



Independent Limited Assurance Report to the Directors of Balfour Beatty plc on carbon emissions data and social value data in Balfour Beatty plc's Annual Report and Accounts for the year ended 31 December 2023

Our limited assurance conclusion

Based on the procedures we have performed, as described under the “Summary of work performed” and the “Key Assurance Matters” sections below, and the evidence we have obtained, nothing has come to our attention that causes us to believe that the information marked with the symbol **A** in Balfour Beatty plc’s (“the Company”) Annual Report and Accounts for the year ended 31 December 2023 (the “Report”) and summarised below (together, the ‘Subject Matter Information’), has not been prepared, in all material respects, in accordance with Balfour Beatty Plc’s Sustainability Reporting Criteria (the ‘Reporting Criteria’) set out on pages 54 to 69 of Balfour Beatty Plc’s Annual Report and Accounts.

Emphasis of matter - Net Sales Value

We draw attention to the manner in which ‘Net Sales Value’ (used to calculate the emissions intensity ratio) is calculated, as summarised on page 61 of the Report and as described on page 17 of the Reporting Criteria. Under the methodology used by Balfour Beatty, the Net Sales Value figure for the year ended 31 December 2023 includes both intercompany sales within the Balfour Beatty group as well as sales to external parties. Our conclusion is not qualified in respect of this matter.

What we were engaged to assure

The Subject Matter Information needs to be read and understood together with the Reporting Criteria which Balfour Beatty’s Directors are solely responsible for selecting and applying. The Subject Matter Information and the Reporting Criteria are as set out in the table below:

Subject Matter Information	Reported Figure	Location of Subject Matter Information	Reporting Criteria¹
Total Scope 1 emissions (tCO ₂ e) ^a	132,590	Page 61 of the Annual Report and Accounts 2023	Pages 19 - 22 of the Global Sustainability Reporting Criteria
Total Scope 2 emissions (tCO ₂ e) - location based ^a	13,871	Page 61 of the Annual Report and Accounts 2023	Pages 23 - 25 of the Global Sustainability Reporting Criteria
Total Scope 2 emissions (tCO ₂ e) - market based ^a	12,134	Page 61 of the Annual Report and Accounts 2023	Page 12 of the Global Sustainability Reporting Guidance
Emissions intensity - total Scope 1 and scope 2 (location based) carbon emissions per million £ NSV (net sales value) ^b	15.2	Page 61 of the Annual Report and Accounts 2023	Page 17 of the Global Sustainability Reporting Guidance
Emissions intensity - total Scope 1 and scope 2 (market based) carbon emissions per million £ NSV (net sales value) ^b	15.0	Page 61 of the Annual Report and Accounts 2023	Page 17 of the Global Sustainability Reporting Guidance
£ of social value generated ^a	£937 million	Page 67 of the Annual Report and Accounts 2023	Page(s) 15 and 29 - 31 of the Global Sustainability Reporting Guidance

¹ The maintenance and integrity of Balfour Beatty plc’s website is the responsibility of the Directors; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Subject Matter Information or Reporting Criteria when presented on Balfour Beatty plc’s website <https://www.balfourbeatty.com/media/fjsnrjyq/balfour-beatty-sustainability-reporting-guidance-2023.pdf>

^{a, b} Reference to the materiality approach taken to each metric as defined in the table below in section “Materiality”.



The scope of our work did not extend to information in respect of earlier periods or to any other information included in, or linked from, the Report.

Our work

Professional standards applied

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' and, in respect of the greenhouse gas (GHG) emissions, in accordance with International Standard on Assurance Engagements 3410 'Assurance engagements on greenhouse gas statements', issued by the International Auditing and Assurance Standards Board.

Our independence and quality control

We have complied with the Institute of Chartered Accountants in England and Wales Code of Ethics, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, that are at least as demanding as the applicable provisions of the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards).

