

VolkerHighways Limited

Section 172(1) statement

for the year ended 31 December 2019

This statement has been prepared solely to provide information to assess how the Directors have performed their duty to promote the success of the company. Any forward-looking statements are made in good faith, based on the information available up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

The Board continues to take account of the impact of its decisions on all of our stakeholders, who include employees, customers, suppliers, shareholders, regulators, governments, Charities and local community. The Board believes that part of that responsibility includes understanding the views of those stakeholders and building constructive relationships with them. Further details on how we communicate and engage with our different stakeholders is included in the relevant sections below. During the year we have continued to ensure that the health, safety and wellbeing of our people and stakeholders has remained central to everything we do.

The VolkerHighways Directors have acted in good faith and in a way that they are most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

(a) The likely consequences of any decision in the long term

Strategy

Despite the challenges in the market over the past year, our group's strategy of prioritising cash-backed profits ahead of turnover growth, and of maintaining our measured and selective approach to bidding and winning work has continued to serve us well. Our careful, measured approach has given us credibility among our peers and enabled us to flourish and generate long term value. We pride ourselves on being grounded, stable and dependable. As well as being selective on contracts, and ensuring robust governance, we're also strong on cost control, and our strategic investments in the future are considered and targeted. The Board are heavily involved in capital allocation decisions and all capital expenditure over £10,000 is approved by a member of the Board. This ensures that the Board considers the likely long term consequences of their investment decisions.

Our business model is formed of four pillars of growth; exceeding expectations; Driving innovation and digital transformation; Encouraging entrepreneurship; and Enhancing collaboration. By continuing to deliver successfully on these, we will meet our business goals to satisfy our clients' requirements and gain advantage in the marketplace. The pillars are underpinned by the foundations on which our successful business is built, and on which our strategy depend. These foundations give an explicit focus to operational and engineering delivery, risk management, corporate responsibility, people, systems and processes.

Our core values sit alongside the business model and guide our decisions, actions and behaviours. These are; Integrity; Passion; Innovation; Collaboration; and Winning. Delivering to the highest standards is simply embedded in our way of working, and our goal is to continually exceed our clients' expectations and deliver advantage together. We promote a culture which is authentic, honest and dependable. We have a selective approach to taking on new work, which means that we bring our absolute best in the projects we deliver.

VolkerHighways aim is always to deliver a "best in class" service to our clients and to the local communities in which we work. Many of our contracts span up to 15 years and our strategy is to work in close partnership with these clients and their stakeholders to provide a 24/7 service to the public infrastructure.

Board governance structure

Our UK Group Board decision making processes and governance structure ensure that we are able to make appropriate and informed decisions rapidly within a fundamental framework of sensible checks and balances. The main business units, including VolkerHighways, are represented on the VolkerWessels UK Board and the wider Executive committee which means that the Board decisions constantly consider the needs of all parts of VolkerWessels UK. All decisions to enter into transactions will be reviewed by at least two people to ensure independence and our delegated authorities are set out clearly within VolkerHighways with a number of structured review processes for new bids and tenders, entering into new markets, project risk control and governance, across our business.

Our Operations Board plays an important role in focussing on excellence in operational delivery. It is a cross-business Leadership Team, which helps advise the business and takes action on matters that have a potential impact on our operations. The Health, Safety and Sustainability Leadership Groups bring together the Managing Directors, Operational Directors, Health and Safety, Corporate Responsibility and Environmental leads from each of our business units on a quarterly basis to review Health, Safety and Sustainability performance and key issues or items of strategic significance. Our Risk Management Board reviews and advises on operational and commercial risk management. Our Strategic Transformation Programme Board bring together our digital and technology developments and ensure that our approach to improvement is rooted firmly in ensuring that our people are at the forefront enabling us to be powered by data, driven by people. These Boards and Leadership Groups enable information-based decision-making by the Board Directors on key strategic matters.

Understanding the market in which we operate

Business Unit Review meetings provide a forum for the VolkerWessels UK Board to understand and challenge the VolkerHighways leadership on areas such as customer engagement and satisfaction, and operational and commercial performance, and customer initiatives. Market outlook is a standing item on the agenda for each of these meetings and the Board regularly assess the impact of external factors on their long term business strategy.

