

**Payment Performance - Action Plan**

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|---|------------------------|
| Organisation                                  | VolkerHighways Limited |
| Company Registration Number                   | 00638559               |
| Date of last Payment Practices Reporting Data | 30 June 2023           |
| % invoices paid within 60 days                | 90%                    |
| % invoices not paid within agreed terms       | 31%                    |

**Primary causes of late payment**

We consider the following to be the primary causes of slow or delayed payment to the suppliers and subcontractors that we trade with:

1. Manual and inefficient internal processes which can mean that invoices are not always progressed to payment quickly enough
2. Unforeseen fluctuations in business need for 'on demand' goods or sub-contract services which mean existing approved order values need to be uplifted before invoice or certificate can be processed for payment
3. Invoices presented to us for payment which do not contain the right details or lack supporting documentation (e.g. proof of delivery) to enable approval without query
4. Payment terms agreed with suppliers which are inconsistent with our payment objectives

| Actions that we have / are undertaking to improve our payment performance   | Targeted outcomes  |
|---|--|
| <ul style="list-style-type: none"> <li>• We have implemented a new ERP system in the first half of 2023</li> </ul>  | <ul style="list-style-type: none"> <li>- reduction in the number of manual steps in our process which slow progress of an invoice to payment</li> <li>- improved efficiency of our end-to-end P2P process (single platform, greater transparency of transactions)</li> <li>- availability of more detailed real time information on supplier transactions which will allow us to target <i>inter alia</i> delays in processing certain invoices, and specific suppliers for future payment improvement (e.g. those with less than 50 employees)</li> </ul> <p><i>NB Whilst the implementation of our ERP was successful, the change from our existing systems was a significant one and has challenged our teams. We are now focused on 'bedding in' the new system so that we can fully realise the benefits it can bring to our payment performance.</i></p> |
| <ul style="list-style-type: none"> <li>• We hold regular cross-functional senior management meetings to review our payment performance</li> </ul>                                   | <ul style="list-style-type: none"> <li>- to review recent performance data results and analyse trends</li> <li>- to identify, discuss and action resolutions to current supplier invoice processing issues</li> <li>- to consider and initiate operational and strategic level changes to the way we do business to improve our future payment performance, particularly in respect of those business we trade with who have less than 50 employees</li> </ul>   |
| <ul style="list-style-type: none"> <li>• We have increased the frequency of our payment runs</li> </ul>   | <ul style="list-style-type: none"> <li>- so that approved invoices can be paid more quickly after they are approved</li> </ul>   |
| <ul style="list-style-type: none"> <li>• We are reviewing how we can improve our forecasting of business need for 'on demand' goods or subcontract services</li> </ul>              | <ul style="list-style-type: none"> <li>- to minimise potential delays to payment arising from insufficient order headroom</li> </ul>   |
| <ul style="list-style-type: none"> <li>• We are working pro-actively with our smaller supply chain partners in respect of their documentation, and how they work with us</li> </ul> | <ul style="list-style-type: none"> <li>- to ensure that they are submitting their invoices with the right details and supporting documents to enable first time / without query processing</li> <li>- to make sure they understand how our internal processes work, and what they can do themselves to support prompt payment</li> </ul>   |
| <ul style="list-style-type: none"> <li>• We have reviewed our internal governance process</li> </ul>  | <ul style="list-style-type: none"> <li>- to ensure our approval process is streamlined and does not create undue delay</li> </ul>  |
| <ul style="list-style-type: none"> <li>• We perform periodic reviews of supplier payment terms</li> </ul>   | <ul style="list-style-type: none"> <li>- to ensure we are paying in line with what we have agreed with our partners, and that terms remain consistent with our commitments under the prompt payment code</li> </ul>  |