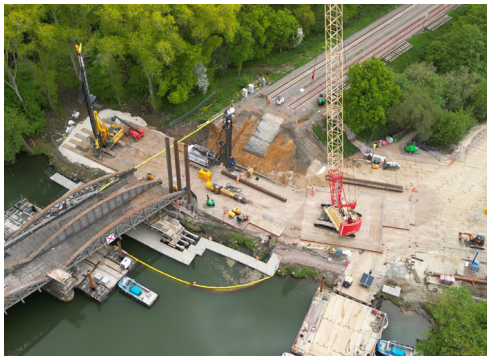


PPN 006: Carbon Reduction Plan

2024

Balfour Beatty

Achieving net zero

In our Building New Futures Sustainability Strategy, we have outlined our Group-wide carbon reduction targets, which have been validated by the Science Based Targets initiative (SBTi) and are aligned to the goals of the Paris Agreement to limit global warming to no more than 1.5°C and to reach net zero by 2050. Our targets, measured against a 2020 baseline are:

- 42% reduction in Scope 1 and 2 carbon emissions by 2030[1]
- 25% reduction in Scope 3 purchased goods and services emissions by 2030
- Net zero Scope 1 and 2 carbon emissions by 2045[2]
- Net zero Scope 1, 2 and 3 carbon emissions by 2050[1]

Our Building New Futures Sustainability Strategy can be read it in full at balfourbeatty.com/sustainabilitystrategy

Supplier name: Balfour Beatty Group Limited

Publication date: June 2025

The information set out in this disclosure applies to carbon emissions associated with Balfour Beatty Group Limited (BBGL). BBGL is the principal operating company of the Balfour Beatty Group in the UK, and the contracting principal to which PPN 006 applies.

[1] measured against a 2020 baseline and verified by the SBTi

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

Baseline emissions footprint

Baseline emissions show the amount of Greenhouse Gases produced before any efforts were made to reduce them. These emissions serve as a reference point to measure the effectiveness of reduction strategies.

UK baseline year: 2020

Additional details relating to the baseline emissions calculations

Balfour Beatty Group Limited has chosen 2020 as the baseline year to measure its progress in reducing carbon emissions. This year was selected because in December 2020, the Company launched its Building New Futures Sustainability Strategy, publicly committing to set science-based targets for reducing carbon emissions. In 2024, the Science Based Targets initiative (SBTi) validated the Company's carbon reduction goals.

Balfour Beatty Group Limited used the Greenhouse Gas (GHG) Protocol operational control method to determine its baseline for Scope 1, 2, and 3 emissions. For Scope 2 emissions, the GHG Protocol's market-based method was applied.

Balfour Beatty's process for deciding operational control is outlined in Appendix 1. This includes enhanced reporting criteria, allowing the Company to report emissions from operations where it has significant influence over policies and purchasing decisions, even if it does not have full authority. These emissions are part of the Group's operational boundary and are reported as part of the total Scope 1 and 2 emissions, including emissions intensity.

The Group's Scope 1 and 2 emissions for 2024, related to UK operations, are disclosed in the table on page 4, along with the comparative figures for the 2020 baseline year.

Our Scope 3 emissions for 2024, related to UK operations, are detailed in the table on page 4.

The calculation method for Scope 3 data reported in this Carbon Reduction Plan is shown in Appendix 2, Scope 3 calculation methodology on pages 18 and 19.

Front page images (left to right):

M25 Junction 10/A3 Wisley Interchange scheme in Surrey. Nuneham rail viaduct restoration in Oxfordshire and Balfour Beatty's Bottesford depot.

Baseline emissions footprint (continued)

The emissions outlined in this Carbon Reduction Plan are specific to Balfour Beatty Group Limited and pertain to the Company's operations in the UK. Details on Balfour Beatty plc's global emissions for 2024 and further information on total Greenhouse Gas emissions and energy use are included in the 2024 Annual Report and Accounts. Balfour Beatty Group Limited is a subsidiary of Balfour Beatty plc, which follows the UK Government's Streamlined Energy and Carbon Reporting (SECR) requirements.

PricewaterhouseCoopers LLP (PwC LLP) is hired by Balfour Beatty plc to provide limited assurance on certain Greenhouse Gas (GHG) performance data for Scope 1 and 2 annual reporting, as indicated in our 2024 Annual Report and Accounts. The strategies for reducing carbon emissions for Balfour Beatty Group Limited, covering Scope 1 and 2 and selected Scope 3 categories, are detailed in its Building New Futures Sustainability Strategy and are supported by this document.

Balfour Beatty uses the Scope 2 market-based reporting method under the GHG Protocol. This approach allows an emissions factor of zero tCO_2e per kWh to be applied to electricity supply contracts from renewable sources, provided there is a guarantee of origin certificate (e.g., REGO).

