



## Independent Limited Assurance Report to the Directors of Balfour Beatty plc on carbon emissions data and social value data in Balfour Beatty's Annual Report and Accounts for the year ended 31 December 2022

The Board of Directors of Balfour Beatty plc ("Balfour Beatty") engaged us to obtain limited assurance on Scope 1 and Scope 2 carbon emissions and social value data (together the "Subject Matter Information") as defined below and marked with the symbol **A** on pages 55 to 63 in Balfour Beatty's Annual Report and Accounts for the year ended 31 December 2022 (the "Report").

Our assurance conclusion does not extend to information in respect of earlier periods or to any other information included in, or linked from, the Report.

### Our limited assurance conclusion

Based on the procedures we have performed, as described under the 'Summary of work performed as the basis for our assurance conclusion' and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information marked with the symbol **A** on pages 55 to 63 in the Report for the year ended 31 December 2022, has not been prepared, in all material respects, in accordance with the Reporting Criteria referenced in the 'Subject Matter Information and Reporting Criteria' section below.

### 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 58 of the Report and as described on pages 33 to 34 of the Reporting Criteria. Under the methodology used by Balfour Beatty, the Net Sales Value figure for the year ended 31 December 2022 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.

### Subject Matter Information and Reporting Criteria

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

<b>Subject Matter Information</b>	<b>Reported figure</b>
Scope 1 emissions (tCO <sub>2</sub> e)	217,757
Scope 2 emissions (tCO <sub>2</sub> e) – location based	35,938
Scope 2 emissions (tCO <sub>2</sub> e) – market based	34,629
Emissions intensity- total scope 1 and scope 2 (location based) carbon emissions per million £ NSV (net sales value)	22.4
Emissions intensity- total scope 1 and scope 2 (market based) carbon emissions per million £ NSV (net sales value)	22.3
£ of Social Value generated	£816m

The Reporting Criteria against which the Subject Matter Information was assessed is<sup>1</sup>: [www.balfourbeatty.com/sustainabilityreporting](http://www.balfourbeatty.com/sustainabilityreporting)

### Inherent limitations

The absence of a significant body of established practice on 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 performance information is subject to more inherent limitations than financial information, given the characteristics of the underlying subject matter and the methods used for determining such information. The precision of different measurement techniques may also vary.

<sup>1</sup> The maintenance and integrity of Balfour Beatty'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's website.

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.

### ***Responsibilities of Balfour Beatty's directors***

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As explained in the Directors' Statement on pages 168-170 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 information relevant to the evaluation or measurement of the Subject Matter Information, which is free from material misstatement, whether due to fraud or error, against the Reporting Criteria; and
- producing the Report, including underlying information and a statement of Directors' responsibility, which provides accurate, balanced reflection of Balfour Beatty's performance in this area and discloses, with supporting rationale, matters relevant to the intended users of the Report.

### ***Our responsibilities***

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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.

### ***Professional standards applied***

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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 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***

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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 Control (UK) 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### ***Summary of work performed as the basis for our assurance conclusion***

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In carrying out our limited assurance engagement we:

- considered the suitability in the circumstances of Balfour Beatty's use of the Reporting Criteria, as the basis for preparing the Subject Matter Information;
- through inquiries with Balfour Beatty's management, obtained an understanding of Balfour Beatty's control environment, processes and systems relevant to the preparation of the Subject Matter Information;
- evaluated whether Balfour Beatty's methods for developing estimates are appropriate and had been consistently applied;
- undertook one virtual and one in-person site visit at two of Balfour Beatty's project sites and further detailed business process walkthroughs at four of Balfour Beatty's strategic business units (SBUs) in relation to carbon emissions, and at group level in relation to social value; we selected these sites and SBUs based on their inherent risk and materiality to the group, unexpected fluctuations in the site Subject Matter Information since the prior period;
- performed limited substantive testing on a selective basis of the Subject Matter Information at corporate head office and in relation to material indicators, in relation to emissions, and material measures, in relation to £ of social value generated, to check that underlying information had been appropriately evaluated or measured, recorded, collated and reported;
- performed completeness testing on a sample basis by comparing SBUs in Balfour Beatty's current organisational chart, as well as a list of all JVs, are included in the reported data in line with the approach to the boundary set out in the reporting criteria;

- reconciled the net sales value used in the emissions intensity metric to the revenue included on page 179 of the Report and reconciled the adjustments;
- performed analytical procedures by comparing the 2021 data for the Subject Matter Information to the 2022 Subject Matter Information and made inquiries of management to obtain explanations for significant differences we identified; and
- considered the disclosure and presentation of the Subject Matter Information.

Our procedures 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 Balfour Beatty's estimates. Nor did we perform procedures on financial information extracted from the audited accounts of Balfour Beatty and used in the calculation of emissions intensity.

The procedures performed in a limited assurance engagement 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.

### ***Other information***

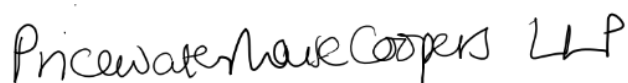
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The other information comprises all of the information in the Report other than the Subject Matter Information and our assurance report. The directors are responsible for the other information. As explained above, our assurance conclusion does not 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 and, in doing so, 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.

### ***Use and distribution of our report***

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This report, including our conclusion, has been prepared solely for the Board of Directors of Balfour Beatty in accordance with the agreement between us dated 12th October 2022 (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 this report except where terms are expressly agreed between us in writing.



**PricewaterhouseCoopers LLP**  
**Chartered Accountants**  
**London**  
**15th March 2023**