



Our Sustainability Strategy

Building New Futures

2024



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Front page images:

Left: An artist's impression of the UK's first heathland green bridge on the M25 Junction 10/A3 Wisley Interchange project.

Top right: A team from Balfour Beatty taking part in the Bridges to Prosperity programme in Rwanda. Bridges to Prosperity is a non-profit organisation which aims to reduce rural isolation by building bridges to connect communities with safe and improved access to markets, education, healthcare facilities and jobs.

Bottom right: Students learning about construction on our London Lewisham Gateway Phase Two regeneration project.

A message from our Group Chief Executive

The right choices today to shape a better tomorrow

'Sustainable' is one of Balfour Beatty's five core values. It is integral to how we are Building New Futures for our company, our industry, our communities, the environment, and for all our stakeholders.

Having invested significant time and effort to enhance and analyse our sustainability data, our understanding of the challenges and opportunities has significantly improved.

As a result, we recognise that our Sustainability Strategy must continue to evolve to keep pace.

By adopting a more holistic approach, our Sustainability Strategy has raised the bar in terms of how success is defined. With ambitious but attainable targets across six crucial areas – climate change, nature positive, resource efficiency, supply chain integrity, community engagement and employee diversity, equity and inclusion – we are confident that our strategy is not only the right thing to do, it also makes good business sense.

As we get to work on delivering on our sustainability commitments and targets, we know that we are operating in a dynamic environment and that success will require us to be adaptable and innovative. The fact that we are an international infrastructure group makes our 'Think Global, Act Local' approach even more relevant. This means ensuring we have Group commitments that can be tailored to meet the specific demands of the countries and regions in which we operate.

Through the actions we take, and the transformative infrastructure we deliver and support, Balfour Beatty is committed to playing its part in the transition to a greener, fairer economy. Together we will build a future defined by sustainable choices that will help shape a better tomorrow.

Leo Quinn
Group Chief Executive

June 2024



A message from our Group Director of Sustainability

At Balfour Beatty sustainability is integral to our continuing success. Extreme weather events, rising sea levels, the increasing cost of materials and energy price hikes, as well as the competition for talent and political instability, are increasingly impacting the global economy. It is therefore vital that businesses take responsibility for safeguarding the natural resources and communities upon which our operations, and those of many others, depend.

The impact and disruption of not doing so, will not only affect our day-to-day operations, and the communities in which we operate, they will limit the long-term success of our business and the broader industry.

Building on the progress since we launched our first Building New Futures Sustainability Strategy in 2020, this latest evolution of our strategy incorporates an expanded range of focus areas, reflecting our commitment to take a holistic approach to addressing the interconnected challenges and opportunities.

It will see Balfour Beatty take ownership of its environmental impact through a detailed pathway to net zero, improve its resource efficiency with greater accuracy and clarity of impact, take a more proactive role in enhancing nature with a much stronger biodiversity focus and make an even greater commitment to giving back to the communities in which we operate.

With the majority of our carbon emissions coming from the goods and services we purchase from our supply chain partners, we are also taking collaboration with our stakeholders to the next level, working with them to tackle the big challenges the whole industry faces – identifying solutions and adopting them at scale.

Through the combined actions of individuals, innovative use of cutting-edge technology, data-driven insights, and collaborative partnerships, everyone who works for and with us has a crucial role in fulfilling our commitments and achieving our targets.

As we push the boundaries of our sustainability performance, we will remain unwavering in our responsibility to protect and enhance our planet and society and continue to turn words in to actions.







—
Joanna Gilroy
Group Director of Sustainability

June 2024



Building New Futures Sustainability Strategy

Focussing on six areas most critical to business success, our Sustainability Strategy sets out our commitments to protect and enhance the environment and leave a positive social legacy. Given our international footprint, our ‘Think Global, Act Local’ approach combines ambitious but attainable Group-wide commitments and targets with UK and US specific targets, which are supported by detailed business specific action plans.

	Protecting and enhancing the environment			Leaving a positive social legacy		
Our focus areas	 Climate change	 Nature positive	 Resource efficiency	 Supply chain integrity	 Community engagement	 Employee diversity, equity and inclusion
Our commitments	Mitigate and adapt to climate change	Protect and enhance the natural environment	Deliver resource efficiency through our operations	Empower sustainable suppliers and champion ethical practices	Deliver long lasting social benefits for the communities we operate in	Create a diverse and inclusive organisation
Our targets	42% reduction in Scope 1 and 2 carbon emissions by 2030 ¹ Net zero Scope 1 and 2 carbon emissions by 2045 ² Net zero Scope 1, 2 and 3 carbon emissions by 2050 ¹	Deliver on our clear and measurable targets ³ to halt nature loss by 2030 Nature positive principles embedded across our UK operations to support nature recovery by 2050	Eliminate non-hazardous excavation waste to landfill in the UK by 2030 Zero avoidable waste in the UK by 2040 Zero avoidable waste in the US by 2050	25% reduction in Scope 3 carbon emissions from purchased goods and services by 2030 ¹	£3 billion of social value created in the UK by 2025 ⁴	Increase the number of female colleagues by 50% in the UK by 2030 ³ Increase minority ethnic and black representation by 60% in the UK by 2030 ³

1 - measured against a 2020 baseline and verified by the SBTi
 3 - targets to be set in 2025

2 - measured against a 2020 baseline, not verified by the SBTi as the SBTi only validate our near (2030) and long (2050) term targets
 4 - measured against a 2021 baseline



Focus area: **climate change**

Our climate has changed. The effects of global warming, including extreme heat, wildfires and flooding are a reality for many. The message from the experts is simple: act now or the impacts of climate change will become even more extreme. This is why we have worked closely with the Science Based Targets initiative (SBTi) to validate our 2030 and 2050 carbon reduction targets. It's also why we're sharing our pathway to net zero which provides transparency and detail of the key steps we will take to play our role in mitigating and adapting to climate change.

It also shows how we are planning to reduce our Scope 1, 2 and 3 carbon emissions by 90% by 2050 and use permanent carbon removal and storage to counterbalance the final residual 10% of our emissions. This is in line with the [Oxford Principles for Net Zero Aligned Carbon Offsetting](#) as required by the SBTi.

Reducing our Scope 1 carbon emissions

In the UK, around 70% of our Scope 1 carbon emissions comes from the fuel we directly purchase for our plant, fleet and generators. To reduce emissions from these sources, we have developed a three pronged approach of efficiency, electrification and alternative fuels. Supporting this work, we have also implemented the following minimum standards across our UK operations:

- On all new projects, the deployment of EcoSense cabins that produce up to 30% less carbon emissions.
- Using our EcoNet energy management solution on projects and contracts with four or more cabins. EcoNet reduces energy use by automatically turning off equipment when it is not in use and selecting the lowest carbon energy sources from those available.

- Using our Power Profiler tool to develop the most carbon and cost-efficient site compound set-ups.
- Implementing our fuel hierarchy, shown on the following page, to ensure we select the right energy sources for our plant, fleet and generators.
- Reducing vehicle idling and improving plant and equipment utilisation through expert management of works, telematics and local management controls.

