



People Matter Charter Report 2020



Overview

Balfour Beatty is a leading international infrastructure group with 26,000 employees driving the delivery of powerful new solutions, shaping thinking, creating skylines and inspiring a new generation of talent to be the change-makers of tomorrow.

Our Highways business delivers major schemes including smart motorway upgrade programmes, complex national infrastructure projects and regional investment programme works for our key customer, Highways England.

We signed up to the People Matter Charter in January 2020, as this not only aligns with our Highways vision, but as a Tier 1 contractor it is important for us to both role model and share best practice with our supply chain partners. Our Highways vision is summarised as:

Our business is built around our people

We care for our people in a thoughtful and inclusive environment; providing the right development, support and opportunities to help them enjoy a fulfilling career.

Our solutions are driven by innovation

We deliver creative solutions by connecting teams, so they share and learn – becoming the catalysts for change.

Our approach is based on collaboration

We build sustainable futures by developing long-term, trusted relationships with clients, delivery partners and the communities we serve. The work we do provides positive and valuable results for all.

Our vision is delivered through a number of strategic workstreams, which also support our alignment to the People Matter Charter. Our Group level ED&I and sustainability strategies are supported by project-based EDI, sustainability and social value plans. Our delivery of the People Matter Charter is therefore a collaborative approach across our HR, Procurement and Sustainability teams.

Since signing the People Matter Charter, we have led various initiatives in 2020 that raise both the understanding of, and capability to deliver the People Matter Charter through our supply chain. 3 key highlights are:

- 1)** Sustainable Procurement Heatmapping Tool
- 2)** Strategic Alignment Review Tool (StART) Lite
- 3)** Value Based Procurement



Sustainable Procurement Heatmapping Tool

We have developed a bespoke Sustainable Procurement Heatmapping Tool for our supply chain partners. The tool covers 183 buying categories that we purchase, which is risk assessed against 13 environmental, economic and social criteria factors, including; ethical sourcing, environmental management, high risk countries for labour standards and supply chain development.

In Q3 of 2020, we integrated this process into our e-tendering process - Jaggaer. This means that every supplier will have a sustainability record, which they can amend as they improve their systems and processes. Where we identify gaps in best practice, an improvement plan will be issued to the supplier. The plan will detail any actions they should take to address any issues identified in the procurement processes, which will be reviewed at least annually. Over time this will help us to assess our best performing suppliers and identify best practice that we can share with the rest of our supply chain partners to improve their practices. All suppliers are required to provide a Modern Slavery Statement, or equivalent, to demonstrate their approach to mitigating modern slavery from their business and supply chain.

Social value events - In 2020, we also ran a number of webinars and masterclasses with our supply chain partners, these are listed below:

14 July 2020 - RDP Partners Workshop Sustainability and Social Value

The session was run as a social value masterclass and workshop, which was attended by approximately 50 supply chain partners. The masterclass focused on upskilling and de-mystifying social value for the supply chain. The workshop split the attendees into groups of 6/7 and discussed social value barriers and opportunities in detail.

29 April 2020 - Highway Roadshow focused session on Social Value and Carbon

This session focused on the what has been achieved on our M4 J3-12 SMP Scheme in terms of social value. This session was attended by our Balfour Beatty colleagues as well as members of our strategic supply chain.

24 November 2020 - Supply Chain Conference and Awards

This event took the opportunity to present our collective achievements in delivering social value across our Highways Business. We also took the opportunity to celebrate individual supply chain partners for their incredible social value achievements.

StART Lite



Inspired by Highways England's Strategic Alignment Review Tool (StART), we've formed a lighter (StART Lite) version of the process. StART is designed to ensure that our suppliers' capabilities are adequately aligned to both Balfour Beatty and Highways England's objectives. The assessment has six strategic pillars, including Sustainability, Equality, Diversity & Inclusion and Health, Safety & Wellbeing. We look at the way the supply chain partner works, including evidence on how this is being driven through their business and through their own supply chain engagement. However, the assessment also aims to provide an avenue for supply chain partners to develop their capabilities, sharing best practice and building a stronger collaborative relationship.

How the assessment works

The participating strategic supply chain partners are briefed on the purpose and structure of the assessment. The supply chain partner then provides a written submission followed by a presentation to subject matter experts within Balfour Beatty. Content of both the written assessment and presentation are assessed, identifying both areas of strength and opportunities for improvement. Balfour Beatty subject matter experts continue to liaise with their counterpart from the supply chain to build action plans with SMART objectives and share best practice.

Benefits of this process

We have conducted two rounds of assessments with a total of 12 supply chain partners. As a result, we have seen improved capability tenders and enhanced peer to peer expert networking.

“ StART Light has been invaluable to our business. By focusing on the six areas of alignment, we have been able to identify numerous improvements which support us to collaboratively deliver Highways England's Strategic Plan.

This annual assessment is a real driving force for our organisation as it provides a framework for continuous improvement, integration and alignment with Highways England, delivering long-term sustainability and a diverse portfolio of suppliers who are embedded with complementary values and ethics.

