



## **BECHTEL HOLDINGS LIMITED 2019 SECTION 172(1) STATEMENT**

### *Overview*

Section 172(1) of the Companies Act 2006 requires a Director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this, Section 172(1) requires a Director to have regard, amongst other matters, to the:

- Likely consequences of any decisions in the long-term;
- Interests of the company's employees;
- Need to foster the company's business relationships with suppliers, customers and others;
- Impact of the company's operations on the community and environment;
- Desirability of the company maintaining a reputation for high standards of business conduct;
- Need to act fairly as between members of the company.

The Directors of the Company consider, both individually and collectively, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the matters set out above) in the decisions taken during the year ended 31 December 2019.

This statement has been prepared in accordance with the requirements of The Companies (Miscellaneous Reporting) Regulations 2018, which require the company to describe how the Directors have considered the matters set out in Section 172 of the Companies Act 2006 during the financial year under review.

### *Stakeholders and Stakeholder Engagement by the Company*

As the principal activity of the Company is to serve as the holding company of the Group subsidiaries, the Company does not have any employees, customers or suppliers. The Company's primary stakeholders are its shareholder and subsidiaries. The Directors of the Company openly engage with the Board and senior management of the Company's shareholder and subsidiaries. The Company provides guidance on the governance, sets the strategy and oversees the operations of the Group.

### *Stakeholders and Stakeholder Engagement by Group subsidiaries*

The Group has identified the below stakeholders which are relevant to the proper discharge of the duty of the Directors of the relevant Group subsidiaries under Section 172(1) to promote the success of their company.

<b>Employees</b>	
Why they are important	Project successes hinges on a diverse and talented team. Employees forge the relationships and collaboratively develop solutions that help customers build proud legacies based on positive impacts.
What matters to them	<ul style="list-style-type: none"> <li>• Opportunities for development and progression</li> <li>• Competitive pay and benefits</li> <li>• Opportunity to work on complex challenging work</li> <li>• Ability to make a difference</li> <li>• Diversity and inclusion</li> <li>• Health and safety</li> </ul>
Methods of engagement (varies per subsidiary)	<ul style="list-style-type: none"> <li>• Annual employee global engagement survey</li> <li>• Employee forum</li> <li>• Town Halls with senior leaders</li> <li>• Global internal communications</li> <li>• Group intranet</li> </ul>
<b>Customers</b>	
Why they are important	Long-term success is dependent on understanding and responding to the issues that are important to customers.
What matters to them	<ul style="list-style-type: none"> <li>• Safety</li> <li>• Long-term partnerships</li> <li>• Quality and on-time delivery</li> <li>• Technology improvements</li> <li>• Sustainability</li> </ul>
<b>Customers</b>	
Methods of engagement (varies per subsidiary)	<ul style="list-style-type: none"> <li>• Ongoing dialogue with operations teams and meetings with senior management</li> <li>• Customer satisfaction surveys</li> <li>• Regular Board-level reporting on customer outcomes and customer initiatives</li> </ul>
<b>Suppliers and Subcontractors</b>	
Why they are important	Suppliers and subcontractors are critical to supporting a diverse business portfolio. Suppliers and subcontractors bring expert knowledge, innovation, quality, and integrity to its projects and customers.
What matters to them	<ul style="list-style-type: none"> <li>• Prompt payment</li> <li>• Opportunities to innovate and grow the relationship</li> <li>• Effective communication</li> </ul>
Methods of engagement (varies per subsidiary)	<ul style="list-style-type: none"> <li>• Relationship with its suppliers and subcontractors are guided by “Supplier Guide: Executing Work with Bechtel” and “Bechtel’s Expectation for Suppliers’ and Subcontractors’ Conduct.”</li> <li>• Supplier and Contractors Portal</li> <li>• Supplier and Contractor vetting and due diligence</li> <li>• Frequent communication and regular visits to supplier facilities</li> <li>• Supplier quality surveillance is performed in accordance with approved quality surveillance plans</li> <li>• Analysis of supplier payment data</li> </ul>

<b>Shareholder</b>	
Why they are important	The shareholder(s) provides support, governance and input into strategic direction
What matters to them	<ul style="list-style-type: none"> <li>• Financial performance</li> <li>• Strategy and business model</li> <li>• Strong returns</li> <li>• Protection of reputation</li> </ul>
Methods of engagement (varies per subsidiary)	Open dialogue and regular reporting to the Board and senior management of the relevant parent entity.
<b>Environment and Community</b>	
Why they are important	The environment is a key resource of each of the Group subsidiaries and, the protection of the environment is vital for the sustainability of the Group's business.
What matters to them	<ul style="list-style-type: none"> <li>• Reduction of environmental impacts</li> <li>• Jobs and other investment in local community</li> <li>• Safe Operations</li> </ul>
Methods of engagement (varies per subsidiary)	<ul style="list-style-type: none"> <li>• Providing employment and work experience</li> <li>• Volunteering and charity work</li> </ul>

#### *Key Decisions of the Company*

During 2019 the Directors assessed the following factors when determining not to approve the payment of a dividend with respect to the 2019 financial year (i) the shareholder's desire for a distribution of profits; (ii) the need to maintain sufficient capital to fund growth; (iii) financing requirements; and (iv) compliance with solvency rules and regulations.

#### *Key Decisions of other Group subsidiaries*

- In June 2019, the Board of Bechtel Limited approved its annual Modern Slavery Act Statement pursuant to Section 54 of the UK Modern Slavery Act 2015. Also, in 2019, management of Bechtel Limited received modern slavery awareness training via a presentation. Following that training presentation, a module addressing modern slavery and human trafficking was integrated into the standard contracts training.
- In 2019, a change was made to the delivery of salaries for employees seconded by Bechtel Global Services to the Kingdom of Saudi Arabia and these costs are now being classified as staff costs during the current year.
- In determining not to approve the payment of a dividend with respect to the financial year 2019, the Board of Bechtel Limited considered:
  - The shareholder's desire for a distribution of profits;
  - The need to maintain sufficient capital to fund growth;
  - Financing requirements;
  - The desire to meet customer proposal requirements;
  - Compliance with solvency rules and regulations; and
  - Need for capital to fund pension liabilities.
- In 2019 Bechtel Limited developed environmental performance indicators to report on leading and lagging indicators across its projects and offices.

- In 2019 Bechtel Limited (i) hosted a series of internal and external workshops to promote diversity and inclusion and increase awareness of the leadership skills and approaches needed for a diverse and inclusive culture, (ii) hosted a Diversity and Inclusion Summit to raise awareness on the importance of diversity and inclusion, (iii) developed an “Inclusive Meetings Guide”; and (iv) established an “Inclusion Champions” group composed of senior managers and leaders with a purpose of further promoting the its focus on diversity and inclusion.
- In 2019, Bechtel Limited held various mental health awareness sessions and sponsored a Mental Health Awareness Week. In addition, an initial number of personnel were trained to be mental health first aiders.
- In 2019, Bechtel Limited continued its focus on health and well-being of employees and sponsored various health programs, including a step challenge, 1:1 nutrition consultations and blood pressure checks.