External Factors, for example of a political, economic and technological nature, are continuously monitored by the Board ensuring short- and long-term implications are understood, and strategy adjusted accordingly. The breadth and diversity of the Group provides good resilience to cope with fluctuations in particular markets which may be caused by the factors above. VolkerHighways has developed a risk matrix to ensure that we address these external factors with regular reviews by the senior management team.

Corporate Responsibility

We are committed to maintaining the highest standards of health and safety, sustainability and integrity throughout all our business activities. The board ensures that its decision making enables and supports this objective in both current activities and in the long term, through active monitoring, challenging and review of key elements of the strategy which are set out in more detail in the relevant sections below.

All aspects of Corporate Responsibility are high on the UK Board agenda and regular reporting is reviewed, interrogated and further actions and initiatives delivered through a process of continuous improvement. The Health, Safety and Sustainability leadership groups, which are comprised of Board members from the VolkerWessels UK Group and VolkerHighways, ensure delivery of this continuous improvement programme and maintain oversight of the VW UK approach to health and safety, sustainability and environment.

Dividend policy

Our dividend policy is to consider first and foremost the financial strength of the individual entity, ensuring that where capital investment or additional working capital requirements are identified, that those are satisfied. We would expect to pay dividends up to 100% of net profit having taken those business priorities first into consideration.

(b) The interests of the company's employees

At VolkerHighways Limited, we are proud of our people and their commitment to consistently delivering excellence to our clients. We strive to create a balanced and sustainable business to the benefit of all stakeholders.

All of our people are given the opportunity to develop and grow, with significant investment being made in our workforce to learn new skills. We are focused on providing diverse access to a broad range of learning routes to ensure our workforce have the required skills to support the growth of the Company.

We are also investing significantly in our People systems, in order to attract and retain the best talent available and support the employee life cycle as comprehensively as possible.

A clear strategy for People

To continue to deliver a successful and growing business, it is vital that as a Company we are able to attract and recruit the top talent in our sectors, engage and retain our workforce at all levels and develop the core skills required to ensure we maintain a successful business. The Board actively drive this strategy through a number of focussed and specific actions delivered across the group and within VolkerHighways.

This year we have developed and launched our Employee Value Proposition to enable access to the key talent throughout our sectors, and have adopted the latest resourcing tools, including social media, to broaden the range of candidates we engage with. We are also investing significantly in our People data resources and reporting tools to improve our data analysis and decision-making capability. We regularly benchmark our reward and recognition to ensure we are competitive in our markets and are actively exploring ways of creating more agile and flexible working practices as we focus on creating a truly inclusive culture. VolkerHighways investment in career development has been recognised through industry awards for several of our apprentices in the last year.

Health and Safety

Central to our corporate responsibility approach and our people strategy is having a culture where our people consistently demonstrate the right behaviours and apply best practice, especially as it relates to health and safety. We continually strive to prevent work related injuries and the ill health of our employees and anyone associated with our activities, while also improving their wellbeing. We maintain the right culture, combined with effective systems, to deliver quality projects in a safe and sustainable manner.

Well established behavioural programmes have enabled our workforce, employees and supply chain, to actively engage in maintaining a safe working environment; introducing a range of proactive and preventive improvements to how we conduct our operations.

In 2019 we continued to build upon prior achievements across the range of safety performance indicators. In 2019 VolkerWessels UK group safety performance in comparison to our peers is industry leading, well below the industry average and (for example) amongst the Build UK contractor members the second-best safety record, improving from seventh position in 2018. In VolkerHighways, whilst our Accident Frequency Rate increased to 0.08 in 2019; this was due to a road traffic incident associated with our Wokingham contract. We are pleased to be able to report improvement over the prior year in respect of "safety behaviours" and "engagement" both in our own employees and in our supply chain too.

Maintaining the mental and physical health of employees is the cornerstone of our occupational health strategy, delivered through a directly employed occupational health team. In addition to health surveillance, we place particular focus on raising awareness and the importance of maintaining good mental health. This includes training for line managers and supervisors on tackling health risks specific to construction while providing any support and guidance required.

