

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 relevant group companies in the UK (Balfour Beatty) during 2018 to prevent modern slavery and human trafficking in its business and supply chains. This statement has been approved by the Board of Directors of Balfour Beatty plc and signed by Leo Quinn, the Chief Executive Officer. It has also been approved by the board of Balfour Beatty Group Limited.

Our Business

Balfour Beatty is a leading international infrastructure group directly employing over 30,000 people. We create infrastructure that underpins daily life, supports communities and enables economic growth. We operate principally 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).

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. The vast majority of these people are in the supply chains of legitimate industries. Balfour Beatty is committed to working within our own business and our supply chain to ensure that we implement a proactive approach to tackling labour exploitation and reducing these practices in our wider supply chain.

Our Build to Last programme is transforming Balfour Beatty to ensure it is lean, expert, trusted and safe. Within this, our business ethics and integrity are fundamental to being trusted. This is because our reputation is part of our licence to operate and our competitive advantage. It gives confidence to our customers, partners, suppliers, employees, subcontractors and all the communities in which we operate. Such trust is hard won yet easily lost and depends on our ethics and integrity as a group being embedded in everything we do.

Our Codes of Conduct

Our integrity programme is underpinned by our Code of Conduct which can be found at (www.balfourbeattycodeofconduct.com). Our Code has prohibited human rights abuses and promoted the United Nations Universal Declaration of Human Rights and the International Labour Organisation's standards regarding child labour and minimum age since its launch in 2009. The Code of Conduct was updated in 2017 to explicitly cover modern slavery. The key principles which relate to the supply chain are also included in our Supplier Code of Conduct, including those relating to human rights and modern slavery (www.balfourbeatty.com/suppliers/supplier-code-of-conduct). Our employees are required to carry out online training on the Code of Conduct, which is made available to them before they start working with us, repeated periodically during their employment and/or on an ad-hoc basis when the need arises. Face to face training is also provided periodically on specific areas of the Code depending upon risk and we have video training for those based on site.

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. We have an independent and confidential whistleblowing helpline called "Speak Up", where issues can be raised. 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 2018, 236 reports were made to Speak Up, however none related to modern slavery. The issues raised and actions taken are reported to the Group Board (more information can be found on page 36 of our Annual Report and Accounts www.balfourbeatty.com/investors/results-reports-and-presentations/). Whilst the full Board of Directors of Balfour Beatty plc ultimately has responsibility and accountability for the Code of Conduct, complying with it, demonstrating leadership in respect of it, and challenging where others do not, is the responsibility of everyone at Balfour Beatty and everyone who works with us.

The Modern Slavery Working Group

We established a cross-organisational UK working group on modern slavery in 2016. The working group, consisting of members of the HR, Health, Safety, Environment & Sustainability, Procurement & Supply Chain, Communications and Business Integrity teams, continued to work in 2018 to improve our processes around modern slavery. The group also reviewed last year's modern slavery statement and have provided updates, where appropriate.

Risk Assessment

We revisited our assessment from 2017 and concluded that the most significant risks remain in our material and subcontract procurement although some risks remain in our operational site management and recruitment practices particularly the use of recruitment agency labour

Our Supply Chain

We have in excess of 8000 suppliers and subcontractors supporting our UK business who are predominantly (99.67%) based in the UK. Of our UK businesses' direct spend in 2018 nothing was spent with suppliers in high risk countries of origin (such countries being determined as high risk by the Global Slavery Index)¹. Our top 10 suppliers to our UK business are listed below and each company's Modern Slavery statement can be found on their respective corporate websites.

- ADVANTAGE XPO LTD
- AGGREGATE INDUSTRIES UK LTD
- ASHTEAD PLANT HIRE CO LTD
- ATKINS LTD
- BEUMER GROUP UK LTD
- EXPANDED LTD
- LEX AUTOLEASE LTD
- P J CAREY (CONTRACTORS) LTD
- TARMAC LTD
- WSP UK LTD

All Balfour Beatty suppliers and subcontractors in the UK are now required to confirm the actions they are taking to ensure labour exploitation, modern slavery and human trafficking are not taking place in any part of their business or supply chain. Suppliers and subcontractors are required 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.

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, from time to time in force, including but not limited to the Act, United Nations Global Compact and the International Labour Organization International Labour Standards.

Suppliers that are based in or sourcing from high risk countries of origin are subject to enhanced due diligence and are required to provide evidence of regular audits into labour standards, conducted either directly or through a third party auditor. We are working to increase visibility of the supply chains operations outside the UK.