Complementing the introduction of these minimum standards, in 2024 our Highways business in the UK has achieved PAS2080:2023 certification, the gold standard for buildings and infrastructure carbon management. Following this certification we are embedding elements of PAS2080:2023 into our UK-wide Business Management System, which is already certified to the ISO14001:2015 environmental management systems standard, to help other business areas progress towards a PAS2080:2023 verified carbon management approach.

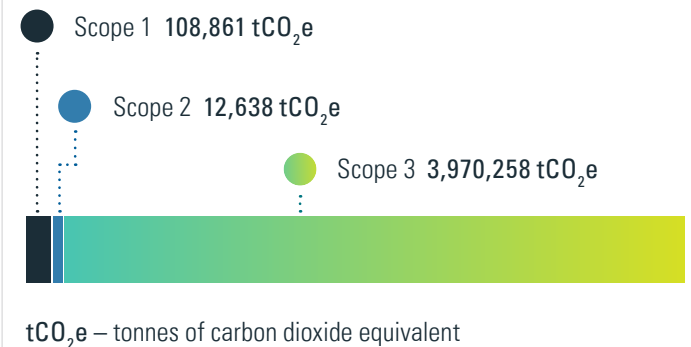
In the US, we have begun work to further analyse and understand the sources of our carbon emissions and will develop detailed carbon reduction plans for each of our US businesses in 2024.

Our commitment
Mitigate and adapt to climate change

Our targets⁵

by 2030	42% reduction in Scope 1 and 2 carbon emissions
by 2045	Net zero Scope 1 and 2 carbon emissions ⁶
by 2050	Net zero Scope 1, 2 and 3 carbon emissions

Balfour Beatty's carbon emissions in 2023



⁵ measured against a 2020 baseline and verified by the SBTi ⁶ measured against a 2020 baseline, not verified by the SBTi as the SBTi only validate our near (2030) and long (2050) term targets



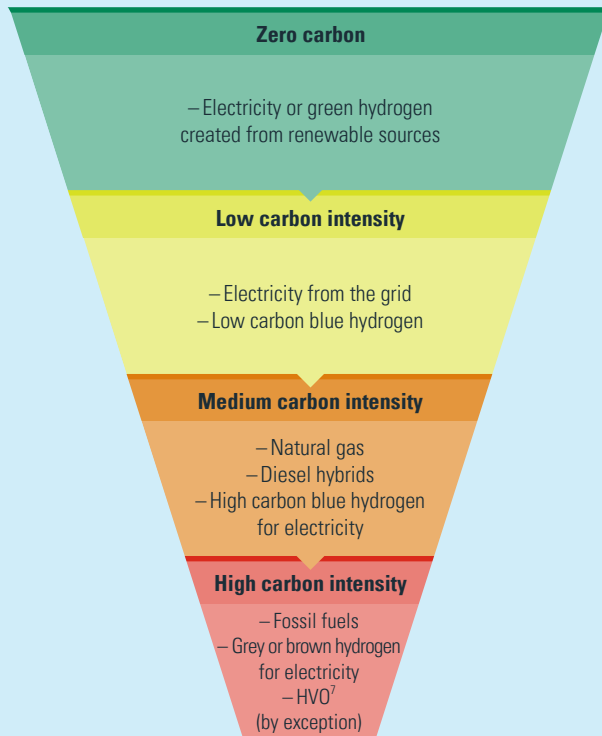
Focus area: **climate change** *(continued)*

Choosing the right fuel

Developed by our in-house energy management experts, our fuel hierarchy helps our projects and supply chain partners to select the right energy sources for our plant, equipment, generators, vehicles and buildings, which account for the majority of our Scope 1 and 2 carbon emissions. You can find out more about our fuel hierarchy at balfourbeatty.com/fuelhierarchy



Our fuel hierarchy



⁷ Based on the 2022 DEFRA average GHG emissions value for HVO fuels, which includes the emissions released during the combustion of fuel. It does not account for the unknown impact of HVO on forest clearance and marshland drainage.

Reducing our Scope 2 carbon emissions

Our Scope 2 carbon emissions are the indirect emissions from the electricity we use. To reduce these as far as possible, where we can, we analyse the electricity consumption of our projects, offices and depots, retrofit low-energy use products and adapt our ways of working to avoid unnecessary electricity consumption. We also use renewable energy tariffs backed by the Renewable Energy Guarantees of Origin (REGO) scheme and are reviewing opportunities for Power Purchase Agreements through which we directly connect to renewable energy sources.

Reducing our Scope 3 carbon emissions

Balfour Beatty's Scope 3 carbon emissions are those that arise in our value chain that we do not have direct control over. The vast majority of these emissions come from the goods and services we purchase from our supply chain. You can find out more about how we are working with them to cut our Scope 3 carbon emissions on pages 12 and 13 of this document.

Focussing on emissions from the assets our Infrastructure Investments business invests in, develops and operates, we are collaborating with our customers to incorporate low-carbon requirements at the design stage and to retrofit low-carbon solutions to existing assets. For our joint ventures and operations where we do not have direct operational control, we are sharing best practice with our partners to drive the adoption of low carbon innovations.

In 2023, the implementation of our minimum standards in the UK, detailed on page 5, and increased focus on carbon emissions in the US has reduced our absolute carbon emissions by 2% and our carbon intensity by 7% against our 2022 performance.

Our UK Carbon Reduction Plan gives full transparency of our pathway to net zero. You can read the latest version at balfourbeatty.com/carbonreductionplan





Focus area: **climate change** *(continued)*

Hydrogen trials

Alongside electricity generated from renewable sources, green hydrogen is the lowest carbon solution available to fuel plant, equipment and vehicles. Whilst the use of this fuel is in its infancy, we are partnering with customers, governments and our supply chain to trial solutions to help speed up adoption. This includes using hydrogen power generators on our A63 Castle Street Scheme in Hull for National Highways, and the retrofit of carbon intensive vehicles to run off both hydrogen and diesel on our Connect Roads M77/ Glasgow South Orbital contract, where we expect the technology to deliver a 40% reduction in carbon emissions from four retrofitted vehicles. In 2023, we generated 109 MWh of energy from green hydrogen which equates to enough energy to power approximately 37 UK households.

As part of our Towards a Zero Carbon Construction Site initiative, we have shared our lessons on implementing a hydrogen setup across the industry. To find out more, please visit: balfourbeatty.com/zccs



One of four vehicles we retrofitted to run off both diesel and hydrogen on our Connect Roads M77/Glasgow South Orbital contract



One of the properties in the US Navy's Southeast portfolio that benefited from energy efficiency improvements

Enhancing energy efficiency across 11 US Navy installations

Balfour Beatty Communities has successfully completed a US\$31 million investment project, focusing on energy efficiency improvements across 11 military housing projects in its US Navy Southeast portfolio.

The turnkey project, delivered in partnership with ENGIE Services US, included upgraded high-efficiency heating, ventilation and air conditioning (HVAC) systems, weatherproof sealing and installation of domestic water retrofits and LED lighting.

These enhancements have provided energy savings of 9,941,959 kWh, enough to power 946 average US homes for a year.