Relevant statistics – health and safety

- Accident Frequency Rate (AFR)¹ increase from 0.00 in 2018 to 0.08
- Accident Incidence Rate (AIR)² increase from 0 in 2018 to 192
- 30% improvement in our Service Strike Rate (SSR)³
- 69% increase in close call frequency rate, over 1,300 reports raised
- 10th consecutive RoSPA Gold Medal
- British Safety Council 'International Safety' Award
- 6 drop-in-clinics conducted by occupational health, with over 150 attendees

¹Accident Frequency Rate (AFR) - RIDDOR reportable injuries (excluding dangerous occurrences) are used in the Accident Frequency Rate (AFR) calculation. The AFR is the most commonly used measure for benchmarking safety performance in the UK. $\text{Accident Frequency Rate (AFR)} = (\text{number of RIDDOR reportable injuries} \div \text{total work hours}) \times 100,000$.

²Accident Incidence Rate (AIR) – RIDDOR reportable injuries (excluding dangerous occurrences) are used in the Accident Incidence Rate (AIR) calculation. $\text{Accident Incidence Rate (AIR)} = (\text{number of RIDDOR reportable injuries} \div \text{average headcount}) \times 100,000$.

³Service Strike Rate (SSR) - Service Strike Rate (SSR) = (number of service strikes ÷ total work hours) x 100,000.

Developing and retaining our people

We continue to review employee performance on a regular basis and agree individual development plans for all staff. Our workforce is encouraged to seek development opportunities in all areas of work activity, with a focus on learning 'on the job' rather than relying only on formal training courses. We are also investing in more active learning delivery channels, utilising our available technology, to help our staff access the training they need when they need it

This year we have further developed our core behavioural and technical competencies, with a focus on more specialist functional requirements. The electronic development and performance review system within our learning management system (LMS) is now embedded across the Group.

The wide range of disciplines across all VolkerWessels UK businesses provides an opportunity for new talent to gain experience on a variety of exciting projects. We actively promote opportunities internally to make sure team members gain the right experience on some of the largest infrastructure projects in the country.

We work closely with industry based educational organisations such as the Construction Industry Training Board (CITB), Chartered Institute of Building (CIOB) and the Institution of Civil Engineers (ICE) to help our people achieve professional accreditation. Through these relationships we are able to identify the right work placement candidates, apprentices and graduates who are in the process of getting qualified. Many of these individuals ultimately work with us permanently.

How the Board engages with employees

The Board engages with employees in a number of ways. There are regular informal meetings as the Board are all very involved directly in the direct running of specific areas of the business. There are also a number of employee forums which are open to all such as our digital disruption network, and each business area also holds staff forums where all staff are invited and encouraged to take part in interactive sessions and to find out more about what is going on their business.

We also survey our workforce in order to understand their thoughts on a number of issues. Recent examples include the annual engagement survey and the Investors in Diversity survey. The VolkerHighways Managing Director conducted roadshows to each highway depot, engaging with employees through presentations and open Q/A sessions.

The Board's focus on future skills and new talent

VolkerHighways Limited recognises the challenges in the industry to fill the skills gap, especially as the government's infrastructure plan is initiated. Our response is to continue our apprentice and graduate programmes, developing early careers in the industry to support the next generation of engineers and other team members. We currently employ 83 graduates and 135 apprentices across the VolkerWessels UK Group. Two VolkerHighways apprentices received industry awards in 2019.

The UK Group are members of the 5% club, which is a group of employers committed to earn & learn as part of building and developing the workforce they need to play their part as a member of a socially mobile, prosperous and cohesive nation. The Club exists to help its members and all employers increase further the number, quality and range of earn & learn opportunities across the UK. By joining the 5% Club, members aspire to achieve 5% of their workforce in earn and learn positions (including apprentices, sponsored students and graduates on formalised training schemes) within five years of joining. VolkerWessels UK Group currently have 8% of our workforce in earn and learn positions within five years of joining.

We support the Careers and Enterprise Company and other similar organisations, providing volunteered help and advice to a number of schools and colleges to promote engineering and construction careers and raise awareness. We encourage our employees to become STEM Ambassadors and are proud to have numerous members of this programme.