We apply International Standard on Quality Management (UK) 1 and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Summary of work performed

We performed a limited assurance engagement. Because the level of assurance obtained in a limited assurance can vary, we give more detail about the procedures performed, so that the intended users can understand the nature, timing and extent of procedures we performed as context for our conclusion. These procedures performed vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

In performing our assurance procedures, which were based on our professional judgement, we performed the following:

- considered the suitability in the circumstances of the Company's use of the Reporting Criteria as the basis for preparing the Subject Matter Information including considering reporting boundaries;
- obtained an understanding of the Company's control environment, processes and systems relevant to the preparation of the Subject Matter Information. Our procedures did not include evaluating the suitability of design or operating effectiveness of control activities;
- evaluated the appropriateness of measurement and evaluation methods, reporting policies used and estimates made by the Company, noting that our procedures did not involve testing the data on which the estimates are based or separately developing our own estimates against which to evaluate the Company's estimates;
- compared year on year movements and obtained explanations from management for significant differences we identified;
- performed limited substantive testing on a selective basis of the Subject Matter Information, which is aggregated from information submitted by the Company's Significant Business units (SBUs). Testing involved agreeing arithmetical accuracy of calculations, and agreeing data points to or from source information to check that the underlying subject matter had been appropriately evaluated or measured, recorded, collated and reported;
- undertook site visits at one of the Company's SBUs to gain an understanding of the processes in place to ensure accuracy and completeness of data reported with respect to a major project, and to understand the control environment and governance structure; we selected this site based on its inherent risk and materiality to the Company, and fluctuations in the site Subject Matter Information since the prior period. The remainder of our testing of information with respect to specific SBUs was performed virtually; and
- evaluated the disclosures in, and overall presentation of, the Subject Matter Information.

Our assurance procedures specifically did not include evaluating the suitability of design or operating effectiveness of control activities, testing the data on which the estimates are based or separately developing our own estimates against which to evaluate the Company's estimates. Nor did we perform procedures on financial information extracted from the audited accounts of the Company and used in the calculation of emissions intensity.



Materiality

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Subject Matter Information is likely to arise. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our procedures in support of our conclusion. We believe that it is important that the intended users have the information they need to understand the concept and the level of materiality to place our conclusion in context. Based on our professional judgement, we determined materiality for the Subject Matter Information as follows:

<i>Overall materiality</i>	<p>Materiality may differ depending upon the nature of the Subject Matter Information. We apply professional judgement to consider the most appropriate materiality benchmark for each aspect of the Subject Matter Information, having considered how the intended users may use the information.</p> <p>Based on our professional judgement, we determined materiality for the Subject Matter Information by applying one of the following approaches as indicated in the table in section “what we were engaged to assure”;</p> <ol style="list-style-type: none"> a. This metric is an absolute number. A benchmark materiality of 5 % has been applied. b. This metric measures intensity, which is calculated as a ratio between 2 different numbers. A benchmark of 5 % has been applied to both the numerator and denominator used in the calculation.
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We also agreed to report to the Directors misstatements (‘reportable misstatements’) identified during our work at a level below overall materiality, as well as misstatements below that lower level that in our view warranted reporting for qualitative reasons. The Directors are responsible for deciding whether adjustments should be made to the Subject Matter Information in respect of those items.

Key assurance matters

Key Assurance Matters are those areas of our work that in our professional judgement required particular focus and attention, including those which had the greatest effect on the overall assurance strategy, the allocation of resources, and directing the efforts of the engagement team.

We considered the following areas to be Key assurance matters and discussed these with Balfour Beatty’s management.

‘Joint arrangements’ and application of the organisational boundary criteria	
<i>Nature of the issue</i>	<p>As permitted by the GHG protocol guidance, the company applies an operational control approach to its organisational boundary which determines which entities should be included within its reporting. Balfour Beatty Plc operates as a partner in a number of joint ventures and joint operations (together “joint arrangements”), where due to the complexity of those arrangements, judgement is applied in determining whether the company has operational control.</p> <p>In the current period, Balfour Beatty plc has updated its reporting criteria, to support group-wide, consistent determination of which joint arrangements fall within, and outside of, the organisational boundary. This has led to certain changes in the boundary during the current period which have been adjusted in the prior year and baseline data.</p> <p>Changes to the way the organisational boundary is set can have a significant impact on the reported Scope 1 and Scope 2 emissions which is why we have determined this to be an area of audit focus.</p>
<i>How our work addressed the key assurance matter</i>	<p>To check that joint arrangements have been appropriately included or excluded from the organisational boundary we have:</p> <ul style="list-style-type: none"> ● Considered the appropriateness in the circumstances, and consistent application of, the Company’s updated reporting criteria with respect to its organisational boundary, taking into consideration the GHG Protocol guidance; ● Reconciled the population of subsidiaries and joint arrangements included within the