In 2024, the Group bought about 34,474 MWh of green electricity in the UK through its utility procurement contract. When a guarantee of origin certificate is not available, a residual mix emission factor is used.

If the electricity is not from a renewable source and a country-specific residual mix factor is not available, Balfour Beatty uses either the supplier-specific emission factor (based on a published and verified fuel mix) or the country average electricity emissions factor as published by the UK Government, the US Environmental Protection Agency (EPA), or the International Energy Agency (IEA), as appropriate.

During 2024, we have been trialling a sustainable biofuel produced by Syntech – sourced from waste vegetable oils and residues including Used Cooking Oil[3], it is a sustainable alternative to Hydrotreated Vegetable Oil (HVO) fuel.

We have agreements to use the biofuel as a drop-in replacement for diesel in engines with our strategic plant hire partners and Original Equipment Manufacturers (OEM), providing an 80 – 90% reduction in carbon emissions.

Balfour Beatty co-funded a deep dive into HVO in 2024, and following the publication of the report in June we reviewed and updated our position on HVO. Our position remains that we do not promote HVO use.

Driving decarbonisation with Syntech biofuel

Scan here to find our latest position on HVOs.

[3] https://www.syntechbiofuel.com/syntech-asb-biofuel/

UK baseline year emissions 2020

Emissions	Total (tCO_2e)[2]
Scope 1	80,613
Scope 2 market-based	5,419
Scope 3 breakdown	1,823,357
Purchased goods and services	1,543,785
Capital goods	7,331
Fuel and energy related activities	20,293
Upstream transportation and distribution[3]	106,917
Waste generated in operations[3]	2,485
Business travel[3]	1,596
Employee commuting[3]	1,868
Downstream transportation and distribution[3]	–
Use of sold products	118
End of life treatment of sold products	16
Downstream leased assets	1,434
Investments	137,512
Scope 3 total	1,823,357
Scope 1, 2 and 3 total	**1,909,387**

UK current emissions Reporting 2024

Emissions	Total (tCO_2e)[2]
Scope 1	109,520
Scope 2 market-based	6,897
Scope 3 breakdown	3,680,115
Purchased goods and services	3,445,396
Capital goods	10,741
Fuel and energy related activities	30,425
Upstream transportation and distribution[3]	68,890
Waste generated in operations[3]	1,774
Business travel[3]	3,457
Employee commuting[3]	1,884
Downstream transportation and distribution[3]	–
Use of sold products	156
End of life treatment of sold products	17
Downstream leased assets	1,000
Investments	116,375
Scope 3 total	3,680,115
Scope 1, 2 and 3 total	**3,796,532**

[2] tonnes of carbon dioxide equivalent [3] PPN 006 minimum requirement

Emissions reduction targets

In order to progress towards achieving net zero, we have adopted near and long-term carbon reduction targets.

In our Building New Futures Sustainability Strategy, we have outlined our Group-wide carbon reduction targets, which have been validated by the Science Based Targets initiative (SBTi) and are aligned to the goals of the Paris Agreement to limit global warming to no more than 1.5°C and to reach net zero by 2050. Our targets, measured against a 2020 baseline are:

- 42% reduction in Scope 1 and 2 carbon emissions by 2030[4]
- 25% reduction in Scope 3 purchased goods and services emissions by 2030
- Net zero Scope 1 and 2 carbon emissions by 2045[5]
- Net zero Scope 1, 2 and 3 carbon emissions by 2050[4]

Balfour Beatty currently does not offset any Greenhouse Gas (GHG) emissions from its operations. Instead, the focus is on reducing these emissions through efficiency improvements, modern construction methods, and adopting low-carbon technologies and materials. The Company has committed to achieving science-based targets and a net-zero target aligned with the 1.5°C business ambition campaign. Should the Company decide to offset emissions in the future, it will follow the Oxford Principles[6].

Balfour Beatty also understands that large organisations can help reduce GHG emissions within their supply chains by implementing low-carbon solutions and supporting the broader construction sector's decarbonisation. This approach, known as "insetting," involves investing in projects that reduce or capture carbon emissions within the Company's supply chain or operations.

Driving down carbon emissions with sustainable steel piles

To support the decarbonisation of steel in infrastructure, we used low-carbon EcoSheetPiles on the Nuneham viaduct restoration scheme in Oxfordshire – reinforcing a failing embankment while significantly cutting emissions.

Produced using Electric Arc Furnace (EAF) technology, manufacturing EcoSheetPiles produces just 370kg CO_2e per tonne – an 84% reduction compared to traditional methods. Made from 100% recycled materials and manufactured using 100% renewable electricity, they delivered a 30% emissions saving for this critical project.

The success of this trial showcases how innovative materials can meet urgent infrastructure needs while advancing sustainable construction.