Each business is charged with developing and implementing a clear plan to ensure there are long term solutions for future skills requirements in place and the Board reviews this at a strategic level, ensuring that there is a balanced focus with a particular focus on supporting training and ensuring opportunities are fully available for all.

Investment in training and development

Our emerging talent programmes continue to grow, and we now offer a range of apprentice, industrial placement and graduate level opportunities. We have developed successful strategic partnerships with key education partners, as well as introducing new qualification routes. For example, a new Customer Service Apprenticeship was launched this year for staff working in our support functions. Investing in emerging talent is seen as a key business priority.

Beyond these emerging talent programmes, the VolkerWessels UK Group have developed a full suite of management training which takes our employees on a journey from first line managers to the executive leaders of tomorrow. There is also a large investment in behavioural safety, compliance and professional training and a suite of e-learning covering topics ranging from integrity to IT.

Relevant statistics - Investment in training and development

- We currently employ 83 graduates and 135 apprentices across the VolkerWessels UK Group
- In 2019 employees across VolkerHighways Limited attended 1,714 days of formal training courses

Equality, diversity and inclusion

VolkerHighways Limited is committed to creating a diverse and inclusive environment for all those we work with: our dedicated and ambitious people, our supply chain and partners, our clients and local stakeholders. We are proud of who we are and the inclusive way we work, with a collective goal to provide quality and add value to our clients.

We understand that a diverse workforce is key to the future of our business and our focus is on building valuable experienced teams and attracting a diverse pool of talent. During 2019 the VolkerWessels UK Group was awarded the Investors in Diversity accreditation and were honoured with two awards - Best Engineering Company and Most Improved Company - in the recent Investors in Diversity UK wide awards.

Equality, diversity and inclusion for us is:

- Making sure every one of our current and future employees feel welcome, valued and respected and are motivated to perform at their personal best
- Creating high performing teams by bringing together different opinions and perspectives to deliver better solutions for our clients and opportunities for our people and our organisation
- Driving continuous improvement processes to maintain and enhance a diverse and inclusive environment
- Embedding a culture of diversity and inclusion through consistent key messages across our business
- Encouraging and attracting people from all ages and backgrounds through local and national recruitment in addition to engaging in education, graduate and apprenticeship programmes.

The UK Group are pushing forward the agenda for Equality, Diversity and Inclusion and have appointed a permanent Head of EDI who, with the support of the Board and a steering group which is chaired by a member of the Board, is actively challenging the business to improve equality, diversity and inclusion for everyone. Our teams are passionate and motivated to drive this agenda, and during 2019 we achieved our Investors in Diversity accreditation. This is also being supported by the roll out of our bespoke EDI training across the business, the creation of a network of champions empowered to act locally and the inclusion of EDI competencies in our development and performance reviews.

Gender pay gap

As set out in the VolkerWessels UK Group Gender pay gap report, we recognise that in our particular industry of engineering, there is a significant improvement that is required to increase the number of senior women across the industry. It is worth remembering that the definition for 'gender pay gap' is the difference in average earnings between men and women across the business, as opposed to equal pay. The UK Board actively reviews and monitors remuneration practices to ensure a fair approach is adopted across the company. As a major player in infrastructure and construction across the country, the VolkerWessels UK Group is particularly impacted by the national averages for men and women working in the industry. Led by the UK Board, we are working with the wider industry to encourage more women into construction and we are looking at a number of ways to enhance the representation of women across our business. An important starting point is to ensure that we attract and develop a more diverse workforce.

During 2019, we have more than doubled our number of female apprentices across the UK Group, and we have worked to enhance our schools' engagement programme, aimed at raising awareness of careers in civil engineering, construction and associated professions such as quantity surveying. However, there is still more to be done to address the gender pay gap, and we will broaden our talent pools and identify transferable skill sets to help increase our female population in middle management and senior level roles.