	<p>organisational boundary to the Company’s organisational charts;</p> <ul style="list-style-type: none"> ● Examined the contractual agreements with respect to a limited sample of joint arrangements that were used by management to support its judgments with respect to operational control, and in turn whether to include or exclude joint arrangements within its reporting boundary. This included testing of joint arrangements that have this year been excluded from the boundary, where in previous years they have been reported within the boundary; and ● Evaluated the appropriateness of the disclosures made in connection with the updated reporting criteria that impact Total Scope 1 and Total Scope 2 emissions in the Report.
<p>Element(s) of the Subject Matter Information most significantly impacted</p>	<p><i>Total - Scope 1 emissions (tCO₂e)</i> <i>Total - Scope 2 emissions (tCO₂e) - Location Based</i> <i>Total - Scope 2 emissions (tCO₂e) - Market Based</i></p>

Challenges of non-financial information

The absence of a significant body of established practice upon which to draw to evaluate and measure non-financial information allows for different, but acceptable, evaluation and measurement techniques that can affect comparability between entities, and over time.

Non-financial information is subject to more inherent limitations than financial information, given the characteristics of the underlying subject matter and the methods used for measuring or evaluating it. The precision of different measurement techniques may also vary.

In particular:

- The ‘£ of Social Value generated’ metric needs to be understood in the context of the public sector ‘Themes, Outcomes, Measures’ (TOMs) Framework for which it was created.
- The £ of Social Value generated metric is based on proxy values which are provided by the Social Value Portal. We have not audited the correct application of and the underlying accuracy of the proxies which have been applied. The uncertainties and limitations are laid out in more detail in the Reporting Criteria.

Reporting on Other Information

The other information comprises all of the information in the Report other than the Subject Matter Information and our assurance report. The Directors are responsible for the other information. As explained above, our conclusion does not extend to the other information and, accordingly, we do not express any form of assurance thereon. In connection with our assurance of the Subject Matter Information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the Subject Matter Information or our knowledge obtained during the assurance engagement, or otherwise appears to contain a material misstatement of fact. If we identify an apparent material inconsistency or material misstatement of fact, we are required to perform procedures to conclude whether there is a material misstatement of the Subject Matter Information or a material misstatement of the other information, and to take appropriate actions in the circumstances.

Responsibilities of the Directors

As explained in the Directors’ Statement on page 172 of the Report, the Directors of Balfour Beatty are responsible for:

- determining appropriate reporting topics and selecting or establishing suitable criteria for measuring or evaluating the underlying subject matter;
- ensuring that those criteria are relevant and appropriate to Balfour Beatty and the intended users of the Report;
- the preparation of the Subject Matter Information in accordance with the Reporting Criteria including designing, implementing and maintaining systems, processes and internal controls over the evaluation or measurement of the underlying subject matter to result in Subject Matter Information that is free from material misstatement, whether due to fraud or error; and
- documenting and retaining underlying data and records to support the Subject Matter Information; and
- producing the Report that provides a balanced reflection of Balfour Beatty’s performance in this area and discloses, with supporting rationale, matters relevant to the intended users of the Report; and
- producing a statement of Directors’ responsibility.



Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Subject Matter Information is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Directors of Balfour Beatty.

Use and distribution of our report

Our report, including our conclusion, has been prepared solely for the Directors of Balfour Beatty Plc in accordance with the agreement between us dated 27th October 2023 (the “agreement”). Our report must not be made available to any other party save as set out in the agreement. To the fullest extent permitted by law, we do not accept or assume responsibility or liability to anyone other than the Board of Directors and Balfour Beatty for our work or our report except where terms are expressly agreed between us in writing.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
London
12 March 2024