Nuneham rail viaduct restoration project

[4] measured against a 2020 baseline and verified by the SBTi
[5] measured against a 2020 baseline, not verified by the SBTi as the SBTi only validate our near (2030) and long (2050) term targets
[6] https://www.smithschool.ox.ac.uk/research/oxford-offsetting-principles

Carbon reduction management

The following environmental management measures have been completed or implemented.

- Our UK-wide Business Management System is certified to ISO14001:2015 environmental management systems standard. The certification demonstrates our commitment to environmental excellence and ensures that we have a robust process for identifying and managing compliance obligations, environmental risks and opportunities, and for setting and monitoring progress against environmental objectives and targets.
- Where applicable, we include a minimum of 10% sustainability weighting in the tenders we issue to our supply chain partners.
- In 2020, we implemented market-based reporting to accurately account for our Renewable Energy Guarantee of Origin (REGO) tariff. In 2024, we procured approximately 34,474 MWh of green tariff electricity through the Group's utility and joint venture procurement contracts – an increase of 30% compared to 2023.
- In 2023, with the support of our sustainability consultant, Guidehouse, we developed our decarbonisation pathway, aligning it with the goal to cap global warming at 1.5°C. We submitted both near and long-term targets for validation by the Science Based Targets initiative (SBTi) in December 2023. In preparation for submitting our targets to the SBTi for validation, we engaged our sustainability consultant, Guidehouse, and undertook a robust study to fully map our Scope 1, 2 and 3 carbon emissions across our portfolio.

This exercise helped us pinpoint the main sources of our carbon emissions, including our plants, vehicles, and generators, which account for 98% of Balfour Beatty Group Limited's Scope 1 carbon emissions. Based on this analysis, we created tailored decarbonisation plans that balance cost, potential for reduction, and feasibility against a target to reduce carbon emissions. These plans provide a roadmap for all our key assets and outline our approach to reducing our Scope 1 and 2 emissions by focusing on efficiency, electrification and alternative fuels.

With this better understanding of how to cut our carbon emissions, we developed specific decarbonisation plans for each of our business units that have significant carbon emissions. These plans consider the different financial forecasts, project types, and assets across our business units. This approach has allowed us to set carbon budgets for each business unit with detailed plans to achieve them.

Analysis of our Scope 1 and 2 GHG emissions 2022 (CO_2e) calculated by Guidehouse

98% of Balfour Beatty emissions are from fuel use in UK plant, generators and fleet.

Key

Excavator	18%
Generator	21%
Van	11%
Car	4%
HGV	5%
Dumper	4%
Crawler crane	2%
Piling rig	4%
Other plant	22%
Scope 2	6%
Facilities	2%

Carbon reduction management (continued)

- In 2024, we have continued to develop and embed our Bridging the Gap Sustainability Action Plans across our business units. This framework provides a consistent set of minimum expectations and recommendations aligned to our Building New Futures Sustainability Strategy. As well as refreshing and increasing our minimum standards throughout the year, we have also been able to integrate new datasets into our reporting, equipping our teams with the right performance data to ultimately help them reduce carbon emissions.
- In 2024, we engaged Guidehouse again to build on their existing work and help provide adaptable 2- and 6-year decarbonisation pathways for our larger business units.
- In 2024, our Highways business achieved PAS 2080:2023 verification – the gold standard for buildings and infrastructure carbon management. This verification confirms that our Highways business has a resilient and robust carbon management system in place, including a defined approach to developing baselines and targets, alongside an accurate monitoring regime. It also demonstrates that carbon management philosophies and procedures are embedded at all levels of the business and reflects a strong commitment to continual improvement. Building on this success, our Power Transmission and Distribution business achieved PAS 2080:2023 verification in January 2025. Following these milestones, we are now embedding key elements of the standard into our UK-wide Business Management System, while other business units continue progressing towards their own verified carbon management approach.
- In 2024, we signed the Nature Positive Business Pledge, recognising that restoring nature and enhancing the natural environment is crucial for reducing carbon emissions in our atmosphere.
- In 2024, we published an evolved Building New Futures Sustainability Strategy. Detailing a holistic approach to sustainability, the carbon reduction targets in the Strategy are being delivered through detailed action plans in each of our business units that address local challenges and drive Company-wide progress.
- In 2024, the Science Based Targets initiative (SBTi) validated our near- and long-term carbon reduction targets.
- In 2025, we launched a new mandatory sustainability e-learning programme for all UK employees, including five climate change modules, helping to build awareness, tackle greenwashing and drive action across our strategic pillars.

Powering our Bottesford depot with solar energy

Following a successful trial in 2022, our Bottesford depot has continued using thin film solar photovoltaic (PV) panels to power site cabins, reducing the reliance on diesel-generated electricity and carbon emissions.

