

VolkerRail Specialist Businesses 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 customers, suppliers, shareholders, regulators and governments. The Board believes that part of that responsibility includes understanding the views of those stakeholders and building constructive relationships with them. 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 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. 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.

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.

Board governance structure

Our 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. VolkerRail Group is represented on the VolkerWessels UK Group ("VWUK") Board and the wider Executive Committee which means that the needs of all parts of VolkerRail Group are considered. 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 with a number of structured review processes for new bids and tenders, project risk control and governance, across our business.

The VWUK Operations Board plays an important role in focussing on excellence in operational delivery. It is a cross-VWUK Leadership Team, which helps advise the business and takes action on matters that have a potential impact on our operations. The VWUK Strategic Transformation Programme Board brings together digital and technology developments and ensures 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.

Understanding the market in which we operate

VolkerRail Group Business Review meetings provide a forum for the Group Board to understand and challenge Business Unit leadership on areas such as customer engagement and satisfaction, and operational and commercial performance. 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.

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 Board agenda and regular reporting is reviewed, interrogated and further actions and initiatives delivered through a process of continuous improvement. Our health, safety and environmental leadership group, which is comprised of representatives from across the VolkerRail Group, ensures delivery of this continuous improvement programme and maintain oversight of our approach to health and safety, sustainability and environment.

Dividend policy

Our dividend policy is to consider first and foremost our financial strength, 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 priorities first into consideration. An interim dividend of £4,000,000 was paid during the year (2018: £1,000,000).

(b) the interests of the Company's employees

At VolkerRail Group, 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 Group.

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 Group we are able to attract and recruit the top talent in our sector, 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 each business.

This year the VWUK Employee Value Proposition was developed and launched to enable access to the key talent throughout our sector, and has 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.

Health and safety

Central to our corporate responsibility approach 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 our group safety performance in comparison to our peers is industry leading, well below the industry average.

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.

VolkerRail Group has a long-established Health & Wellbeing working group made up of a cross-section of employees and supported by the Occupational Health team at VolkerWessels UK. This has seen 6 key areas of focus for the business which have been determined by our risk profile, occupational health data from surveillance activities and drop in clinics that are in operations internally as well as lagging data from Human Resources (sickness absence reasons) and civil liability claims:

- Depression / Anxiety / Stress (Mental Health)
- Hand Arm Vibration Syndrome
- Diet and Lifestyle
- Fatigue
- Muscular Skeletal
- Noise Induced Hearing Loss

Relevant statistics – health and safety

- 100% decrease in Accident Frequency Rate (AFR)¹ from 0.20 to 0.00
- 65% decrease in Lost Time Injury Frequency Rate (LTIFR) from 0.51 to 0.18
- 100% decrease in Accident Incidence Rate (AIR)² from 414 to 0
- 37% decrease in Minor Injury Frequency Rate (IFR)³ from 2.03 to 1.27
- 42% decrease in All Reported Injury Rate (ARI)⁴ from 2.23 to 1.27
- 37% increase in the total number of incidents from 46 to 63
- 34% increase in hazard / near miss / close calls reported from 2,078 to 2,781
- VolkerWessels UK achieved FORS Bronze
- 1 British Safety Council 'International Safety' Awards - Distinction awarded to VolkerRail Group
- Two RoSPA Gold Medals; Occupational Health & Safety (sixth consecutive year), Management of Road Risk (eighth consecutive year) awarded to VolkerRail Group
- BRAKE Company Driver Safety Medium Fleet awarded in 2019 to VolkerRail Group
- 13 (2018: 18) drop-in-clinics conducted by Occupational Health across VolkerRail Group, with 773 (2018: 712) attendees

¹ Accident 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. Accident Frequency Rate (AFR) = (number of RIDDOR reportable injuries ÷ total work hours) x 100,000.

² Accident Incidence Rate (AIR) - RIDDOR reportable injuries (excluding dangerous occurrences) are used in the Accident Incidence Rate (AIR) calculation. Accident Incidence Rate (AIR) = (number of RIDDOR reportable injuries ÷ average headcount) x 100,000.

³ Minor Injury Frequency Rate (IFR) - Includes all minor injuries and accident book entries not reportable under RIDDOR. IFR = (number of minor injuries ÷ total work hours) x 100,000.

⁴ All Reported Injury Rate (ARI) - Combines RIDDOR reportable injuries and minor injuries to give an all-encompassing indicator. ARI = (all injuries ÷ 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 the Group 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.

