

## **Section 172(1) statement Companies Act 2006**

Throughout 2020, the directors have complied with the requirements of Section 172 of the Companies Act 2006, in promoting the long-term success of the Company for the benefit of all stakeholders. The following disclosure describes how the directors have had regard to the matters set out in section 172(1)(a) to (f) and forms the directors' statement required under section 414CZA of The Companies Act 2006.

### ***Engagement with stakeholders***

The directors consider its shareholder, employees, customers, suppliers and local communities to be its core stakeholder groups. As part of its ongoing activities of engaging with stakeholders, the directors have undertaken the following activities in 2020:

#### *Shareholder*

Our ultimate shareholder is the Group. We create value for the Group by generating strong and sustainable results that translate into dividends. We discuss our performance in monthly management meetings with the Group's executive directors and provide executive summaries for the Group Board. The directors routinely engage with the Group on topics of strategy, governance and performance and our strategic plans include information on the impact on each of our stakeholders including the community and environment.

#### *Employees*

In line with the Group's Total Commitments, protecting the health, safety and wellbeing of everyone who comes into contact with our business is our number one priority. Furthermore, we are committed to a diverse and inclusive work environment and helping our employees gain skills that support their personal ambitions and drive the business forward.

The Company recognises the need to ensure effective communication with employees and focuses on three key methods of engagement; staff roadshows, leadership briefings and through in-house newsletters and intranet updates. The outbreak of C-19 in 2020, only enhanced the importance of effective communication and engagement as we adapted our ways of working to respond to the changing environment.

The global pandemic has demonstrated that we have all of the IT infrastructure in place to enable home working where the job allows, and the industry mobilised quickly to agree new site operating procedures with the Construction Leadership Council to enable the safe resumption of work on site. We established adaptable working practices and worked with our clients and supply chain to drive new ways of working. Throughout the year we enhanced the level of technology led communication to support the health and wellbeing of our employees and supply chain.

The Company also has an Employee Forum which provides a formalised structure for feedback as well as regular employee surveys.

All new employees attend a formal induction, which includes a presentation on the important role played by the Group's core values and Total Commitments in our culture and operations, in 2020 in response to C-19 we launched our first virtual induction programme. The Group offers a savings-related share option plan to encourage employee engagement with the business performance and progress.

#### *Customers*

We aim to develop long-term relationships with our clients and partners. During 2020, the forward orderbook has seen a strong growth, with £1,570m won through frameworks in Infrastructure and

£264m in Construction. The notable wins include being appointed as one of six partners in the £4.5 billion Smart Motorway Programme Alliance, a new 10 year alliance which will deliver critical capacity and safety improvements across England's strategic road network, further works on the Sellafeld Programme and Project Partnership (PPP) estimated to be worth a total of £5 billion over 20 years. The Scottish and Southern Networks (SSEN) five-year framework agreement for electricity transmission overhead line work has also seen additional scope. In Construction four frameworks have been appointed, including reappointment to Pagabo's major construction works framework on all lots and regions throughout the UK, two lots on the University of Birmingham's capital estates framework; all three lots of the University of Glasgow's new capital estates framework and re-secured its place on the hub South West Scotland framework. All frameworks offer clients the chance to work collaboratively during pre-construction to help manage risk and budgets on complex capital works projects.

One of our core values is "the customer comes first", this is underpinned by our perfect delivery approach, the cornerstone of this is to develop a customer charter for each project which gives clarity around our customers objectives, ensuring we focus on these at all times and deal with potential issues as they arise.

### *Suppliers*

Our suppliers and subcontractors are critical to our operations and we take a long-term collaborative approach to working with them. During the year we have had to adapt, with the use of technology, how we engage with our suppliers so that we continue to share with them our strategy and pipeline of work. We have also focused heavily on improving our payment record with our suppliers, this is borne by the statistics that we report to the government on a bi-annual basis. The key highlights for the year include; invoices paid within 60 days increased to 98% at December 2020 (December 2019: 97%), meaning we meet the Prompt Payment code target of 95%, the average days to pay invoices reduced to 27 days (December 2019: 32 days) and invoices paid to terms improved to 91% (December 2019: 88%).

### *Communities*

We consult local communities impacted by our proposed developments to find out any concerns they may have. During 2020, we have engaged with the local communities close to where we work in a number of ways, including local community sessions to discuss plans, project updates via post drops and e-newsletters as well as visits to schools to build engagement. We also ensure our website, project specific microsites and social media presence promote the value and reason behind why we are working in the area and encourage people to get in touch with us if they have any concerns.

Further information about how we and the Group engage with stakeholders can be found in the Group's 2020 report and accounts.

### ***Principal decisions***

We define principal decisions as those that are material to the Company and to the Group and those that are significant to our key stakeholder groups as above. As set out below, we have given examples of how the directors have considered the outcomes from our stakeholder engagement as well as the need to maintain the Company's reputation for high standards of business conduct and to act fairly between the members of the Company in some of the principle decisions we have taken during the year.

The year has seen unprecedented challenges arising from the COVID-19 pandemic and the health and wellbeing of our people, partners and the public has remained our overriding priority throughout. At all times, activity only continued where it was safe to do so, with strict adherence to

Government advice and that of the devolved administrations and public health authorities across the UK. During the 'peak' of the lockdown in the second quarter of the year, c31% of sites were closed completely in construction and c61% of sites in infrastructure.

We ensured that we had all the IT infrastructure in place to enable home working where the job allowed and established an adaptable working task force to drive new ways of working and support the wellbeing of our people. We worked with our clients and supply chain to agree new site operating procedures to enable the safe resumption of work on site.

As stated above a significant amount of our workload is undertaken through long-term frameworks, for customers typically in the public or regulated sectors. As part of the procurement process for securing these frameworks there is normally a lot of emphasis on how we engage with our employers, suppliers and the local communities we work in.

The board has continued to drive improvements in our payment terms and in the year reduced the average days to pay down by 5 days to 27 days in 2020.