These panels store the renewable energy generated in batteries, and automatically switch off fossil fuel-powered generators when a sufficient charge is reached.

In 2024, the panels generated 5,809 kWh of electricity, meeting 60% of the cabins' energy needs – equivalent to the average annual usage of 2.2 UK homes.

Installed with adhesive instead of brackets, the lightweight PV panels are ideal for temporary buildings and are potentially scalable across our sites to reduce emissions and operational costs further.

Site cabin powered by rooftop solar panels at the Bottesford depot.

Reducing our Scope 1 and 2 carbon emissions (2030-2045)

To reduce emissions from the fuel we purchase for our plant, fleet and generators, which accounts for 98% of our Scope 1 and 2 carbon emissions, our business units with material carbon emissions, are targeting the areas where they can make the biggest reductions. They are adopting a three-pronged approach of efficiency, electrification and alternative fuels.

01/ **Efficiency**

To help us operate our plant, fleet and generators more efficiently in order to reduce the fuel they use, we are introducing telematics technology and local management controls. The telematics provide us with real-time data about how any given piece of plant is using energy, allowing us to reduce carbon emissions by reducing the speed of, or turning off engines whilst they are idling. We are also using hybrid generators where feasible – this technology uses battery storage to make our energy supply to sites more efficient.

To reduce emissions from the fuel purchased for our plant, fleet, and generators, which accounts for 98% of our Scope 1 and 2 carbon emissions, our business units with significant carbon footprints are focusing on areas where they can achieve the biggest reductions.

02/ **Electrification**

With electricity from the grid being the most readily available low or zero carbon fuel available, we are adopting a wide range of electric fuelled plant and fleet. We are also generating our own electricity from renewable resources and using it to power our offices, depots and projects where it is feasible to do so. Our Group electricity supply is backed by the Renewable Energy Guarantees of Origin (REGO) scheme and we are reviewing opportunities for Power Purchase Agreements through which we directly connect to renewable energy sources.

03/ **Alternative fuels**

As we transition away from fossil fuels as quickly as we can, we are appraising alternative fuels as they become viable for use. To help everyone at Balfour Beatty and our supply chain partners to do this, we have produced our fuel hierarchy tool which provides information on the carbon intensity of the different fuel options available to help guide decisions that will reduce our carbon emissions.

Key

- Excavators
- Specialist rail plant
- Cars
- Light commercial vehicles
- Heavy goods vehicles
- Site electricity supply
- Piling rigs

Target areas for carbon reduction emissions by business

Business unit	2025-2026	2026-2030
Regional Scotland	● ● ●	● ● ● ● ●
Regional Civils	● ●	● ● ● ●
Regional Buildings	●	● ● ●
Living Places	● ●	● ● ● ●
Power Transmission and Distribution	● ● ●	● ● ● ●
Highways	● ● ●	● ● ● ●
Rail	● ●	● ● ●
Major Projects	● ● ● ●	● ● ● ●
Ground Engineering	● ● ● ● ●	● ● ●

Reducing our Scope 1 and 2 carbon emissions (2030-2045) (continued)

The actions we are taking to reduce carbon emissions from our plant, fleet and generators are outlined below.

Excavators

- Following successful trials of smaller electric powered excavators, we are working closely with suppliers to understand operational impacts before wider roll-out by 2027.
- We are engaging with suppliers and manufacturers on the use of hydrogen as an alternative fuel as the technology emerges.
- We are introducing Syntech biofuel for use in existing diesel machines.

Light commercial vehicles

- We are rolling out fully electric light commercial vehicles where it is feasible to do so, including for small and medium sized vans and dropside pick-up trucks.
- We are working with vehicle manufacturers to trial alternative fuel options as they become available.

Specialist rail plant

- We are in dialogue with manufacturers around alternative fuels such as hydrogen and electricity.
- We are investigating Syntech biofuel options.
- We are investigating innovative modifications to increase fuel efficiency and decrease emissions.

Heavy goods vehicles

- We are trialling alternative fuel sources including hydrogen with an aim to start transitioning our heavy goods vehicles to alternative fuels by 2028.

Piling rigs

- We are making use of telematics to reduce plant idling and maximise fuel efficiency.
- We are investigating alternative fuels such as hybrid and electric and trialling Syntech biofuel.
- We are phasing out our less efficient rigs.

Cars

- Our UK company car list is 100% hybrid or electric vehicles.
- We are rolling out electric vehicle charging infrastructure across our own estate.
- We offer an electric vehicle salary sacrifice scheme.

Site electricity supply

- We are implementing efficiency measures to reduce our demand from generators.
- We are trialling hydrogen powered generators and have business-as-usual deployment processes in place.
- We have implemented internal processes which require early design stage consideration of mains grid connection to enable electrification of vehicles and plant.
- Where we rely on our customers for electricity supply, we encourage them to use renewable electricity.

