

This statement has been published in accordance with the Modern Slavery Act 2015 (the Act). It sets out the steps taken during 2019 by Balfour Beatty plc and other relevant group companies in the UK (Balfour Beatty) during 2019 to prevent modern slavery and human trafficking in its business and supply chains.

It has been reviewed 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 board of Balfour Beatty Group Limited.

Introduction

Modern slavery is a brutal form of organised crime in which people are treated as commodities and exploited for criminal gain. The International Labour Organisation (ILO) estimates that at any one time over 40 million men, women and children are working in conditions of modern slavery, including trafficked persons. Most of these people are in the supply chains of legitimate industries.

Balfour Beatty will not tolerate any such activities within our operations and is committed to working within our own business and supply chain to ensure that we implement a proactive approach to tackling forced labour exploitation, human trafficking and slavery. This statement provides details of our policies, our approach and the efforts we have taken in 2019 to further strengthen our programmes and to prevent modern slavery in line with the UK Modern Slavery Act 2015.

Our business and the supply chain

Balfour Beatty is a leading international infrastructure group, domiciled in the UK and directly employing over 26,000 people globally. We create infrastructure that underpins daily life, supports communities and enables economic growth. We operate through a number of Strategic Business Units (SBUs) in the UK, Ireland, the US and Canada, with a joint venture business in South East Asia (for more information on Balfour Beatty visit www.balfourbeatty.com).

Our business is large with a complex supply chain, comprising over 8,000 suppliers ranging from large multi-national companies to micro businesses. Two thirds of our revenue is spent procuring goods and services from our suppliers and of our 2019 UK direct spend, nothing was spent with suppliers in high risk countries of origin (such countries being determined as high risk by the Global Slavery Index¹ and the US State Dept Annual TIP Report²).

Structure and policies in relation to modern slavery

Governance and the Modern Slavery Working Group

While the Group Chief Executive and Board of Balfour Beatty has ultimate responsibility for the company's response to modern slavery, day-to-day management and mitigation of the risks is managed by a Modern Slavery Working Group. The working group which is chaired by the Group Head of Business Integrity and formed of senior representatives from our HR, HSES, Procurement & Supply Chain, Communications and Business Integrity functions, meets quarterly to review the implementation of our operational strategy for preventing modern slavery. The working group also develops the annual modern slavery statement for review by the Group Chief Executive and Board.

¹ <https://www.globallslaveryindex.org/>

² <https://www.state.gov/wp-content/uploads/2019/06/2019-Trafficking-in-Persons-Report.pdf>

Policies and procedures

The Balfour Beatty Code of Conduct applies to all employees, sub-contractors and temporary workers at all our business locations around the world and sets out our commitment to work only with third parties whose standards and principles are consistent with our own. Our code prohibits human rights abuses and promotes the United Nations Universal Declaration of Human Rights specifically stating:

“Wherever we work in the world we ensure that we do not exploit anyone. We uphold the rights of all those who work for or with us and of the communities in which we operate.”

The United Nations Universal Declaration of Human Rights proclaimed certain fundamental rights and freedoms. These include the right to life, liberty and security; equal rights of men and women; the right to protection under the law and against discrimination, slavery, servitude, torture, or inhumane or degrading treatment; and freedom of speech, thought, conscience and religion. We do not tolerate forced, debt bonded, indentured labour practices, or human trafficking. In the UK, we expect every party who we have dealings with to adhere to the principles of the Modern Slavery Act 2015, as we do ourselves.

The Code of Conduct was updated in 2017 to explicitly cover modern slavery. All employees are required to carry out online training on the Code of Conduct when they join the company and repeat it periodically during their employment and/or on an ad-hoc basis when the need arises. Face-to-face training is also provided on specific areas of the code depending upon risk and video training is made available for those based on site which can be found at: (www.balfourbeattycodeofconduct.com/videos).

The key principles which relate to the supply chain are included in our Supplier Code of Conduct, including those relating to human rights and modern slavery. This is available on our website and through the following link: (www.balfourbeatty.com/suppliers/supplier-code-of-conduct).

Additionally, we have published a guidance document for our suppliers and subcontractors, setting out guidance, information and the minimum requirements for our supply chain. This document is available here: <https://www.balfourbeatty.com/services/modern-slavery/>

Whilst the Board of Balfour Beatty plc has ultimate responsibility and accountability for the Code of Conduct, compliance, demonstrating leadership in respect of the Code of Conduct and challenging where others do not, is the responsibility of everyone at Balfour Beatty and everyone who works with us.

Speak Up

Our Speak Up helpline is an externally provided service, provided to all employees, partners and third parties on behalf of Balfour Beatty. All our people and those we work with are encouraged to challenge any unethical, dishonest or unacceptable behaviour they encounter and to speak up if they see things that don't meet our high standards. This includes concerns regarding modern slavery. All reports are treated seriously and all concerns that are raised in good faith are investigated confidentially and without bias by our Business Integrity function. Appropriate action is taken where behaviour is found to have fallen below that which we require.

In 2019, 294 reports were made to Speak Up, with three relating to the issue of modern slavery. All reports were investigated and although none resulted in the identification of modern slavery, the raising of reports demonstrates employee awareness of the warning signs and a willingness to report concerns.

Risk assessment, prevention and mitigation

Modern slavery risks are continuously monitored, and form part of the annual corporate risk analysis carried out across Balfour Beatty. Our most significant risk remains our procurement of materials and subcontracts, although residual risk also endures in our operational site activities, particularly within recruitment practices falling outside centralised processes.