Focus area: nature positive

Through restoring and enhancing the natural environment, we are creating the healthy ecosystems that are essential to the future prosperity of communities and economies across the world. These environments are vital to stabilising climates by providing natural solutions to capture and store carbon emissions.

As signatories to the Nature Positive Business Pledge, created by IEMA, UK Business and Biodiversity Forum, the RSPB, Aldersgate Group and ICC United Kingdom, we have committed to halting and reversing our impact on nature.

To do this we are implementing a biodiversity protection hierarchy which has three steps to help us manage our impact on nature as shown in the diagram below.

Biodiversity protection hierarchy

- 1 Avoid**
Taking measures to avoid any negative impacts on biodiversity such as timing construction works to prevent disturbance to wildlife.
- 2 Minimise**
Taking measures to reduce impacts on biodiversity such as building wildlife crossings.
- 3 Compensate**
When it is not possible to avoid or minimise impacts, we will enhance or create new habitats to compensate for losses.

We are also undertaking work to gain a deeper understanding of the impacts that we have on nature across our value chain. As this work progresses and our understanding of what we need to do to halt and reverse nature loss matures, during 2025, we will set clear and measurable UK targets to halt nature loss. By 2030, we will be delivering our target to halt nature loss and by 2050, we will have embedded nature positive principles across our UK operations to support nature recovery.

Our early progress in this area has been driven by our UK in-house team of ecology, biodiversity and arboriculture specialists. They have been working closely with our customers to survey, analyse risks and deliver mitigation strategies to protect and enhance biodiversity in and around projects we are delivering. Across all our UK SCAPE framework projects, we provide every customer with a report detailing project-specific feasible options and available measures to achieve biodiversity net gain on or off site.

In the US, we will initially focus on embedding the right processes and procedures to capture and understand our environmental impact and further embed a positive reporting culture for environmental incidents. This will mean we are able to learn from incidents and put in place the right training and safeguards to prevent future incidents to protect natural environments for generations to come.

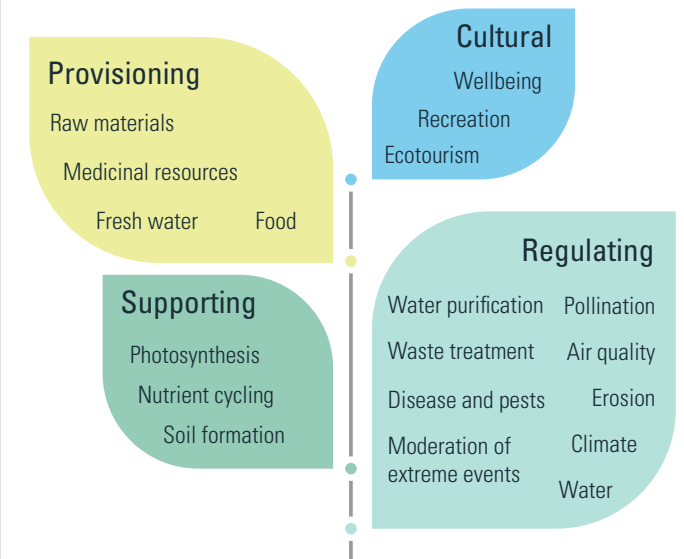
Our commitment

Protect and enhance the natural environment

Our targets

- by 2030** Deliver on our clear and measurable targets⁸ to halt nature loss
- by 2050** Nature positive principles embedded across our UK operations to support nature recovery

Why nature is important⁹



⁸ targets to be set in 2025

⁹ Adapted from Stakeholder perspectives on the role of the street verge in delivering ecosystem services. A study from the Perth metropolitan region



Focus area: **nature positive** *(continued)*



The bug hotel at our Barn Elms site in London

Boosting biodiversity at Barn Elms

Our Thames Tideway Tunnel team have created London's largest artificial insect nesting structure, known as a bug hotel.

Located at our Barn Elms site in London, the bug hotel has been integrated into a newly built kiosk that houses crucial mechanical and electrical components responsible for managing the West Putney storm relief combined sewer overflow.

The outer walls of the kiosk are constructed from biodiversity friendly materials, including stone and timber, to provide a range of safe places for a variety of invertebrates to hide, hibernate or reproduce. The placement and orientation of the kiosk was thoughtfully planned to optimise opportunities for a diverse range of invertebrates that enhance ecosystem processes such as pollination and enrich the food chain for bats, birds and other species.

Delivering the UK's first heathland green bridge

Working on the M25 Junction 10/A3 Wisley Interchange for National Highways, we are providing the technical expertise required to protect and enhance the biodiversity of the project and its adjacent areas.

This includes shaping project planning and execution so that upon completion of the project, we will have delivered 20.8ha of heathland restoration, 18.9ha of woodland enhancement, 0.22ha of ancient woodland soil translocation, 8.51ha of acid grassland enhancement, 8.1ha of parkland and the UK's first heathland green bridge, which will connect Ockham and Wisley Commons for the first time since the A3 was built in the late 1970's.



An artist's impression of the UK's first heathland bridge on the M25 Junction 10/A3 Wisley Interchange



Focus area: **resource efficiency**

With the construction sector responsible for an estimated one third of the world’s overall waste¹⁰ and extracting nearly 40 billion tonnes of raw materials from the planet each year¹¹, it is clear that we need to shift the dial from managing the waste we produce to implementing design driven circular economy principles that eliminate waste and pollution, and circulate products and materials at their highest value.

We will reduce our waste footprint through implementing the Construction Leadership Council’s zero avoidable waste routemap and adopting circular economy principles. Together, these actions will deliver value for our customers through reducing costs and carbon emissions, designing out waste and creating opportunities, at different stages in the project lifecycle, to capture residual value from materials or goods through re-use, re-manufacture and recycling.

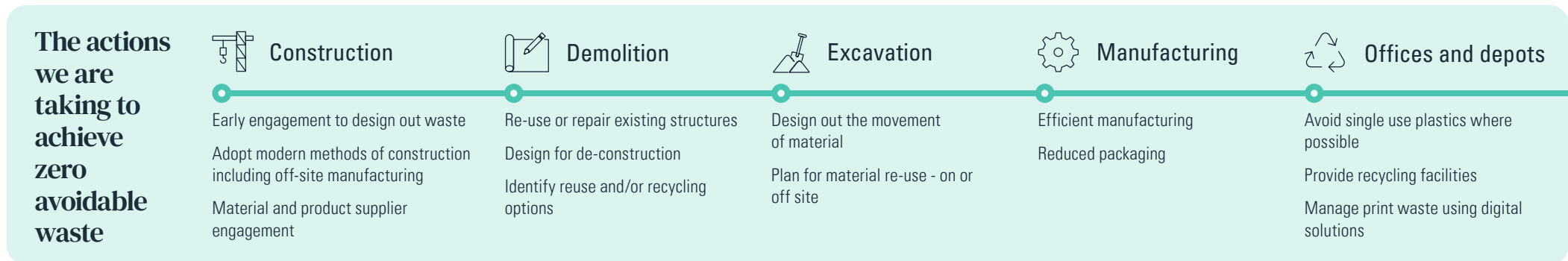
Having made strong progress in this area with our UK business achieving its previous target to reduce tonnes of waste generated per £1 million of revenue by 40%, we have identified the five areas that make up our waste footprint and actions that we need to take to achieve zero avoidable waste as outlined in the diagram below.