Reducing our Scope 1 and 2 carbon emissions (2030-2045) (continued)

Going beyond the actions our business units are taking between now and 2029 to reduce the carbon emissions from their plant, fleet and generators, we have developed a longer-term roadmap which details our anticipated emissions trajectories as we phase in alternative fuels. This roadmap is dynamic and will evolve over time.

	By 2030	By 2035	By 2040	By 2045
Excavators	19% reduction in CO_2e emissions	31% reduction in CO_2e emissions	81% reduction in CO_2e emissions	88% reduction in CO_2e emissions
Specialist rail plant	16% reduction in CO_2e emissions	47% reduction in CO_2e emissions	60% reduction in CO_2e emissions	64% reduction in CO_2e emissions
Cars	83% reduction in CO_2e emissions	87% reduction in CO_2e emissions	100% reduction in CO_2e emissions	
Light commercial vehicles	60% reduction in CO_2e emissions	75% reduction in CO_2e emissions	100% reduction in CO_2e emissions	
Heavy goods vehicles	27% reduction in CO_2e emissions	46% reduction in CO_2e emissions	83% reduction in CO_2e emissions	94% reduction in CO_2e emissions
Generators	24% reduction in CO_2e emissions	56% reduction in CO_2e emissions	90% reduction in CO_2e emissions	94% reduction in CO_2e emissions
Piling rigs*	121% increase in CO_2e emissions	9% increase in CO_2e emissions	62% reduction in CO_2e emissions	21% reduction in CO_2e emissions
Other plant	2% increase in CO_2e emissions	18% reduction in CO_2e emissions	51% reduction in CO_2e emissions	65% reduction in CO_2e emissions

tCO_2e – tonnes of carbon dioxide equivalent

*An initial increase in carbon emissions from piling rigs is expected as our ground engineering operations scale up from a low baseline, before declining as efficiency measures take effect.

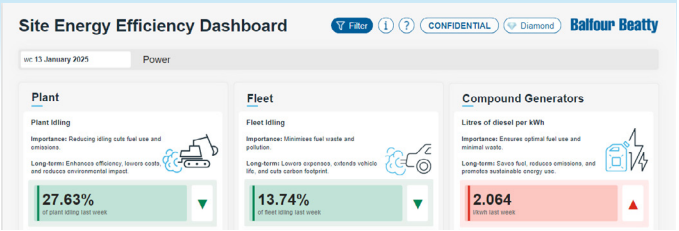
Carbon reduction and energy efficiency in action

01/ Efficiency

The team at our Duddeston On Network Works project, which will facilitate the High Speed 2 (HS2) development of the Duddeston Viaduct, trialled clip-on solar panels which are much easier to install. This cut carbon emissions from diesel generators by 74% within the first four weeks and saved the project approximately £500 per week on diesel costs. During a two-week period, the site ran solely on solar and battery power for 13 out of 14 days, with additional benefits including improved air quality and reduced noise.

Our HS2 Balfour Beatty VINCI joint venture implemented smart socket technology at the Kingsbury Sitewide Logistics offices to reduce energy waste and emissions. 183 smart sockets were installed, using machine learning to eliminate standby power consumption. Between February and December 2024, the system saved 805 kg CO_2e, £9,140 in costs and achieved a 34% reduction in energy use.

We launched the Site Energy Efficiency Dashboard (SEED) to improve fuel efficiency and reduce carbon emissions. The SEED uses telematics to provide real-time insights into fuel use, plant utilisation, CO_2 emissions, and idling rates. By identifying



At the A66 Penrith project from January to February 2024, we trialled a solar-powered EcoWC2 towable toilet – a sustainable alternative to diesel welfare vans. The unit featured rainwater harvesting and remote telematics monitoring, and over the five-week trial, 83% of total energy demand was met by solar power.

02/ Electrification

Our Cromer Phase 2 and Mundesley Coastal Management schemes engaged early with power suppliers to secure their grid connection. This resulted in no time being lost on the project due to transferring from generator to mains power, and saved 1,000 litres of fuel, £1,500 in costs and 3.8 tCO_2E.

Balfour Beatty Living Places installed two EV charging stations at their Horncastle Depot, enabling two diesel vans to be replaced with electric alternatives. The switch saves £860 annually per vehicle and eliminates particulate emissions.

In 2024, we transitioned from petrol and diesel power to electric power across a range of SCAPE projects by replacing petrol generators with InstaGrid units. These silent, zero-emission alternative units, power tools and pumps, and have cut carbon emissions, noise pollution and costs.

