

Building a sustainable business continued

Ensuring integrity within the business

Business Integrity

Balfour Beatty's Business Integrity programme is a principles and behaviours-based programme, to ensure that the culture within the business enables people to make the right choices and empowers them to speak up where others have not.

The core of the Business Integrity programme remains the Balfour Beatty Code of Conduct, a web-based code which has been designed to be accessed from any device with an internet connection (www.balfourbeattycodeofconduct.com). This enables site-based personnel to access the Code, along with customers and partners. This is supported by the Suppliers Code of Conduct which sets out Balfour Beatty's commitment to work with those companies whose standards are consistent with its own.

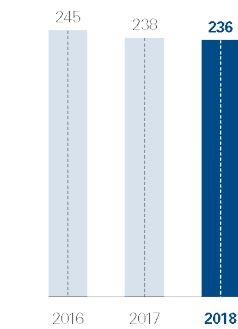
The programme underwent significant change during 2016/17 in order to better utilise technology and to further embed the programme within the business. Changes such as an assessment for the Code of Conduct, bite-sized learning modules and presentations across the business have seen an increase in engagement as demonstrated by the results of the June 2018 UK employees survey:

- 95% of respondents understand what is expected of them under the Code of Conduct;
- 84% are encouraged to do the right thing at work; and
- 82% felt they can raise issues and challenge unethical, dishonest or unacceptable behaviour.

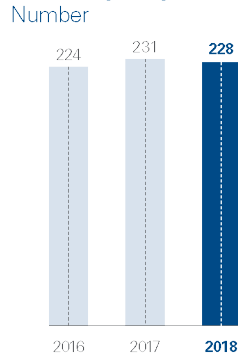
This is very encouraging but there is more to do to ensure all employees know what is required of them and that they can report their concerns. For a greater connection with the businesses, Balfour Beatty launched a network of Business Integrity advisers in 2017. Advisers assist by communicating Business Integrity messages and initiatives, supporting investigations and are local points of contact for issues and concerns. In 2019, the focus will be upon continued reinforcement of the Business Integrity message consistently across the Group:

- managers are critical to the success of the programme and the Business Integrity function will work with them to ensure they nurture and encourage integrity within their businesses.
- the Code of Conduct assessment, which tests knowledge in 12 key risk areas, has proven to be a more effective and engaging method of training and will be re-issued in 2019.
- to reinforce individual responsibility, all those who complete the assessment will be required to provide a declaration about their own behaviour in regard to the Code of Conduct and associated processes.
- the Group's approach to due diligence has been integrated within commercial processes and the services of third parties who specialise in collating data are being used. This has made processes more effective and allowed better assessment of suppliers and partners.

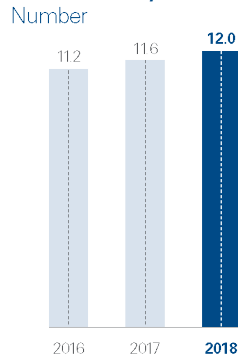
Speak Up Helpline cases



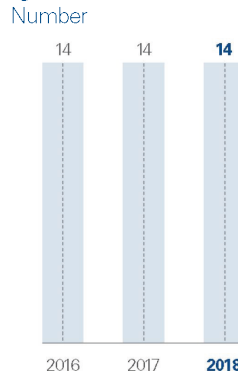
Speak Up Helpline cases (excluding HR grievances)



Cases per 1,000 employees (Balfour Beatty)



Cases per 1,000 employees (global benchmark)



Speak Up

Balfour Beatty encourages the reporting of any concerns about unethical conduct. Trends and, where appropriate, details of cases raised are reported to the Board and each business unit. Whilst action is taken in respect of the immediate issues raised, this data also informs the longer term strategic direction of the Business Integrity programme.

The number of cases reported in 2018 remained largely consistent with 2017 with the number of cases per 1,000 employees increasing slightly as a result of a drop in the number of employees. Ensuring all in-scope cases are investigated remains an important priority to support a change in behaviour and to maintain the trust and support of those who raise concerns. This continued in 2018 with 100% of in-scope cases investigated.

Modern slavery

Modern slavery is a brutal form of organised crime in which people are treated as commodities and exploited for criminal gain. The majority of these people are in the supply chains of legitimate industries. Balfour Beatty is committed to working in the business and its supply chain to ensure an approach is taken to tackling labour exploitation and eliminating these practices. The Company's full Modern Slavery Act transparency statement for 2018 can be accessed here: www.balfourbeatty.com/services/modern-slavery

The EU General Data Protection Regulation (GDPR)

The General Data Protection Regulation (GDPR) and the UK Data Protection Act 2018, came into effect on 25 May 2018. GDPR significantly increases fines for breaches, requires breaches to be notified to the regulator, provides enhanced data subject rights and mandates certain risk assessments and record keeping requirements.

Ahead of the above legislative changes, Balfour Beatty appointed a Group Data Protection Officer who has led a GDPR readiness programme. Under this programme impact assessments have been carried out on the Group's high risk IT systems, supplier processors and corporate websites and initial risk assessments of joint venture and customer project processing activities. Balfour Beatty's data protection policies and procedures have been updated and a GDPR steering board introduced. An automated process for conducting data protection impact assessments and data mapping has been implemented, key processor terms and privacy notices updated, corporate training on data protection principles delivered and data storage and retention practices renewed.

The focus for 2019 will be to build on this programme and further embed best practices into the Group's business processes and broader culture whilst preparing for anticipated future changes to e-privacy laws.

* At the time of print, the global benchmark statistic for 2018 was not available. The full chart including the 2018 statistic can be found at: www.balfourbeatty.com/businessintegrity