	Birse Construction Ltd	Investment holding company – in liquidation
Strata Construction Ltd	Dormant	Birse Rail Limited	Dormant – in liquidation
W.T. Glover & Company Limited	Dormant	Dean & Dyball Workforce Ltd	Dormant – in liquidation
Hereford Steel Works, Holmer Road, Hereford HR4 9SW			
Painter Brothers Ltd	Agent of Balfour Beatty Group Ltd	Edgar Allen Engineering Ltd	Dormant – in liquidation
Kings Business Park, Kings Drive, Prescott, Merseyside L34 1PJ			
Balfour Beatty Pension Trust Ltd ⁽ⁱ⁾	Pension fund trustee	Eastern Infrastructure Maintenance Company Ltd	Dormant – in liquidation
C/O Mc Griggors LLP, Arnott House, 12–16 Bridge Street, Belfast, BT1 1LS, Northern Ireland			
Balfour Kilpatrick Northern Ireland Ltd	Dormant	Mansell Maintenance Limited	Dormant – in liquidation
The Curve Building, Axis Business Park, Hurricane Way, Langley, Berkshire SL3 8AG			
Balfour Beatty Ground Engineering Ltd	Agent of Balfour Beatty Group Ltd	Mansell plc	Investment holding company – in liquidation
Balfour Beatty Infrastructure Services Ltd	Agent of Balfour Beatty Group Ltd	West Service Road, Raynesway, Derby DE21 7BG	
Balfour Beatty Living Places Ltd	Agent of Balfour Beatty Group Ltd	Balfour Beatty Plant & Fleet Services Ltd	Agent of Balfour Beatty Group Ltd
Sunderland Streetlighting Ltd	Agent of Balfour Beatty Group Ltd	C/O Mazars LLP, 100 Queen Street, Glasgow G1 3DN Scotland	
Testing and Analysis Ltd	Agent of Balfour Beatty Group Ltd	Balfour Beatty Engineering Services (LEL) Ltd	Dormant – in liquidation
Maxim 7, Maxim Office Park, Parklands Avenue, Eurocentral, Holytown ML1 4WQ			
Balfour Beatty Construction Ltd	Agent of Balfour Beatty Group Ltd	Lumina Building, 40 Ainslie Road, Hillington Park, Glasgow G52 4RU	
Balfour Beatty Construction Scottish & Southern Ltd	Agent of Balfour Beatty Group Ltd	Shaw-Petrie Limited	Dormant
Balfour Beatty Kilpatrick Limited	Agent of Balfour Beatty Group Ltd	42-44 Clarendon Road, Watford, Hertfordshire, WD17 1DR	
Balfour Beatty Rail Residuary Ltd	Agent of Balfour Beatty Group Ltd	Barlow & Young, Limited	Dormant
Balfour Beatty Regional Civil Engineering Ltd	Agent of Balfour Beatty Group Ltd	Haden International Ltd	Dormant
BBPFS LP ⁽ⁱⁱⁱ⁾	Investment partnership	Fourth Floor, 130 Wilton Road, London, SW1V 1LQ	
Glasgow Residences (Kennedy Street) Holdings Ltd	Investment holding company	00158345 Ltd	Dormant
Glasgow Residences (Kennedy Street) LLP ⁽ⁱⁱⁱ⁾	Infrastructure concession	01198171 Ltd	Dormant
Glasgow Residences (Kennedy Street) SPV Ltd	Infrastructure concession	BICC Dormant One Limited	Dormant
Hall & Tawse Ltd	Dormant	Devonshire House Dormant One Limited	Dormant
Initial Founder Partner GP1 Ltd	Investment holding company	Third Floor Devonshire House, Mayfair Place, London, W1X 5FH	

Notes

- (i) Held directly by Balfour Beatty plc.
- (ii) 80% owned.
- (iii) Partnership interests held.
- (iv) 31 March year end.
- (v) 99% owned.

Balfour Beatty

5 Churchill Place

Canary Wharf

London

E14 EHU

+ 44(0) 20 7216 6800

www.balfourbeatty.com