Ensuring adequate and competent resources

The UK Board receives and reviews holistic business reports from each area of the business based on the KPIs most pertinent to them. At the top of the agenda on every meeting is safety as the health, safety and wellbeing of our people is our top priority. Each project and programme is monitored locally in terms of its delivery and progress, the quality of the work, the productivity of the sites and financial performance and also by the board as part of the wider business reviews. We ensure through our resourcing approach that we have the ability to direct our resources to address any issues and ensure that we are positioned for success.

(c) the need to foster the company's business relationships with suppliers, customers and others

Supply chain management

Our supply chain partners form an integral part of the Company's commitment to offering our clients a quality service, in line with our Strategic pillars of growth. We establish mutually rewarding, ongoing relationships with our suppliers and sub-contractors, and today work with many organisations with which we have a long and successful history of co-operation. Our supply chain is thoroughly assessed against key indicators including health and safety performance, design and technical capability, financial strength and sustainable ethical working practices.

The Board approves large orders in accordance with an agreed authorisation matrix. Business to Business meetings are held with our largest suppliers and subcontractors prior to the start of a large project and periodically, as appropriate.

During the year, six supply chain forums were held across the UK Group businesses attended by circa 600 businesses. In addition, we held around 20 specialist workshops with suppliers and staff in attendance promoting specific contracts, innovation or areas of mutual interest. Many more contract focused meetings and communications are held on a one to one basis as part of our strategy to closely engage with and support our supply chain.

Since May 2013 VolkerWessels UK has been compliant with the Prompt Payment Code, sponsored by the Department for Business, Energy & Industrial Strategy. All large entities within the Group are signatories of the code and smaller companies comply wherever possible. Under the code we undertake to:

- Provide suppliers with clear and easily accessible guidance on payment procedures
- Pay suppliers on time, within the terms agreed at the outset of the contract and without attempting to change payment terms retrospectively on correctly presented invoices
- Ensure there is a clearly communicated system for dealing with queries, complaints and disputes
- Advise promptly if there is a valid reason why an invoice will not be paid to the agreed terms
- Encourage best practice
- request that our suppliers encourage adoption of the code throughout their own supply chains

Relevant statistics - supply chain management

- Supplier payment performance for the year showed that the average time to pay an invoice was 38 days and 78% of invoices were paid within the agreed terms with suppliers.
- Supplier days excluding accruals were 55 (2018: 46).
- Since changes were made in July 2019 over 90% of invoices were paid within 60 day.

Customers

The VolkerWessels UK Board has an established framework whereby business units are required and empowered to develop their own business plans for subsequent review and endorsement by the Board.

Each business develops a five-year plan setting out, amongst other things, its proposed sector focus and customer base. From these plans we identify key customers and establish relationship management plans in order to coordinate our interactions and monitor customer satisfaction levels. Coordination of customer interactions is especially important where customers are common to more than one of our businesses, such as in the Defence sector. A significant volume of VWUK's work is for public sector customers, such as the Environment Agency, Highways England and Defence Infrastructure Organisation (operating arm of the Ministry of Defence), several of which have awarded framework contracts that provide a solid baseload of work for VWUK business units.

Look ahead business pipelines are reviewed at both a business level and Board level where predicted trends are evaluated which may influence future business direction. A common governance process has been established across the Group whereby opportunities must, in the first instance, meet stringent selectivity criteria. Thereafter, additional review and approval mechanisms are in place to ensure risks are understood and mitigated.

Regular customer contact is undertaken at all levels through the organisation, where we seek to understand customer objectives and priorities, and gather feedback on our performance. This guides the development of our solutions and highlights opportunities for investment and further research and development (R&D). Consistent with one of our core values, Innovation is integral to us maintaining a market leading position in our chosen sectors. All employees receive mandatory training using our Integrity Suite of learning modules in areas such as anti-corruption and modern slavery.

Customer satisfaction is measured on a more formal basis through tailored interviews, the results of which are fed back to senior management and actions implemented as necessary.

In the year, the Group has further developed its key account management plans for strategic customers in highways, rail and defence. These plans provide a structured approach to developing relationships at all levels, from Board members to project teams.

Other Stakeholders

We engage with our Shareholders and broader group through many informal as well as formal routes with a quarterly business review and reports. Our objectives are set and agreed through our 5-year rolling business planning process and we review our sustainability and other non-financial targets as well as financial targets with them on a regular basis.