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

In addition to the policies and processes mentioned above, we have also undertaken the following additional activity in 2018 to further minimise the risk of modern slavery in the UK:

- Obtained information on the measures of higher risk suppliers / subcontractors are taking to ensure modern slavery and human trafficking is not taking place. Where we have determined that this was not sufficient, we are working with suppliers/subcontractors to improve their approach to modern slavery.
- Completed a complete reassessment of risks in our supply chain looking at every category in terms of UK labour provision and sourcing from high risk countries of origin. We plan to publish this risk assessment in 2019.
- Updated our 'Modern Slavery and Labour Exploitation Guidance' for buyers and suppliers to reflect the potential risk of labour exploitation through the use of Umbrella companies and have updated the list of high risk countries of origin in line with the 'Global Slavery Index <https://www.balfourbeatty.com/media/317721/prc-rm-0007d-modern-slavery-and-labour-exploitation-guidance-for-suppliers-september-2018.pdf> .
- Continued to roll out mandatory modern slavery training to all employees in our procurement function and a Modern Slavery Toolkit to the wider business.
- Signed up to the Gangmasters and Labour Abuse Authority's Construction Protocol and continue to work with customers, key strategic suppliers and industry bodies to engage with Tier 2 and Tier 3 suppliers to understand their capability and discuss best practice and learning on modern slavery .
- Worked closely with our contingent labour suppliers and held a series of workshops to increase awareness of the issues and support them to improve their approach to meeting our requirements. We have reviewed the process for establishing the right to work in the UK and have also implemented a "Modern Slavery Induction Checklist" which all new blue collar workers supplied by our contingent labour providers are required to complete and sign. The checklist confirms with them that new workers being introduced to our business have a contract of employment, access to their passport or biometric residence permit, their bank account and 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.
- Expanded the scope of the monthly spot check audits for contingent labour providers to also include the verification of the Modern Slavery Induction Checklists, copies of wage slips in addition to the previous requirements which included right to work in the UK, referencing, contracts, candidate criminal declarations and verification of construction industry qualifications and in 2019 we are planning to ask all suppliers to conduct an audit on workers addresses and bank details, to be conducted on a quarterly basis and report back to Balfour Beatty as to the findings.
- Collaborated across the industry through the Supply Chain Sustainability School to develop learning materials and other resources to support the wider construction and infrastructure supply chain to adopt good practices and to spot the signs of modern slavery. The Supply Chain Sustainability School is an award winning collaboration of over 60 contractors and client organisations from the construction and infrastructure sector that are developing a common approach to sustainability (see <http://www.supplychainschool.co.uk/modern-slavery/>). The School provides free practical support to over 14,000 members.

Our people

Whilst there is less risk in our own business than through our supply chain, we have also undertaken some action to prevent modern slavery and human trafficking in our own business.

Our UK recruitment policy explicitly commits us to the prevention of modern slavery and guidance on preventing modern slavery is provided to all recruiting managers. Balfour Beatty managers carry out face to face checks on original right to work documents when they interview prospective employees and Advantage

XPO, our managed service provider of temporary workers; carry out the same process when they meet with prospective temporary workers on our behalf.

When new employees join Balfour Beatty in the UK, 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 investigate and may require further assurance to ensure the employee is not subject to modern slavery. Where documents which link the employee with the payee cannot be provided, this is escalated to senior members of the HR team for assessment. We also conduct quarterly audits of, and investigate any instances where more than one employee's salary is being paid into any single bank account.

We have engaged our major trade union partners within the UK to seek their support in the prevention of modern slavery.

Our journey

Progress has been made during the previous 12 months to tackle the threat of modern slavery across our UK businesses and supply chain but we recognise that the issue is not static. There is more to do to raise awareness and we will continue to improve our understanding of those risks in the coming 12 months by:

- Issuing modern slavery training across our business, supported by provision of guidance on the warning signs and where to find additional information. Over 7,000 of our employees undertook an assessment at the end of 2017 which helped us check their understanding of modern slavery and how to spot the risk factors for it. Now there is general awareness of the issue, we will build on that progress to ensure our employees and supply chain, remain vigilant.
- Enhancing our understanding of the shifting risks associated with modern slavery in the UK and internationally.
- Continuing to monitor the high risk areas of 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.

These will be our key areas of focus for 2019.



Leo Quinn
Group Chief Executive
Balfour Beatty plc

23 May 2019