To support each of our businesses in achieving zero avoidable waste, we have undertaken a further, deeper analysis of our waste data, attitudes and behaviours around resource efficiency and waste management. This analysis has helped us to focus our efforts on the areas that will make the most difference: sharing knowledge and upskilling, collaboration in design and procurement and improving the uptake of existing resource efficient solutions. The analysis will also be used to set local targets, specific to the areas each of our businesses can drive progress in, which will form part of our business specific UK Bridging the Gap sustainability action plans. These plans detail each business area’s actions to contribute to our overall sustainability commitments and targets.

Our commitment
Deliver resource efficiency through our operations

Our targets

- by 2030** Eliminate non-hazardous excavation waste to landfill in the UK
- by 2040** Zero avoidable waste in the UK
- by 2050** Zero avoidable waste in the US



¹⁰ [The industry creating a third of the world’s waste | BBC Future](#)

¹¹ [Sustainable Sourcing of Raw Materials for Construction: From the Earth to the Moon and Beyond | Elements | GeoScienceWorld](#)



Focus area: **resource efficiency** *(continued)*

Collaborating to drive resource efficiencies

Working with our partners from the outset of a scheme, including our Strategic Design Partners in the UK, Jacobs, AtkinsRéalis and Mott MacDonald, the insights that we gain from our waste and materials data are used as an evidence-base to help our customers consider resource efficiency. This includes strategic decisions like choosing refurbishment over building a new asset as well as materials selection and the use of off-site manufacturing approaches to help reduce waste and increase the re-use, re-manufacture and recycling of materials in the future.

Did you know?

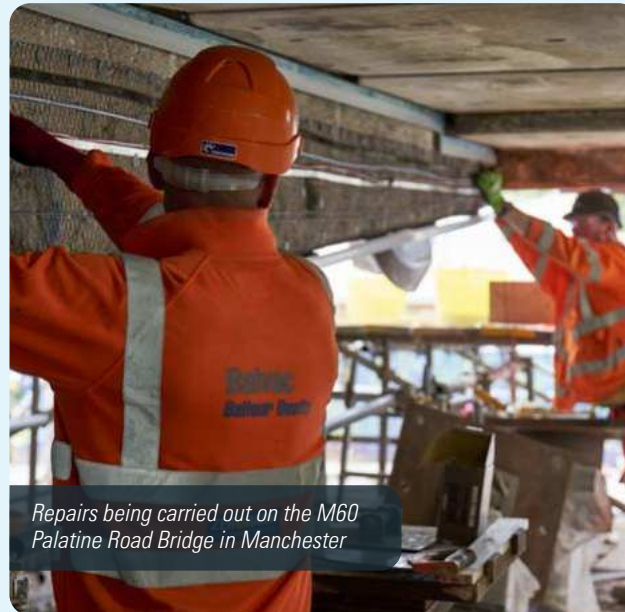
Our in-house Materials Engineering team spans the UK and US. Working across all stages of the project lifecycle, they develop and implement management strategies that reduce the amount of raw materials required and maximise recycling and re-use of excavation and demolition materials.



Extending the lifespan of the UK's infrastructure

Working on the M60 Palatine Road Bridge in Manchester, Balvac, our in-house structural repair, strengthening, protection and maintenance solution specialists, have delivered critical concrete repair and corrosion prevention works to the bridge which carries 80,000 vehicles a day and is a vital part of the local road network.

The work, which was completed a year ahead of schedule, has extended the lifespan of the bridge and mean it will not need any significant work for the next 25 years.



Repairs being carried out on the M60 Palatine Road Bridge in Manchester

Beating our recycling goals at Carlyle Crossing

At the outset of the US\$300 million Carlyle Crossing project in Alexandria, Virginia, our joint venture team set a goal of recycling at least 75% of project waste. To achieve this required meticulous tracking of waste and a diligent approach to on-site cleanliness and housekeeping to limit the amount of waste inadvertently produced. This, along with other measures, helped us to exceed our recycling goal with 81% of construction waste diverted from landfill and the project on track to become LEED® Gold certified, the world's most widely used green building rating system.



The 982,000 square-foot mixed-use Carlyle Crossing project in Virginia



Focus area: **supply chain integrity**

Our thousands of valued supply chain partners are crucial to how we deliver our sustainability commitments and targets. Working together, we must balance environmental, social and economic needs to create an inclusive, resilient supply chain that underpins how we deliver for all of our stakeholders. As part of our commitment to empower sustainable suppliers and champion ethical practices, we are ensuring the way we buy is inclusive and are forming collaborative relationships to reduce our carbon emissions, responsibly source materials and protect human rights.

Balfour Beatty has long been at the forefront of sustainable procurement, with our UK business being the first in the world to be externally assessed against the ISO20400:2017 sustainable procurement standard. As we continue to embed sustainable procurement practices, our most recent assessment against the standard shows that we have made further progress.

In the UK, our Responsible Sourcing team, who support the business to make decisions that help us to build a diverse and resilient supply chain, have developed a sustainability heatmap tool to guide procurement decision making. Considering 13 areas of sustainability risk and opportunity across the goods and services we buy and the works we subcontract, the heatmap is used to focus our attention on the supply chain partners that can have the biggest impact in meeting our sustainability commitments.

Inclusive procurement practices

Sourcing goods and services from a diverse supply chain promotes economic inclusion, generates new and innovative ideas, and builds supply chain resilience. Testimony to our 'Think Global, Act Local' approach, our incredible track record of delivering iconic nationally critical infrastructure and projects at the heart of local communities has been built with our local supply chain partners who, in 2023, generated £902 million of social value whilst delivering for our customers and the communities we operate in.

As well as our local partners, we have had great success working with social enterprises and charitable organisations. This includes through our Social Enterprise Accelerator & Development programme which provides the opportunity for our employees to support small business and social enterprises by volunteering their time and expertise.

Our commitment

Empower sustainable suppliers and champion ethical practices

Our target

by 2030 25% reduction in Scope 3 carbon emissions from purchased goods and services¹²

Supported by our UK Construction Services leadership team who volunteered their expertise on business strategy and growth, the programme has helped 12 social enterprises develop their businesses. Four of the social enterprises that took part are now Balfour Beatty approved suppliers.