We review the Global Slavery International index and the US State Dept Annual TIP Report to inform our assessment in terms of labour provision and sourcing from high risk countries of origin. Any suppliers that are identified as higher risk (e.g. temporary UK labour providers; or are based in; or are sourcing from high risk countries of origin) are subject to enhanced due diligence as detailed in our [Modern Slavery and Labour Exploitation Guidance and Requirements for Suppliers](#) document. While most of our direct supply chain is UK based³ we realise that tiers of indirect procurement, sitting within the supply chain have a higher likelihood of sourcing from high risk countries. As such, we are working to increase visibility across all levels of the supply chain through the measures set out below.

All Balfour Beatty suppliers and subcontractors in the UK are required to confirm the actions undertaken to ensure labour exploitation, modern slavery and human trafficking are not taking place in any part of their business or supply chain, and to notify Balfour Beatty as soon as they become aware of any instance of modern slavery or human trafficking taking place in their business or supply chain. Suppliers and subcontractors are also required to maintain a complete set of records to trace the supply chain of all goods and services provided to Balfour Beatty. Those unable to demonstrate that they can meet our requirements will not be able to trade with Balfour Beatty until such time that they can demonstrate that they do so.

We also require all those who work for or with us to comply with our Supplier Code of Conduct and for all factories and premises used in the manufacture and supply of products and services to be compliant with our Code of Conduct. Suppliers are required to comply with all applicable laws, statutes, regulations and codes, including but not limited to the Act, United Nations Global Compact and the International Labour Organization's International Labour Standards.

We continue to work hard to ensure Procurement is a highly centralised function within our business. This ensures a fair and consistent approach is applied to all parts of our supply chain from pre-qualification through to raising orders and paying for goods and services. In turn, this centralised and consistent management assists in the monitoring of supplier and subcontractor performance.

In addition to steps referred to above, throughout 2019 we have undertaken the following activities, with the intention to understand and mitigate the risks of modern slavery. These will continue throughout 2020:

- Collaboration with the [GLAA's Construction Protocol](#) to develop an induction pack for use across the sector which includes induction guidance for site supervisors, Modern Slavery Toolbox Talk, Modern Slavery Induction Pack (with translations) and Posters.
- Where weaknesses have been identified in our supply chain, we have worked with those suppliers and subcontractors to improve their approach to modern slavery.
- In our rail business, where risk has been identified due to a high proportion of gang workers, we have been supporting the Rail Safety Standards Board (RSSB) to publish best practice guidance for the supply chain which will be released later this year. We have also conducted joint awareness raising on modern slavery with our employees and labour providers. This ensures everyone is aware of Balfour Beatty's expectations on modern slavery checks and the additional risks associated with the rail industry.
- Delivery of training to all employees in our Procurement and Commercial functions and provision of Modern Slavery Toolkits and awareness material to the wider business.
- Working closely with our contingent labour suppliers to reinforce the standards expected of them.
- Developed a "Modern Slavery Site Induction Checklist" which all new workers entering Balfour Beatty sites are required to complete and sign. The checklist confirms that new third-party workers entering our sites have a contract of employment and that we have received and confirmed access to their passport or biometric residence permit, their bank account and a means of communication. Workers are also required to confirm that no direct or indirect fees were paid to obtain work and that they have been made aware of statutory rights including sick pay and holiday pay.

³ 98% UK, 1% within the EU, 1% outside the EU

- Balfour Beatty managers carry out face-to-face checks on original right to work documents when they interview prospective directly employed employees. Additionally, Advantage XPO, our managed service provider of temporary workers, carry out the same process when they meet with prospective consultant workers on our behalf.
- For new employees joining Balfour Beatty, our pre-employment checks ensure that bank account details provided for the payment of salary match the name of the employee and where discrepancies arise, we require further assurances from the employee to ensure they are not subject to modern slavery. Cases where documents cannot be provided are escalated to senior members of the HR team for assessment and further investigation. We also conduct regular audits to identify and investigate any instances where more than one employee's salary is being paid into a single bank account.

Our focus for 2020

During 2019, we made good progress improving our understanding of the risks in our business and have applied that knowledge to inform our controls and processes. Members of the working group have continued to engage with industry and cross-sector groups. We have benchmarked ourselves favourably against other similar sized organisations and in the past 12 months we have contributed to a government study on Modern Slavery conducted by Liverpool University's Management School and achieved a rating of 88% from the Home Office Modern Slavery Assessment.

We know however, that we cannot be complacent and recognise that just as our risks do not remain static, neither must our response. There are several areas where we have identified additional measures can be put in place and these have been encompassed in the following commitments as we seek to drive improvements in 2020.

We will:

- align ourselves more closely to the requirements as set out in the Ethical Trading Initiative framework and format our approach (where appropriate) accordingly.
- develop KPIs and use these to monitor and report on the effectiveness of our policies and procedures governing modern slavery risk.
- continue to raise awareness of and provide training on Modern Slavery across our business.
- continue to monitor the risk areas in our supply chain, particularly those which source products, components or materials from high risk countries of origin and review on-site processes to identify and mitigate the risks associated with modern slavery.
- ensure further consistency and visibility of the supply chain by reducing the number of suppliers being procured outside of the centralised function.
- maintain our position and engagement with the Gangmasters and Labour Abuse Authority's Construction Protocol.

Balfour Beatty acknowledges the impact our business makes on our customers, people and society and the role we can play in preventing modern slavery issues in our society. We will continue to monitor our standards and align ourselves to all regulatory requirements and guidance as we recognise the role our business plays in creating a better society free of slavery.

This statement has been published in accordance with section 54 of the Act and applies to the financial year ending 31 December 2019.



Leo Quinn
Group Chief Executive
Balfour Beatty plc