03/ Alternative fuels

Balfour Beatty, in partnership with Hydrologiq and Sunbelt Rentals UK, trialled a hydrogen fuel cell at the Canvey Island Southern Shoreline Revetment Replacement project to explore zero-emission power alternatives. The 100kVA EODev GEH2 fuel cell, supported by battery storage, powered the off-grid site compound for four weeks, eliminating 4.2 tCO_2e. The trial successfully demonstrated safe hydrogen deployment, overcoming spatial and regulatory challenges, and provided key learnings on scalability, efficiency, and integration with renewable technologies for future industry adoption.

As part of our Connect Roads M77/Glasgow Southern Orbital project, we've retrofitted three plant vehicles with hydrogen hybrid technology and established Scotland's first construction hydrogen hub. Working with ULEMCo, Logan Energy and PlusZero Power, we've cut emissions by up to 26% and installed on-site hydrogen storage and refuelling.

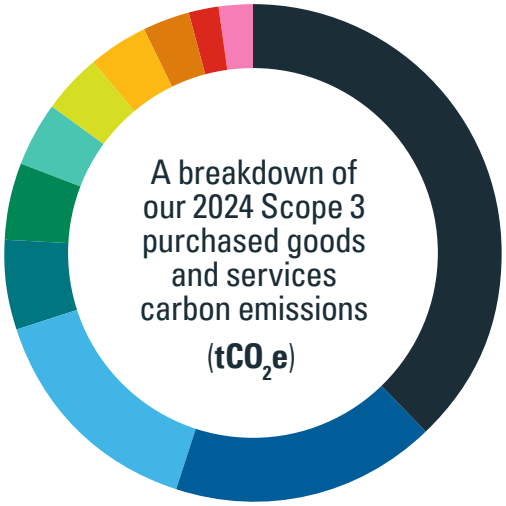
Our HS2 Balfour Beatty VINCI joint venture trialled solar film and hydrogen power at Kingsbury Sitewide Logistics office, cutting 180 tCO_2e emissions in 2024, and a forecast saving of 400 tCO_2e by 2027. Solivus' solar energy system, reduced reliance on fossil fuels, and GeoPura's hydrogen fuel cells ensured uninterrupted power, and facilitated the transition to electric vehicles (EVs) with eight EV chargepoints installed on site. The trial has led to a framework agreement for wider deployment.

Reducing our Scope 3 carbon emissions

As part of our plan to reach net zero carbon emissions by 2050, we analysed our emissions data using a cost-based method.

Although this method is common, it has flaws because it ties emissions to the cost of goods and services. This can make emissions look higher during times of high material costs or when investing in more expensive, lower-carbon options. To get more accurate data, we are now using a mixed calculation method, which includes specific emissions factors for volumes, suppliers, and commodities. This will give us a clearer picture of our emissions and support our goal of net zero.

Our initial findings show that purchased goods and services account for 83% of our annual emissions, including high-carbon products like cement, steel, and aggregates. Therefore, we are focusing mainly on this area and on emissions from our Investments category, as these areas offer the best opportunities for impact.



Key

All other purchased goods and services	38%
Subcontract groundworks	17%
Subcontract concrete	15%
Subcontract piling	6%
Groundworks plant	5%
Concrete	4%
Consumables	4%
Mechanical and electrical	4%
Aggregate and fill	3%
Tools	2%
Subcontract steelwork	2%

Decarbonising concrete and steel

During 2024, we have been taking action to decarbonise steel and concrete, and reduce the carbon intensity of key construction materials. Our efforts include:

- Partnering with Versarien to develop graphene-infused, 3D-printable mortars suitable for civil construction.
- Launching a Concrete Knowledge course to upskill teams on low-carbon concrete use and implementation on projects.
- Surveying 50 steel supply chain partners, with findings showing many have adopted Electric Arc Furnace (EAF) technology – a process that cuts carbon intensity by up to 80% compared to traditional blast furnace methods.

Steel production in electric furnaces

tCO_2e – tonnes of carbon dioxide equivalent

Reducing our Scope 3 carbon emissions (continued)

In 2024, we improved our understanding of our Scope 3 emissions inventory through a comprehensive assessment across the entire Group. Of the 15 categories within Scope 3 emissions, 13 are relevant to our operations and are included in our reports. Category 8, which deals with upstream leased assets, is counted under Scope 1 and 2 because of our operational control approach.

Our analysis reveals that about 450 of our UK supply chain partners are responsible for roughly 81% of the annual Scope 3 emissions from purchased goods and services. Out of these, 50 suppliers have already established their own science-based targets aiming to cut their carbon emissions by an average of 30% by 2030. Although we do not directly manage their efforts to reduce emissions, their results will positively impact Balfour Beatty's Scope 3 reduction targets.