We work closely with industry based educational organisations such as the National Skills Academy for Rail (NSAR) and the Construction Industry Training Board (CITB) 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.

Employee engagement

We regularly measure the engagement levels of our workforce with all employees provided with the opportunity to share their thoughts on the Company and how they feel about working for VolkerRail. It is very encouraging that we have seen a consistent improvement in engagement levels year-on-year. Our overall staff engagement across the Group is significantly higher than our benchmark companies. For 2019 our engagement score was an impressive 82% (2018: 77%), with all four key engagement drivers demonstrating improvement since last year.

Each year, we review the feedback from the survey and set out a clear plan to tackle specific issues raised by our employees. These plans are supplemented by VWUK Group-wide plans, each of which are then monitored and tracked through to implementation. The Board takes a particular interest in ensuring that these improvements are made and reviewed. During 2019 a number of improvements were made as a direct result of the employee survey feedback. We expanded our premises in Doncaster which enabled us to improve facilities for our teams. Areas of focus for 2020 will include improved flexibility in the ways we work, recognising the performance of our employees and communicating the future plans for the Company in an effective and timely manner.

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 the VWUK 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. In addition, the Senior Management Team hold annual Roadshows around the country and Monthly Business Updates (NewsFlash) are drafted and cascaded to all employees after each monthly Senior Management Team Meeting.

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 Board's focus on future skills and new talent

VolkerRail Group 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.

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.

Each business is charged with ensuring a clear plan to ensure there are long term solutions for future skills requirements in place. The Board reviews this at a strategic level, ensuring that there is a balanced focus with a particular emphasis 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, and professional bodies such as the Association of Project Managers (APM), Royal Institute of Chartered Surveyors (RICS), and numerous engineering professional bodies, 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, VolkerRail Group has 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 Volker Wessels UK Group
- In 2019 VolkerRail Group employees attended 6,295 days of formal training courses
- 1 in every 16 VolkerRail Group employees completed or were undertaking an apprenticeship funded by the Apprenticeship Levy in 2019.

Equality, diversity and inclusion

VolkerRail Group 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 VWUK was awarded the Investors in Diversity accreditation and was 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.

We are pushing forward the agenda for Equality, Diversity and Inclusion and VWUK has appointed a permanent Head of EDI who, with the support of the Board and a VWUK steering group which is chaired by a member of the VWUK Board, is actively challenging the business to improve equality, diversity and inclusion for everyone. Our teams are passionate and motivated to drive this agenda. 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.

In other areas, we are working closely with our industry partners Department for Transport, Transport for London, High Speed Two (HS2) and Network Rail on a number of initiatives such as Routes into Rail, The Sector Deal and the Transport Industry Skills Strategy, and the WISE campaign all of which are aimed at increasing awareness of the industry in diverse social groups and making firm plans and commitments which will create a more diverse industry wide workforce for the future.

Gender Pay Gap

The Equality and Human Rights Commission requires that we publish our Gender Pay Gap report on our website and report our to government online. As set out in this report, we recognise that in our particular industry, 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 Board actively reviews and monitors remuneration practices to ensure a fair approach is adopted across the Group. As a major player in the railway industry, VolkerRail Group is particularly impacted by the national averages for men and women working in the industry. Led by the VWUK 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, 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. During the year we have engaged with a multitude of initiatives linked to schools, colleges and universities which have involved over 250 students in a range of ages. 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 Board receives and reviews holistic business reports from each area of the business based on the key performance indicators 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

Our supply chain partners form an integral part of the Group's commitment to offering our clients a quality service. 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, this includes having challenging but important conversations regarding safety and the like when appropriate. 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.

During the year, VolkerRail Group held our annual Supplier Forum event to which we also invited directors from our largest client, Network Rail; the event was attended by suppliers representing over 50% of our spend with our supply chain. The event was an ideal opportunity to demonstrate to both supply chain and client, amongst other things, how well our Payment Performance Reporting represented the importance we put on ensuring prompt payment to our supply chain, with 99% of payments made within agreed terms.

At the Supplier Forum event it was noted by Network Rail that certain initiatives that they run with Tier 1 suppliers like VolkerRail Group could benefit from Tier 2 and 3 suppliers; as a consequence we subsequently ran familiarisation sessions with the same attendees and had specifically selected speakers to increase awareness and potentially recruit interested suppliers. Topics included Fatigue Management, Risk Management, Mental Health and Safety and Environmental Leadership.