StART epitomizes our shared vision of a truly integrated supply chain and we will continue to support this by cascading this through our Tier 3 and 4 partners to drive efficiency through Highways England's operations. ”

David Shaw, Director, HW Martin (Traffic Management) Ltd



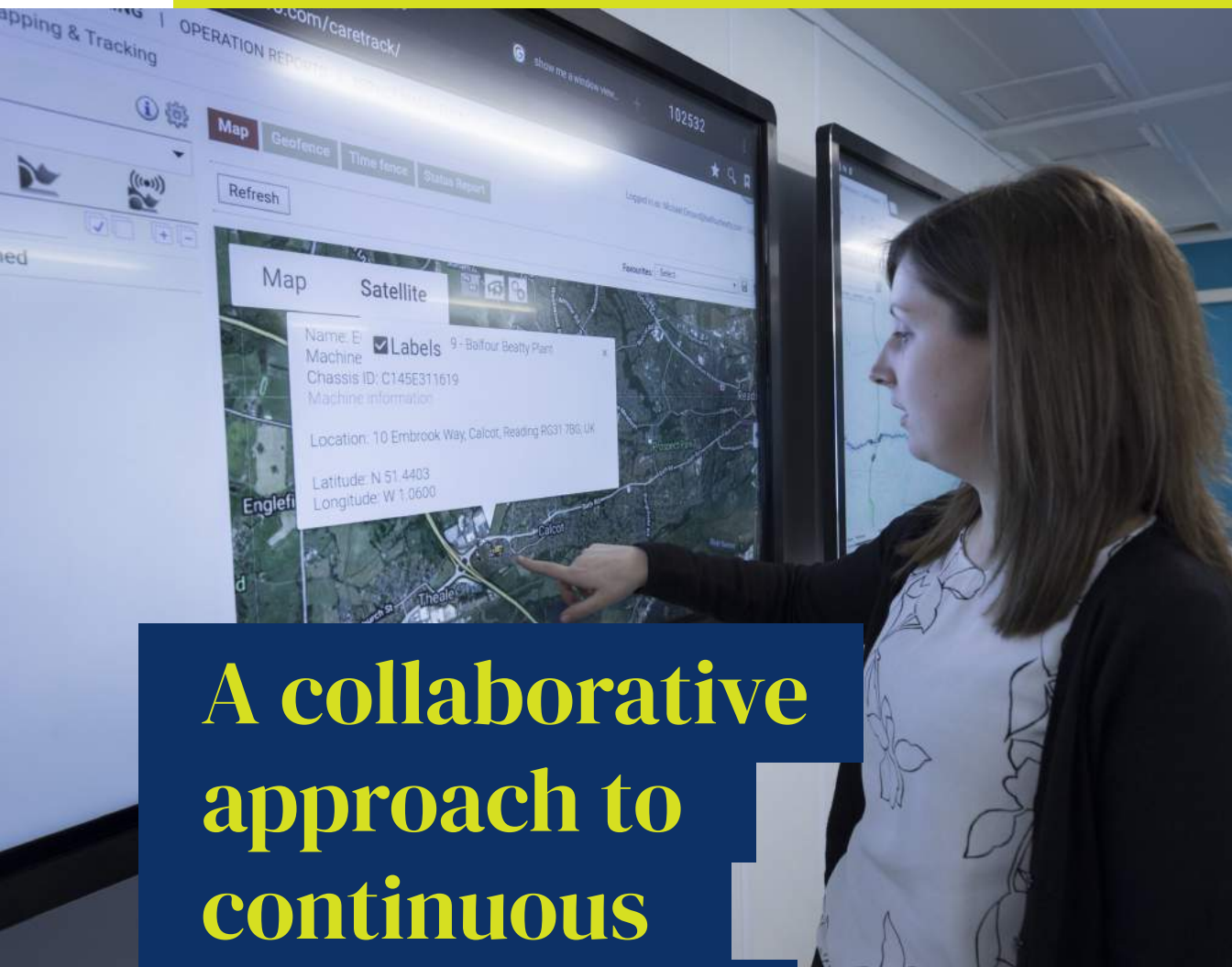
Value Based Procurement

We ensure the People Matter Charter ethos is embedded into our value-based procurement process and that the commitments are tracked. Our Strategic Partners' commitments made during the framework procurement phase are captured in a SharePoint benefits tracker with an allocated timescale. This document enables the Highways procurement, commercial, and other subject matter experts (e.g. HR, Employment & Skills Manager etc.) along with project teams and executive relationship leads to have a real time update regarding the progress the Strategic Partner has made against the bid commitment. This benefits tracker includes:

ED&I commitments and social value commitments made against the national Themes, Outcomes and Measures (TOMs) and are captured via:

- An Inclusion Action Plan
- A quantitative social value commitment
- Contractual social value and ED&I commitments

These commitments are then managed and tracked through our B2Bs and the SRM process.



A collaborative approach to continuous improvement

In all aspects of delivering the People Matter Charter, we recognise the importance of collaborating with our supply chain partners in order to make continuous improvements across the People Matter Charter commitments. Along with our webinars and masterclasses, we also provided our supply chain partners access to some of our leadership and development workshops to support the capability growth in this area. Our plans for 2021 will not only track the improvement of ourselves and our supply chain partners against the commitments made, but we will also continue to share best practice and use our strategic supply chain network to deliver.