Local supply chain partners



SME's



Organisations with diverse ownership



Voluntary, community and social enterprises

¹² Measured against a 2020 baseline



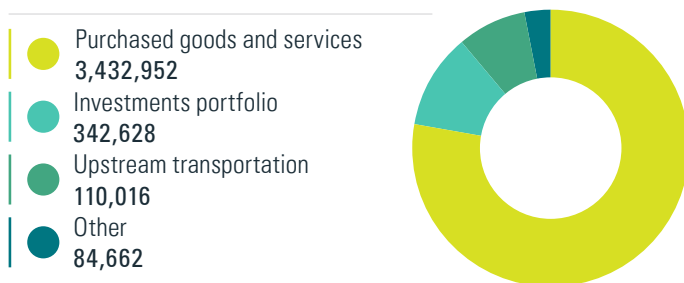
Focus area: **supply chain integrity** *(continued)*

Reducing our Scope 3 carbon emissions

The goods and services we purchased in 2023, represented 86% of our Scope 3 carbon emissions, and included hard to decarbonise products like concrete, steel and aggregates. As we do not directly control these emissions, this area is our biggest challenge and that is why we have set an ambitious, but realistic target of reducing these emissions by 25% by 2030. To meet this target, we are focussing our efforts on three key groups:

- Our procurement teams – responsible for the day-to-day selection of our supply chain partners for the products and services we buy, this group are growing their sustainability knowledge through the roll-out of training that helps them to consider carbon alongside other factors when making decisions. Using our sustainability heatmap tool, they have identified the partners that can have the biggest impact on reducing our Scope 3 carbon emissions and are working on initiatives including Cement 2 Zero - a trial of the world's first zero emissions cement at an industrial scale.

Our Scope 3 carbon emissions in 2023 (tCO₂e)



tCO₂e – tonnes of carbon dioxide equivalent

Did you know?

In 2023, 34% of our Scope 3 carbon emissions were produced by supply chain partners who have either set, or committed to setting, a Science-Based Target to reduce their carbon emissions.

- Our supply chain partners – all of our UK supply chain partners work to our Sustainable Procurement Policy which outlines a number of priorities including minimising carbon emissions over the lifecycle of a product or service and enabling the reporting of Scope 3 carbon emissions. To help our supply chain meet these requirements, we are collaborating with them on a range of innovative projects including the development of a software solution that uses invoice data to provide embodied carbon data. This data can be used to benchmark the carbon footprint of different products and services, and be considered alongside other factors when choosing supply chain partners.
- Our customers and design teams - a key lesson from our 'Towards a Zero Carbon Construction Site' initiative at the Royal Botanic Garden project in Edinburgh, was working closely with customer and design teams, to embed low-carbon solutions early. Early engagement and decision making is vital to reducing carbon emissions during the design, construction, operation and decommissioning of an asset.

Supply Chain Sustainability School

The Supply Chain Sustainability School is a valuable resource that provides learning opportunities for individuals and organisations seeking to deepen their understanding of sustainability in the built environment.

As a partner to the Supply Chain Sustainability School, we recognise how the School helps to drive change and share best practice by upskilling our employees and supply chain partners on a range of key topics such as carbon management and modern slavery.

Throughout 2023 our employees and supply chain partners made extensive use of the School, participating in over 4,000 workshops and completing over 12,500 e-learning modules across 17 sustainability-linked topics.

Reflecting our commitment to working with partners who are committed to sustainability, in 2023 80% of our UK supply chain spend was with members of the School.

You can find out more about the Supply Chain Sustainability School at supplychainschool.co.uk





Focus area: **supply chain integrity** *(continued)*

Working in partnership to protect human rights

At Balfour Beatty, doing the right thing - operating responsibly, with integrity guiding our actions - is a critical element of how we do business. As part of this commitment, we are determined to fight against slavery and human trafficking. This includes making sure we have the systems and processes in place to ensure that all our dealings and relationships uphold the highest ethical standards.

While we believe the risk of modern slavery within our own operations is relatively low (due to the strength of these systems and processes and our clear line of sight to who we are directly employing) we acknowledge that the potential for incidences of modern slavery is higher within our supply chain – particularly our indirect supply chain. We are therefore actively collaborating with and supporting our supply chain partners to address this pressing issue and have taken actions including working with ConstructionLine to develop additional pre-qualification criteria for all suppliers to our UK business. Following these changes to ConstructionLine, we have now mandated that prequalified UK supply chain partners provide us with their own modern slavery statement by the end of 2024.

In 2023, we also undertook over 120 risk-based supply chain compliance audits based on the sustainability heatmap produced in 2022. In 2024, we redesigned the audit to provide more targeted and specific improvement actions and enhanced guidance for the supply chain to improve their approach. The audit report and guidance also signposts supply chain partners to the free resources available within the Supply Chain Sustainability School and training resources including the School's People Matter Charter to which Balfour Beatty is a signatory.

As we continue to support cross-sector collaboration by contributing to industry guidance and toolkits and helping our supply chain partners upskill, in 2025 and beyond we plan to realign our focus to our operations. This includes leveraging technology and digital solutions to reduce the risk of modern slavery and labour exploitation on our projects.

To read our Modern Slavery Statement and find out about our latest progress in this area, please visit balfourbeatty.com/modern-slavery



Choosing the right supply chain partners

In the UK, during the recent tender to select a new PPE supplier, sustainability was a key scoring criteria, with a particular focus on ethical sourcing.

As part of the tender process, we reviewed the ethical sourcing processes for overseas manufacturing, including using Sedex Members Ethical Trade Audits (SMETA) to understand the standards of labour, health and safety, environmental performance and ethics at supplier sites.

During the presentation stage of the procurement process, we asked the potential suppliers to review two of their own brand products, a hi vis jacket and a pair of work boots, and identify where every component of these products came from.

This helped us to assess if the supplier had sourced the products responsibly and to understand the risks of modern slavery in our supply chain and review the mitigation and control measures in place.





Focus area: **community engagement**

Delivering lasting social benefits for the communities we work in has long been embedded in how Balfour Beatty operates. From regenerating communities to driving employment and training opportunities and supporting small, local supply chain partners, we help build new futures.

When we launched our Building New Futures Sustainability Strategy in 2020, we set out to create £3 billion of social value by 2030. We are now on course to achieve this target five years ahead of schedule and have brought forward our target accordingly to 2025. Having made significant advances on how we deliver social value since 2020 we have recently established our UK Regional Social Impact team. This team, which is aligned to the regions set out in the [UK National TOMS framework](#), support our projects to create and deliver a social value offering that is tailored to the diverse needs of the communities we work in and delivers improvements that make the most impact. Where we have major projects with the scale and ambition to deliver larger social value programmes, we have expert resources in place to support and drive the delivery of these programmes.

As a Gold member of The 5% Club, we are committed to having at least 5% of our workforce in 'earn and learn' schemes such as apprenticeships, graduate schemes and sponsored student course placements. At the end of 2023, the proportion of our employees in earn and learn positions was 7.4% including 310 new entrants who we recruited into 'earn and learn' roles that year.

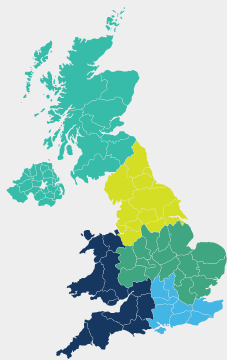


With the US construction and infrastructure market forecast to grow in the coming years¹⁴, we are seeing an increasing demand from our customers to create social value through our project delivery. Whilst there is not currently a US-wide measurement mechanism in place to quantify this social value, we are taking decades of best practice and lessons learned from the UK, and adapting them to develop our US offering.

As we look beyond our 2025 target, and with the social value that we create today being largely driven by the local economic value we generate through supply chain spend and the employment opportunities we provide, we will be increasing our focus on better quantifying and increasing the positive impact we have on individuals, communities and the environment.