We maintain strong relationships with our financial stakeholders with both our bankers and our bonders, through regular and structured meetings, transparent reporting and ongoing informal relationships.

Members of the Board participate in numerous industry bodies and as a key member of Build UK we enable our industry to be appropriately represented as a whole. VolkerHighways was a founding member of the Highways Term Maintenance Association and has continued to support this body as it represents the market in which we principally operate.

VolkerHighways also actively participate as members of a number of industry bodies including; Civil Engineering Contractors Association, Build UK, B&CE / Constructing Better Health, Institute for Collaborative Working, Institute of Environmental Management and Assessment, British Occupational Health Society, British Quality Foundation Considerate Constructors Scheme, FORS, CLOCS, Brake Road Safety, RoSPA, British Safety Council, ADEPT and the Supply Chain Sustainability School. In addition we take part in numerous industry-related forums.

We recognise that it is important that we have strong relationships with the numerous regulatory and professional bodies that we interact with. Many of these relate to employees and customers, and have been mentioned also in previous sections. We ensure we are compliant with statutory regulations and legislation, and aim for best practise under voluntary codes and initiatives.

We have a corporate website where stakeholders can find out more about who we are and what we do.

Giving back to the community

At VolkerHighways Limited, we are committed to making a positive impact in the communities where we work. We strive to leave a legacy, not only through the projects that we deliver but also a less tangible legacy by supporting local communities, through engagement with schools, through local employment, charitable activity and by supporting local organisations.

Our offices and sites work actively to become part of the communities in which they work. We respect people and their local environment. Our aim is to add value to our society, inspire others and support colleagues, clients and suppliers in their own efforts to share time, skills and resources in their chosen way. We provide careers advice and support to local schools and higher education facilities, to encourage more people into the wide range of careers construction has to offer.

We are also committed to working with established industry-based charities that utilise our expertise as engineers and contractors like the work we do with CRASH in the UK and Operation Raleigh in developing countries.

Relevant statistics - giving back to the community

- Across the UK Group business wide close call reporting led to donations of £21k (2018 £11k) to Macmillan Cancer support and £21k (2018 £11k) to various other charities
- VolkerHighways Limited charitable donations amounted to £7,000 in 2019 (2018: £nil)

Our environmental impact

Our business strategy seeks to ensure ongoing environmental, social and business sustainability. Construction has a significant effect on the environment. We continually strive to be as socially and environmentally responsible as possible, maximising opportunities for enhancement and mitigating adverse impacts on the environment.

In this current uncertain environmental and economic climate, our capacity to endure, be agile and be resilient will be fundamental to our long-term growth and our ability to future proof our business. Notably, the world is facing a climate emergency. Climate change is progressing even faster than the world's top scientists have predicted and is outpacing our efforts to address it. Bold action with far greater ambition than ever before is needed to address climate change if we are to meet the goals of the Paris Agreement. We will build this adaptive capacity by making decisions informed by our inherent culture to do business in the right way, as well as recognising that social and environmental risks have interdependencies that touch every part of our business and our supply chain.

In 2020 we will consolidate our achievements from the past decade and launch our refreshed sustainability strategy. 2020-2030 will be our 'Decade of Action'. We have built on our existing foundations and sound culture and have created a framework that supports our workforce and supply chain in understanding VolkerWessels UK's desire to grow responsibly, with respect for communities and the natural environment, and to leave a legacy we are proud of.

Being a responsible sustainable business embraces everything we do, be it safety, quality, the way we conduct ourselves, the way we respect our surroundings and the way we preserve the future for ourselves, our families, our colleagues and our communities. This framework builds on existing great foundations, aligns our collective ambitions, and enables us to unlock the social value in our operations.