Our approach to reducing our Scope 3 carbon emissions

Our approach to reducing our Scope 3 carbon emissions from the goods and services we purchase is focused around three stakeholder groups – our procurement teams, our supply chain partners and our design teams.

Our procurement teams

Responsible for the day-to-day selection of suppliers for the products and services we buy, we continue to upskill procurement teams through training that helps them to consider carbon alongside other factors when making decisions.

Our sustainability heatmap tool also continues to be utilised by our procurement teams to guide 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 on reducing our Scope 3 carbon emissions. With support from experts across our business, we are working closely with supply chain partners on carbon reduction projects including Cement 2 Zero – a trial of the world's first zero-emissions cement at an industrial scale.

Collaborating relentlessly to reduce our Scope 3 carbon emissions

With construction recognised as a hard to decarbonise sector, we are collaborating with our partners to accelerate progress on innovative new ways of working. Projects we have underway include rolling out a software solution that uses invoice data to provide embodied carbon data to inform decisions.

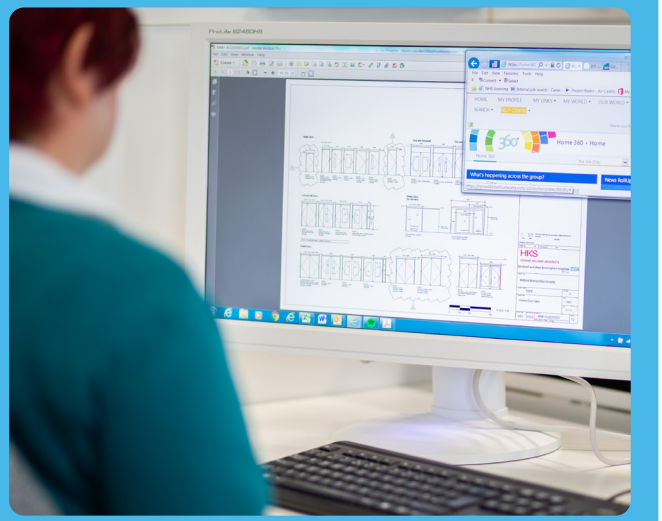
Our supply chain partners

To achieve our Scope 3 carbon emissions reduction targets, we are working with our supply chain to support their decarbonisation approach by:

- **Improving data collection** – we are introducing a new system that uses detailed data from invoices to provide more accurate emissions numbers. This will help us see our Scope 3 emissions more clearly over time. The data can help us compare the carbon footprint of different products and services, so both Balfour Beatty and its suppliers can consider carbon impact when making purchases. This approach will help us focus on reducing Greenhouse Gases in the most important areas where we can make the biggest difference. The current industry method does not provide a precise picture because it does not account for the actual carbon content of the materials bought from suppliers.

Collaborating relentlessly to reduce our Scope 3 carbon emissions

With construction recognised as a hard to decarbonise sector, we are collaborating with our partners to accelerate progress on innovative new ways of working. Projects we have underway include rolling out a software solution that uses invoice data to provide embodied carbon data to inform decisions.



Reducing our Scope 3 carbon emissions (continued)

- **Sustainability training** – through our work with the Supply Chain Sustainability School, we are continuing to provide a range of sustainability resources that help upskill our supply chain partners and the wider industry.
- We consider sustainability when making decisions by using a set of questions that change based on the risks and size of a project. We have strong evaluation and scoring methods to make sure sustainability is properly checked in a project, and the answers can be used in contracts or to measure supplier performance. Sustainability is given at least a 10% importance, and this can increase based on the risk level of the goods or services.

Our design teams

We are continuing to work with our strategic design partners, including Mott MacDonald, AtkinsRéalis, WSP and Jacobs, to embed carbon, and sustainability more broadly, into early decision-making.

This includes, as part of our Highways and Power Transmission and Distribution business units, PAS 2080:2023 certification, implementing method-led construction principles that integrate design and construction decisions to reduce carbon emissions from the products and services we buy. Implementing these principles also increases the use of modern methods of construction including off-site manufacturing and modern delivery techniques which help deliver efficiencies including using less material and producing less carbon emissions. To help other business units work towards using a PAS 2080:2023 approach to carbon management, we are embedding its principles into our UK-wide Business Management System.

Embedding sustainability

Supporting our work across these three key stakeholder groups, our entire supply chain is aligned with 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. We are also constantly considering new partnerships with innovative companies who offer lower-carbon alternatives and new ways of working.

Modern methods of construction expertise

Our modern methods of construction steering group is increasing our capability in this area through developing our people and ensuring our processes and ways of working enable the benefits of modern methods of construction, including reducing carbon emissions, to be realised. For example, on HS2's Delta Junction, we delivered the UK's first viaduct using an innovative cantilever construction technique, which enabled 190 pre-cast concrete segments to be installed efficiently, span-by-span.

