

Section 172(1) statement

This statement has been prepared solely to provide information to assess how the Board of Directors have performed their duty to promote the success of the Group. 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 our stakeholders, who include our customers, supply chain, partners, employees, industry bodies, local community, and shareholders. We continue to ensure that the health, safety and wellbeing of our people and stakeholders remains central to everything we do.

The Directors have acted in good faith and in a way that is most likely to promote the success of the Group 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
- (b) the interests of the company's employees
- (c) the need to foster the company's business relationships with suppliers, customers, and others
- (d) the impact of the company's operations on the community and the environment
- (e) the desirability of the company maintaining a reputation for high standards of business conduct, and
- (f) the need to act as between members of the company

In the following section, we detail our key stakeholders, how the Directors have engaged with them, and how that engagement has influenced the decision making of the Board:

Clients

Introduction

We invest considerable time and effort to understand our clients' exacting needs to ensure full alignment with our service offering, and that we deliver with certainty on our commitments. We do this by effectively managing expectations and putting health, safety, environment, wellbeing, quality and customer satisfaction at the forefront of everything we do.

We are collaborative and have a careful and measured approach to taking on new client work, which enables us to optimise high-calibre resources and bring our best to all our projects creating long-term sustainable solutions.

How we engaged

Monthly business review meetings provide a forum for the Board to understand and challenge business leadership on areas such as customer engagement and satisfaction, 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 assesses the impact of external factors on business strategy and engagement with our clients.

The Directors regularly meet with key client stakeholders and ensure that teams work in partnership with common goals and objectives. Coordination of client interactions is especially important where clients are common to more than one of our business units.

Outcomes and actions, we took from our engagement

We develop open, collaborative and professional relationships with our clients at every level of the organisation.

We are careful to ensure our sites are established with high standards that reflect positively on our clients. We routinely measure this through our Considerate Constructors Scheme scores which have been consistently high across the business.

Our behavioural safety programmes, environmental, social and governance (ESG) strategies and our approach to fairness, inclusion and respect (FIR) enables us to deliver a wider range of benefits for and with our clients. Each business unit develops a five-year strategic plan setting out its proposed sector focus and client base.

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Supply Chain and Joint Venture Partners

Introduction

Our supply chain and joint venture partners form an integral part of our 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.

How we engaged

We hold business to business meetings with our largest suppliers and subcontractors prior to the start of a project and periodically as needed throughout every project.

We seek feedback from our supply chain during these and many other meetings and supplier days underpinned by our annual '360' survey.

We have regular relationship management meetings with our most important supply chain as part of our strategy to engage with and support our supply chain. These may be annually, half yearly or more often to suit mutual business needs.

We also host several supplier events and specialist workshops with suppliers.

Outcomes and actions, we took from our engagement

In 2023 we continued to use various platforms at our disposal including external partners Constructionline that support our accreditation and onboarding process. In addition, we have introduced additional reporting partners to monitor the financial health of our key supply chain. We have new internal platforms - a document management system that collaborates with our partners to improve exchanges of information within our supply chain.

We are compliant with the Prompt Payment Code and have made significant strides towards reducing our payment times for small and micro enterprises.

We prioritise and receive support from our most important supply chain to ensure that we get the best outcome at pre-construction stage, building a foundation for an excellent outcome on the project. Support can include competitive pricing, qualitative method statements, process planning, site staffing, material specification recommendations, and new ways of working. This advice will sit alongside overarching health and safety and sustainability planning where we work together on a 'strategic business to business' basis.

Key performance indicators and other relevant statistics

Supplier payment performance for the year showed that the average time to pay an invoice was 28 days (2022: 28 days) and 78% (2022: 81%) of invoices were paid within the agreed terms with suppliers

96% (2022: 96%) of invoices were paid within 60 days

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Employees

Introduction

At VolkerWessels UK, we are focussed on delivering success through our people, and their commitment to excellence is essential for our clients. We strive to create a balanced and sustainable business to the benefit of all stakeholders, with an engaged and committed workforce who are motivated to deliver consistently and are rewarded appropriately. The health, safety and wellbeing of our people is a top priority, and we aim to create a culture that is inclusive of everyone.

How we engaged

Our 2023 annual engagement survey received a record response from our employees, and we maintained our market-leading engagement levels. Fairness, inclusion and respect was our highest-scoring area, which reflects the focus we place on creating the appropriate workplace culture.

Our well-established behavioural safety programmes ensure workforce, employees, and supply chain proactively maintain a safe working environment, and this approach has now been extended to ensure all stakeholders and treated with respect in our business.

The wellbeing of our employees continues to be a priority, through the provision of a wide range of healthcare benefits. We also deliver a comprehensive occupational health plan for all levels of our business, including support for both physical and mental wellbeing.

We launched a refreshed FIR strategy in 2023, with a direct focus on fostering a culture of respect in all areas of our business. We also ranked the 5th most inclusive workplace in the UK by the National Centre for Diversity and the Engineering Company of the Year in their FREDIE awards.

We continue to invest significantly in the development of our people, with a wide range of training support offered to all employees together with a host of management development programmes designed to maintain our internal talent pipeline.