We have also worked closely with the supply chain to embrace the businesses Digital Transformation and as a result have achieved 100% digitisation of our Safe System of Work packs which are a critical part of every worksite. This eliminates significant amounts of paper and copying with associated CO2 savings by replacing paper with a tablet and system known as e-pic.

In September 2019 the Company became signatory to the Prompt Payment Code, sponsored by the Department for Business, Energy & Industrial Strategy, having been a signatory since May 2013 through its parent, VolkerWessels UK Limited. As a signatory 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.

Historically, and in accordance with the charter, the Group had negotiated agreed terms that were more than 60 days with larger suppliers in order to support earlier payment to key smaller subcontractors. In July 2019 we made a change to our payment terms with those suppliers and all our suppliers are now paid a maximum of 60 days from presentation of a valid invoice. We also adopt and adhere to client and contract specific fair payment charters.

Relevant statistics - supply chain

- Supplier payment performance for the year showed that the average time to pay an invoice was 36 days and 99% of invoices were paid within the agreed terms with suppliers.
- Supplier days excluding accruals were 37 (2018: 55)
- Since changes were made in July close to 100% of invoices were paid within terms.

Customers

The VolkerRail Group Board has an established framework whereby it is required and empowered by VWUK to develop a Group business plan for subsequent review and endorsement by the VWUK Board.

The 5-year plan sets 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 VWUK business.

Lookahead 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 VWUK 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 sector. 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 VolkerRail Group has further developed its key account management plans for strategic customers in rail. 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, VWUK and the broader VolkerWessels Group through many informal as well as formal routes with a monthly Business Unit Review and Report. 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 industry bodies and as a key member of the Railway Industry Association (RIA) we enable our industry to be appropriately represented as a whole.

(d) the impact of the Company's operations on the community and the environment

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 sustainability framework that supports our workforce and supply chain in understanding VolkerRail Group'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.

People: Putting people at the heart of our approach

Empowering our workforce to be the drivers of sustainable and responsible change is key to delivering our 2020-2030 Sustainability Strategy. Our competence and training plans continue to expand informing our employees to embed social, environmental and economic sustainability into our business activities.

Relevant statistics - empowering sustainable leaders:

- 72% of all group employees have completed modern slavery training
- 78% of all group employees have completed equality, diversity and inclusion E-learning
- 63% of all group employees have attended classroom-based equality, diversity and inclusion workshops
- Group decision made to adopt CITB Site Environmental Awareness Training Scheme for all site-based management and supervisor roles as a minimum environmental competence.

Our key area of focus for 2020 is:

- 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.

Planet: Protecting and enhancing the natural environment

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.

Relevant statistics - natural environment:

- Planet Mark™ Certificate achieved for continuous improvement in reducing carbon emissions from Planet First, an international sustainability certification organisation
- An average score of 40.68 over 53 Considerate Constructors Scheme assessments, compared to an industry average of 36.55
- In 2019 we initiated a commitment to renewable energy contracts, with VolkerRail Group's Head Office in Doncaster, Plant Depot in Scunthorpe, as well as a number of project delivery depots, already transitioning to 100% renewable gas and electricity in November 2019.
- Our 2019 normalised emissions decreased 26% per employee and 15% per £1m revenue, compared to 2018
- In 2019, 93% of VolkerRail Group's waste was diverted from landfill.

Our key areas of focus for 2020 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.

Purpose: Being a trusted, forward thinking and respected business of choice

At VolkerRail Group, 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 - be they infrastructure or buildings - but also leave a tangible legacy by supporting local communities, through engagement with schools, 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. We also support building projects embarked on by Operation Raleigh in third world countries.

Relevant statistics - giving back to the community:

- 432 hours engaging with young people to support their education and career development
- 316 hours volunteering during our working week to support environmental and community initiatives
- Business wide close call reporting led to donations from VolkerRail Group of £5,000 to Bluebell Wood Hospice and Macmillan Cancer support
- Other charitable donations from VolkerRail Group of £28,000 (2018: £5,000) in support of South Yorkshire Flood Disaster Relief Appeal, Doncaster Demons Women's Rugby, Bluebell Wood Children's Hospice, Claire House, Railway Children and MacMillan.

Our key areas of focus for 2020 are:

- 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.
- 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 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 VWUK 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

VolkerRail Group 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 the VWUK compliance officer who reports in to the VWUK 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

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

Approved by the Board of Directors and signed on behalf of the Board



SJ Cocliff

Director
30 September 2020
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