The three pillars of our responsible and sustainable business are:

- People: Putting people at the heart of our approach
- Planet: Protecting and enhancing the natural environment
- Purpose: Being a trusted, forward thinking and respected business of choice

Our key areas of focus within these three pillars are:

- Climate, Energy and Emissions: Translating and taking positive action to reduce or, wherever possible, eliminate our adverse impacts on climate change.
- Responsible Management of the Environment: Environmental risks and opportunities will be managed professionally, responsibly and innovatively.
- Circular Economy: A fully embedded approach to a circular economy which aims to design for sustainability, minimise waste and make the most of resources.
- Sustainable Supply Chain and Ethical Procurement: To operate in a fair and ethical manner and publicise our desire to work alongside a network of likeminded supply chain partners.
- Education and Employability: Raise awareness of the opportunities that exist within the construction industry and ultimately promote VolkerWessels UK as the employer of choice.
- Equality, Diversity and Inclusion: We will ensure that VolkerWessels UK is thoroughly inclusive of people from all lifestyles and enriched by a diversity of perspectives, cultures and backgrounds, characterised by fairness and equality of opportunity
- Charity, Volunteering and Community Engagement: Established and meaningful relationships with charitable bodies and local communities which provide mutually beneficial opportunities.

We maintain clearly defined management systems, interfaces and responsibilities that are understood and accepted by all our people and those working with us. It is imperative we maintain a systematic approach to improving business performance in order to achieve our objectives. This includes managing and optimising our activities, to make our processes more effective, more efficient and more capable of adapting to an ever-changing business environment.

(e) The desirability of the company maintaining a reputation for high standards of business conduct

Integrity

Maintaining a reputation for high standards of business conduct is of paramount importance to us and we expect all employees and all members of our supply chain to behave with integrity at all times. Indeed, integrity is one of our core values and this underpins all of our decisions' actions and behaviours.

Every one of our employees and those who work closely with us are accountable. We expect our people to be open and honest, to run our business ethically and to be morally strong. Long term success is dependent on the recruitment, development, wellbeing and retention of exceptional people that share the right core values and culture.

We have a zero-tolerance attitude towards fraud and unethical behaviour. We consistently maintain effective oversight and scrutiny processes, carried out with independence and impartiality. This is supported by a full suite of policies and training to ensure that all our activities are conducted to the highest ethical standards.

Our integrity policies (which include expected behaviours in relation to all matters relating to integrity, anti-bribery and corruption, data protection, equality, diversity and inclusion, modern slavery, fraud and whistleblowing), together with our core values, set out the standards and policies under which all of our employees must operate. These combined with our corporate responsibility commitments, provide the framework and guidance for operating in an open, honest, ethical and principled way. Our core values and policies explain how we should behave in the workplace, the marketplace and the communities in which we operate. They also describe how we should handle various legal and ethical matters. Our suppliers and contractors are required to comply with the standards of behaviour set out in these policies via suitable provisions included in their contracts with us. All members of staff, including Directors must complete mandatory online integrity training and our suite of policies relating to integrity matters have all been approved by the VolkerWessels UK Directors.

Our decision making is linked to ethical values, compliance with corporate, legislative and other requirements, and we are always prepared to seek further improvements.

Whistle blowing

VolkerHighways Limited is committed to conducting the business with honesty and integrity which we believe is necessary to ensure the future success of the company. It is therefore important to us that any malpractice in relation to the activities we undertake is reported and properly dealt with. We therefore encourage all individuals to raise concerns that they may have about the conduct of others in our business or in the way that the business is run via their line management or through our whistleblowing hotline. Any concerns raised are investigated and dealt with by our UK compliance officer who reports in to the VolkerWessels UK Board.

Our behaviour defines our reputation and we urge employees and stakeholders to raise concerns and any situations where they believe any of our integrity policies have been breached. This can be done via our whistleblowing hotline or through contacting our compliance officer directly.

(f) The need to act fairly as between members of the company

VolkerHighways Limited is wholly owned by VolkerWessels UK Limited and therefore acts solely for its 100% shareholder. As a member of the ultimate Dutch group, Royal VolkerWessels B.V. during the year, the VolkerWessels UK Group also applied the internal regulations set out by its ultimate parent to ensure that it acted fairly as between members of that company.

Approved by the Board of Directors, authorised for issue and signed on its behalf by:



A G Thompson

Director

21 September 2020

VolkerHighways Limited

Company registered number: 00638559

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Hertfordshire

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