The regions covered by our Regional Social Impact team

- Scotland & Northern Ireland
- North West & North East (inc. Cumbria)
- South West & Wales
- West Midlands, East Midlands and Anglia
- London and South East



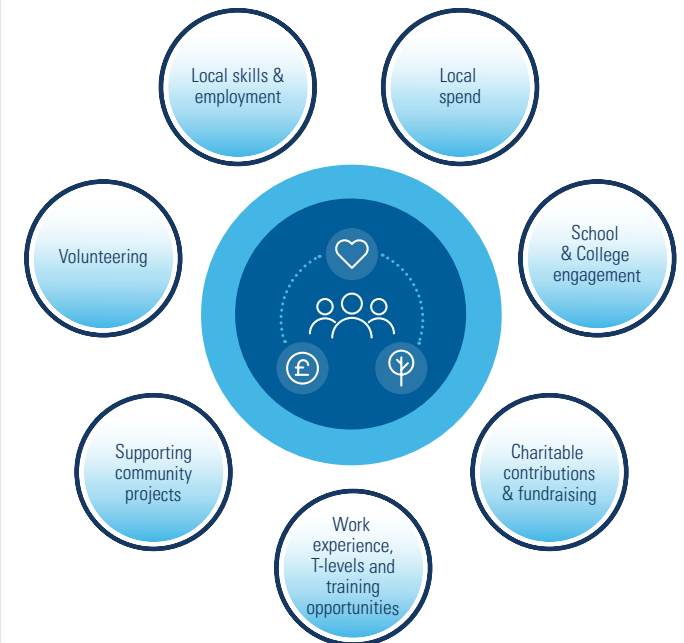
Our commitment

Deliver long lasting social benefits for the communities we operate in

Our target

by 2025 £3 billion of social value created in the UK¹³

How we create social value



¹³ Measured against a 2021 baseline

¹⁴ U.S. Construction Industry - Statistics & Facts | Statista



Focus area: **community engagement** *(continued)*



Students learning about construction on our London Lewisham Gateway Phase 2 project

Making a big social impact in Lewisham

Whilst delivering the London Lewisham Gateway Phase Two regeneration contract which comprises of 530 residential apartments, 119 co-living units, workspaces and retail and leisure facilities, we have created over £200 million of social value within a 40-mile radius of the project.

Our focus on the local community has seen 1,715 local people work on the project. We have also delivered outreach activities that introduce young people to our industry and help them with their studies or to gain employment. The activities include working with Circle Collective, who support young people experiencing a range of barriers to find permanent, life-changing work. We invited their students to the project to learn more about the construction industry and the roles it has to offer.

We have also been working closely with local education providers to deliver careers talks, CV workshops and work experience placements.

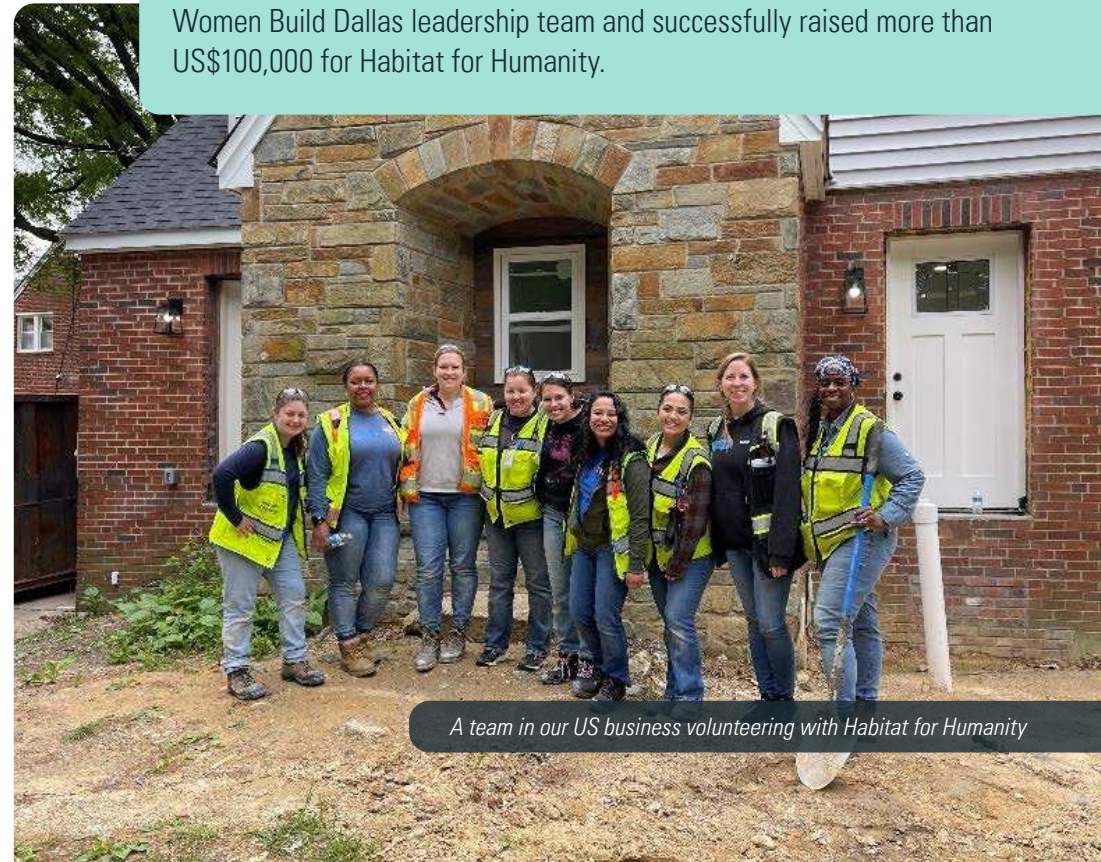
The project team have also been supporting local charity, The Felix Project, which aims to tackle food waste and hunger across London, by volunteering at their local warehouse each month.

Habitat for Humanity

To support community outreach in the US, we have partnered with Habitat for Humanity – a non-profit organisation that helps people around the world to build or improve a place they can call home.

From California and Oregon to Washington D.C., our experts have been making a positive social impact through fundraising, building and volunteering with Habitat for Humanity to ensure affordable housing is accessible in all communities.

In Dallas, our North Texas Connecting Women Affinity Group chaired the Women Build Dallas leadership team and successfully raised more than US\$100,000 for Habitat for Humanity.



A team in our US business volunteering with Habitat for Humanity



Focus area: **employee diversity, equity and inclusion**

Our employees' skills and capabilities are what sets us apart from the competition. By creating an organisation and culture that is diverse, equitable and inclusive, we aim to be the employer of choice for high quality, talented people and harness their creativity and innovation to make us a better business.

As a company that looks to achieve meaningful, sustainable changes – not quick fixes – we recognise that change must be led from the top and our Group Chief Executive, Leo Quinn, is our board-level sponsor for diversity and inclusion.

In the UK, our [Diversity & Inclusion Strategy](#) is helping us to create an open and welcoming workplace and culture where everyone can thrive. Its strategic goals are delivered via our [UK Value Everyone Action Plan](#) and, since setting our baseline in 2021, we have made steady progress towards our targets to improve Female, Minority Ethnic and Black representation across our UK business.