Outcomes and actions, we took from our engagement

In 2023 we delivered year-2 of the 'OurVolkerWessels' People Plan. This included:

- Continued focus on attracting the best talent, with 75% of recruits identified by our internal resourcing team
- Introduction of a range of learning solutions accessible to all employees, with more flexible delivery options
- A focus on training in effective management tools and techniques, to support a drive on effective performance management
- The development of a number of career pathways, to enable employees to further their personal development in a number of different ways
- Regular reviews of our reward framework, which lead for example to a significant enhancement of our family leave pay entitlements
- Roll-out of the Respect campaign to all site operations, and the delivery of toolbox talks on important topics such as banter

In 2023 there was a widespread refresh of our internal communications approach, including the introduction of a new company app which enables direct communication with our frontline employees.

There have also been board-level reviews of our talent pipeline, including the identification of successors for key roles, to ensure business continuity.

As part of our focus on developing our future talent, we also appointed our first Early Careers Manager to create a group-wide programme for this cohort. We also held a very successful early careers conference during the year.

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Key performance indicators and other relevant statistics

Employee engagement, diversity, and inclusion

- In the 2023 National Centre for Diversity awards, VolkerWessels UK was named as Engineering Company of the Year for the 4th consecutive year, and ranked 5th (2022: 15th) in the listing of most inclusive companies across all industries

Health and Safety

- Accident Frequency Rate (AFR)¹ of 0.07 (2022: 0.09)
- Close Call Frequency Rate (CCF)² of 243.31 (2022: 199.27)
- Lost Time Frequency Rate³ of 0.18 (2022: 0.17)
- Minor Injury Frequency Rate (IFR)⁴ of 0.87 (2022: 0.87)
- All Reported Injury Rate⁵ of 0.94 (2022: 0.96)
- Total number of incidents of 818 (2022: 990)

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

²Close Call Frequency Rate (CCF) = (count of close calls ÷ total work hours) x 100,000

³Lost Time Injury Frequency Rate = (number of injuries with lost time ÷ total work hours) x 100,000

⁴Minor Injury Frequency Rate (IFR) = (number of minor injuries ÷ total work hours) x 100,000

⁵All reported injury rate = (all injuries ÷ total work hours) x 100,000

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Communities and Industry Bodies

Introduction

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 by supporting local communities, through engagement with schools, through charitable activity and by supporting local organisations.

Our People-Planet-Purpose sustainability framework builds on excellent foundations and unlocks our desire to take bold action to balance the needs of the environment and society alongside our growth as a business. It makes the commitment that 2020-2030 will be our 'Decade of Action' and sets a flexible, agile, and empowering structure for our organisation. It also enables us to convey to our stakeholders our collective ambitions and achievements. Each of the People-Planet-Purpose pillars has three 'themes' and a total of 26 high level metrics, which allow us to measure and monitor performance.

We recognise that it is essential that we have strong relationships with the numerous regulatory and professional bodies that we interact with to deliver quality service for our clients and remain a leader in our industry.

How we engaged

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. Our sustainability strategy is based on the key themes of People-Planet-Purpose. These pillars act as a guidepost to ensure we make corporate decisions informed by an inherent culture to do business in the right way.

We actively participate in opening doors for the next generation and provide careers advice and support to local schools and higher education facilities, to encourage more people to construction industry. These include careers fairs and other direct support for university students and other educational establishments, as well as actively supporting the Open Doors initiative to encourage young people to consider construction as a career of choice.

Our Board members are on the Boards of a number of industry associations and the Board takes a pro-active approach towards participation in and support of industry initiatives.

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

We are also committed to working with several charities across the Group.

Outcomes and actions, we took from our engagement

We track social value using the Impact Evaluation Standard (IES) which enables us to consistently report on the activities we are undertaking and the impact we are having on local communities, economies, and individuals across our business. We have a suite of core metrics, aligned to People-Planet-Purpose to add clear focus and direction for the company on the outcomes we want to achieve.

Our employees across the VolkerWessels UK Group have worked collaboratively with local communities and, during 2023, generated in excess of £714 million of social value through local procurement and employment, schools' engagement, and other volunteering. The VolkerWessels UK charity of choice for 2023 was Save the Children. In addition to Save the Children, each part of the business supports both a corporate charity and various local initiatives close to our sites, projects, and offices.

Key performance indicators and other relevant statistics

At the end of 2023, 84% (2022: 67%) of our live company car fleet and 90% (2022: 93%) of new car orders are either fully electric or hybrid

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Shareholders

Introduction

As a member of the privately owned Dutch group, Koninklijke VolkerWessels B.V, VolkerWessels UK Limited and its subsidiaries apply the internal regulations set out by the group to ensure that it acts as between members of that company.

How we engaged

We engage with our shareholders and broader group through many informal as well as formal routes with a quarterly business review and reports.

Through knowledge sharing across the Group we are able to share innovation in construction methods, sustainability and value engineering between the UK and our international counterparts.

Our Dutch parent business is able to obtain and share onwards relevant news content and information that VolkerWessels UK provides through a variety of channels, including the corporate and business unit websites, social media and traditional media outlets, and the annual review publication.

Outcomes and actions, we took from our engagement

Our objectives are set and agreed through our five-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.

VolkerWessels UK has contributed to the promotion of the group's success by the sharing of UK content for the parent company's annual report, and internal Spotlight newsletter.