Diversity and inclusion strategy

Our Value Everyone, UK Diversity & Inclusion Strategy is guided by our employee-led Affinity Networks and is driving change through its strategic pillars of Lead the way, Create opportunities, Develop an inclusive culture and Enable supply chain diversity.

You can read it in full at: balfourbeatty.com/diststrategy



Creating an inclusive culture

Across the UK and US, our affinity groups provide a place for our people to connect, raise awareness and develop and deliver ideas that help create a more inclusive workplace. They are helping Balfour Beatty to make meaningful changes in the medium to long term and have been instrumental to delivering improvements to how we operate. An example of how they have driven change is through the development of our EcoSense cabins which include a range of disability and neurodiverse features including wider corridors for wheelchair users and tri-coloured LED lighting for those who are hyper-sensitive to bright light. Following a successful trial, EcoSense cabins are now used as standard across our UK operations.

Understanding that we operate in an increasingly dynamic and fast-paced environment and that businesses and individuals need to do the right thing, we hold high standards for the conduct and behaviour of our people to ensure everyone feels safe, comfortable and able to reach their full potential. To support our people in upholding these standards, our Code of Ethics clearly sets out the principles that guide our everyday decisions.

Recognising that it is not always clear where the lines or boundaries are, our Right to Respect programme which has



Our commitment

Create a diverse and inclusive organisation

Our targets

- by 2030 Increase the number of female colleagues by 50% in the UK¹⁵
- by 2030 Increase minority ethnic and black representation by 60% in the UK¹⁵

been rolled out across the UK and is in pilot stage in the US. The programme is helping everyone who works for or with us to develop a shared understanding of the behaviours we expect, empowering our colleagues and partners to hold each other to account.

Accessing a diverse pipeline of talent

As part of our efforts to attract a diverse range of talented people to Balfour Beatty and our industry as a whole, we engage with schools and universities to promote STEM careers as well as mentoring and providing placements for students in both the UK and US.

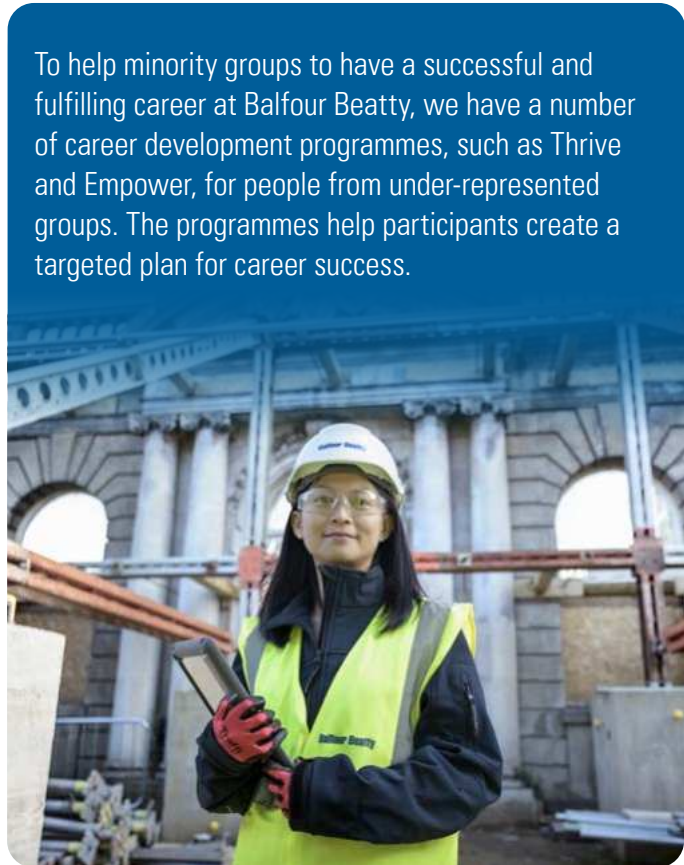
In the UK, we are also developing relationships with expert partners to help us build a diverse workforce. Working with RENAISSI, a social enterprise which aims to provide skilled refugees with lifelong, safe and fulfilling careers, we have offered positions to a number of refugees.

¹⁵ Measured against the 2021 baseline



Focus area: **employee diversity, equity and inclusion** *(continued)*

Our focus on hiring ex-military talent has seen us welcome hundreds of veterans to Balfour Beatty who benefit from our military talent pathway which aims to set them up for successful careers in our industry. We have also recruited a number of ex-offenders and will continue our focus in this area.



To help minority groups to have a successful and fulfilling career at Balfour Beatty, we have a number of career development programmes, such as Thrive and Empower, for people from under-represented groups. The programmes help participants create a targeted plan for career success.



Our UK Affinity Networks meet with our Non-Executive Group Chair, Charles Allen, Lord Allen of Kensington, CBE

Listening leaders

As part of their work to build understanding of all areas of diversity, equity and inclusion, in 2024 our UK Affinity Networks met with our Non-Executive Group Chair, Charles Allen, Lord Allen of Kensington, CBE and in 2023, held a roundtable with our Group Chief Executive Leo Quinn.

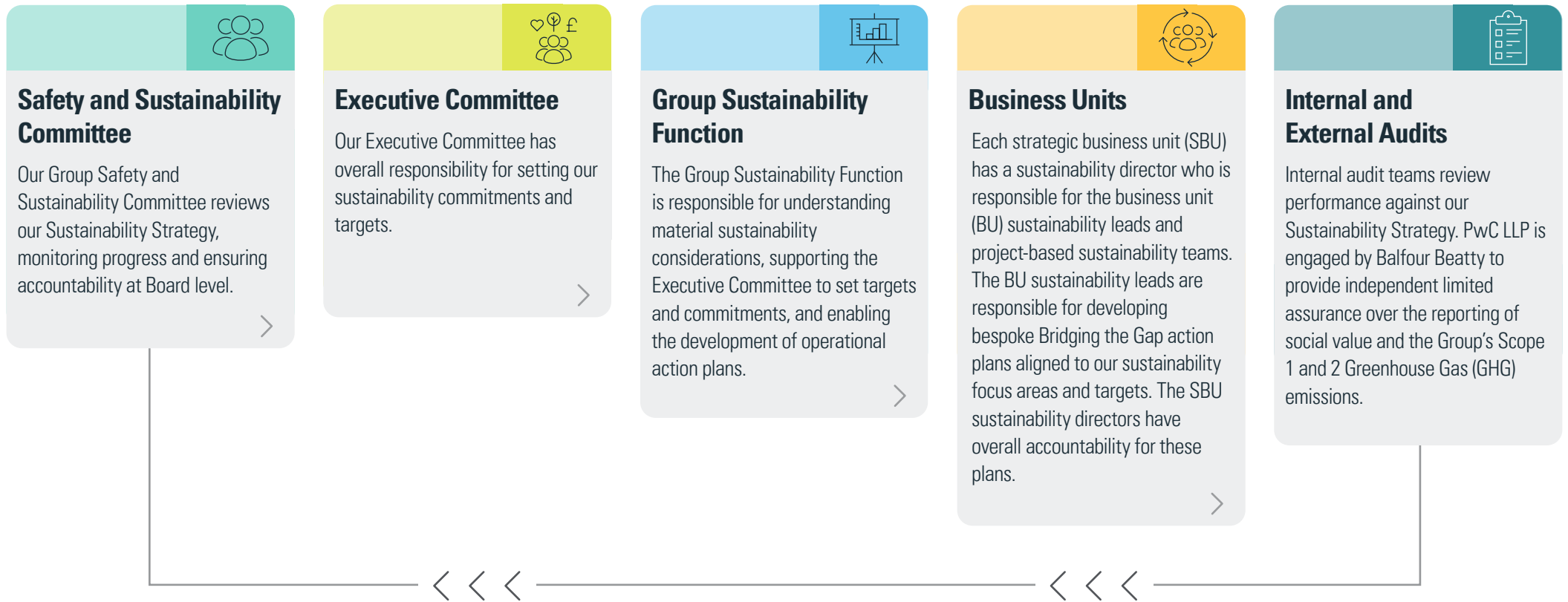
At both events, colleagues shared their personal experiences and why they have stepped up to get involved in diversity and inclusion more broadly. Everyone took the opportunity to listen and understand the different perspectives and the support our Affinity Networks need in order to make Balfour Beatty a great place to work.

Our UK Affinity Networks have made a difference in many ways including:

- Period products, supplied by social enterprise Hey Girls, are now available across all offices and sites in the UK. Sanitary bins and skincare products in female, male, gender neutral and accessible toilets are also now delivered directly to sites as part of our site mobilisation process.
- Workplace adjustment hardware and software is now available to ensure we are providing the right 'tools' to do the job, such as reading pens and colour film to support people with dyslexia.
- Executive Committee meetings now include a rolling agenda item for our Affinity Networks which has resulted in the LGBTQ+ & Allies Affinity Networks taking part in London Pride in 2024.

Governance

Sustainable is one of our five values and part of our Cultural Framework which guides our actions and behaviours. We are committed to making the right choices and ensuring sustainability is supported across the business with a robust governance framework.



Materiality assessment

We want our Sustainability Strategy to make a difference. We want to make sure it is deliverable and, as a business that values data, that it is both fully measurable and rooted in fact.

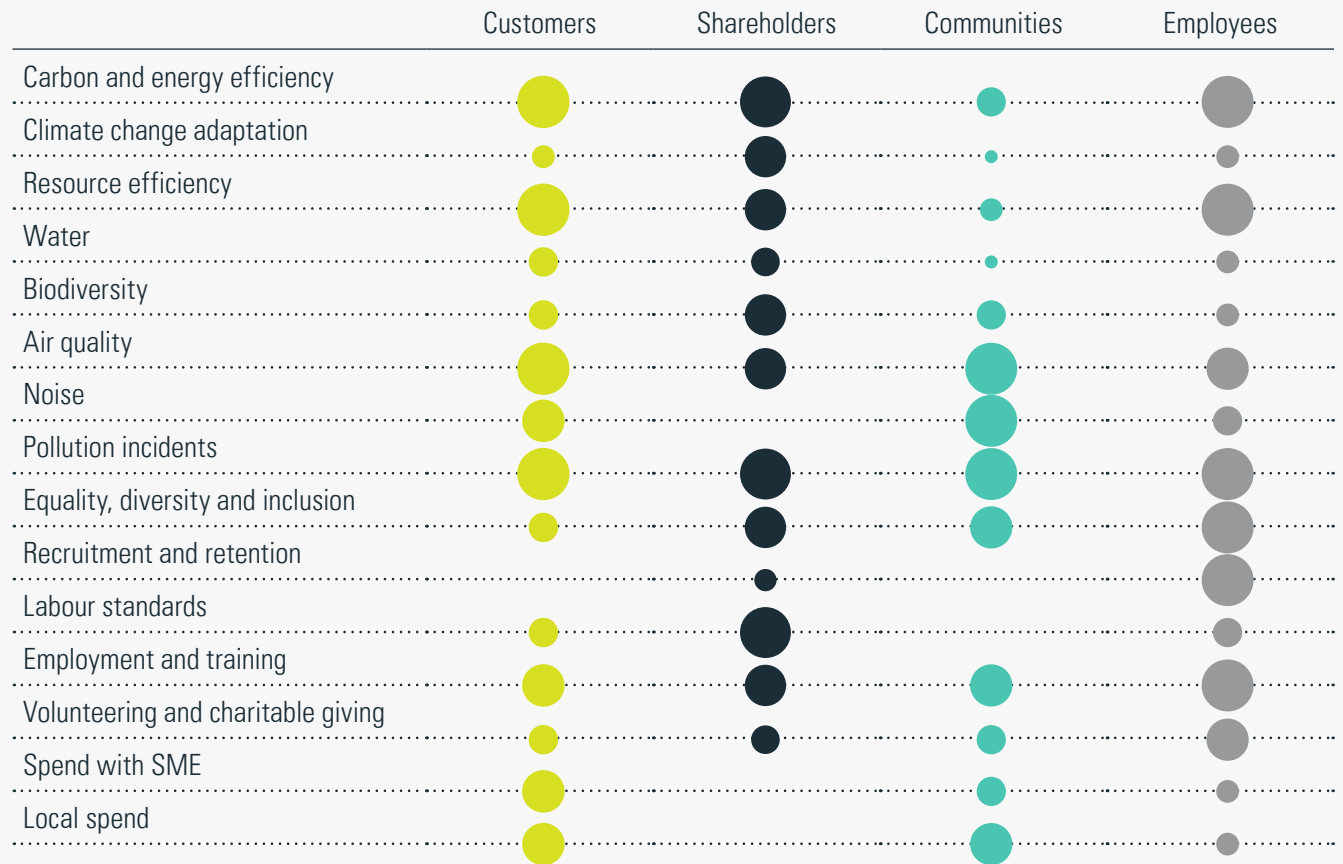
That is why we invest so much time and effort in using both quantitative and qualitative data and consulting a wide range of stakeholders on what it should include.

In 2019, we undertook a materiality assessment to identify the sustainability topics that our critical stakeholders understood as being of material importance to our business operations and longevity. Perhaps unsurprisingly, carbon, energy and climate change featured prominently alongside resource efficiency. Other topics such as environmental protection, employment practices and community engagement featured highly, as illustrated in the table to the right. This materiality assessment was used alongside our ongoing engagement with stakeholders including customers, supply chain partners, investors and our employees to inform the 2024 evolution of our Sustainability Strategy.

As our Sustainability Strategy will continue to evolve, we will continue our dialogue with our stakeholders around our most material sustainability considerations. Work is currently underway to refresh our insights through a new, double materiality assessment.

Stakeholder priorities

The table below illustrates the key priorities for different stakeholders but is by no means exhaustive and can be subjective. The information is based on desktop reviews, customer and people surveys and interviews, but may not represent the views of all stakeholders. The size of the bubble demonstrates the importance of the topic to the stakeholder group.



Our 2019 materiality assessment

Think before you print!

You can find our Sustainability Strategy online at [balfourbeatty.com/sustainabilitystrategy](https://www.balfourbeatty.com/sustainabilitystrategy)

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