Data maturity

As data quality continues to improve and the industry's approach to collecting data matures, our aim is to transition from estimating emissions to reporting based on actual, verified data – further supporting our journey to net zero.

SUPPLY CHAIN SUSTAINABILITY SCHOOL

Supply Chain Sustainability School

The Supply Chain Sustainability School is a valuable resource offering learning opportunities to deepen understanding of environmental, social, and economic sustainability. As a committed partner, we recognise the School's role in driving industry-wide change, sharing best practice, and upskilling our people and supply chain on critical topics such as carbon management and modern slavery.

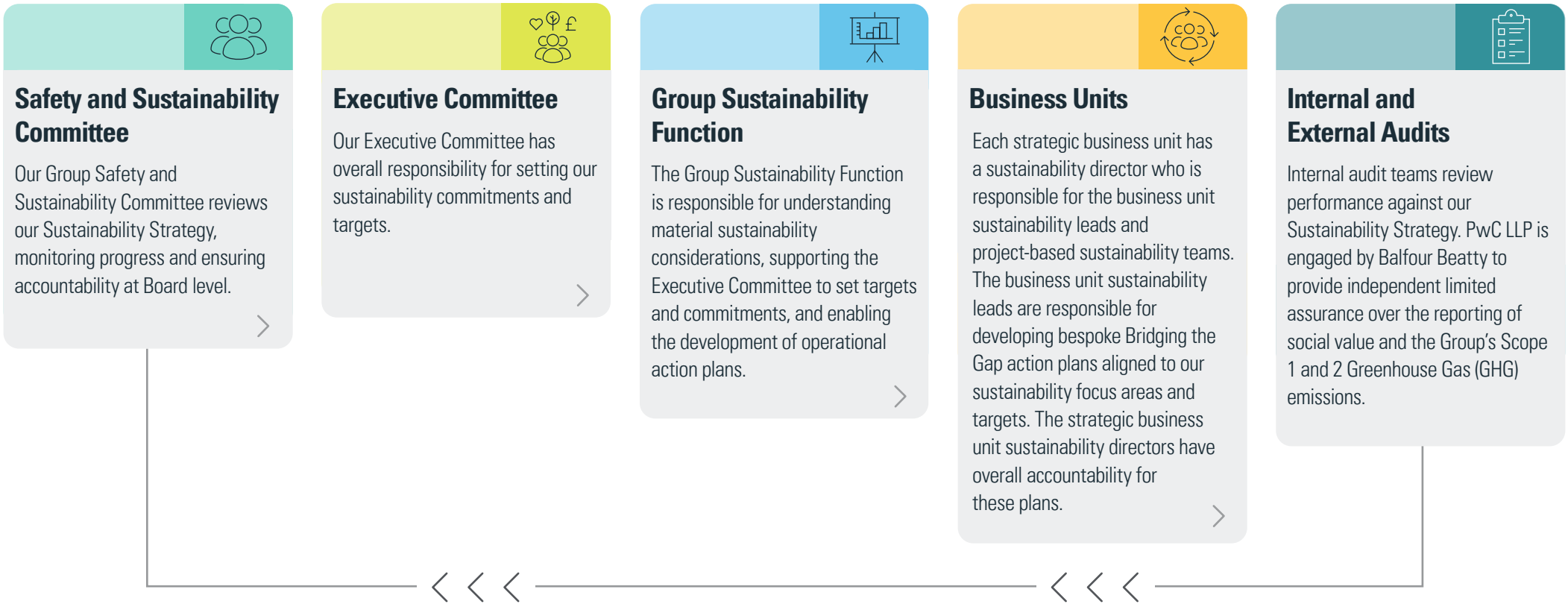
In 2024, our employees and supply chain partners participated in over 4,500 workshops and completed more than 8,500 e-learning modules across 17 sustainability topics.

We also partnered with the School to pilot a dedicated sustainability programme for Scottish supply chain partners. The Bronze pathway, focused on foundational knowledge, was completed by five partners who will progress to the Silver pathway in 2025.

You can find out more at **supplychainschool.co.uk**

Governance

Our Building New Futures Sustainability Strategy includes the implementation of this Carbon Reduction Plan. With Sustainable as one of our five core values which drives actions and behaviours across Balfour Beatty, we are committed to making the right choices and ensuring sustainability is supported by a robust governance framework.



Declaration and Sign Off

This Carbon Reduction Plan has been completed in accordance with PPN 006 and associated guidance and reporting standard for Carbon Reduction Plans. Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard[7] and uses the appropriate Government emission conversion factors for Greenhouse Gas company reporting[8].

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard[9].

This Carbon Reduction Plan has been reviewed and approved by the board of directors (or equivalent management body).

Signed on behalf of Balfour Beatty Group Limited:

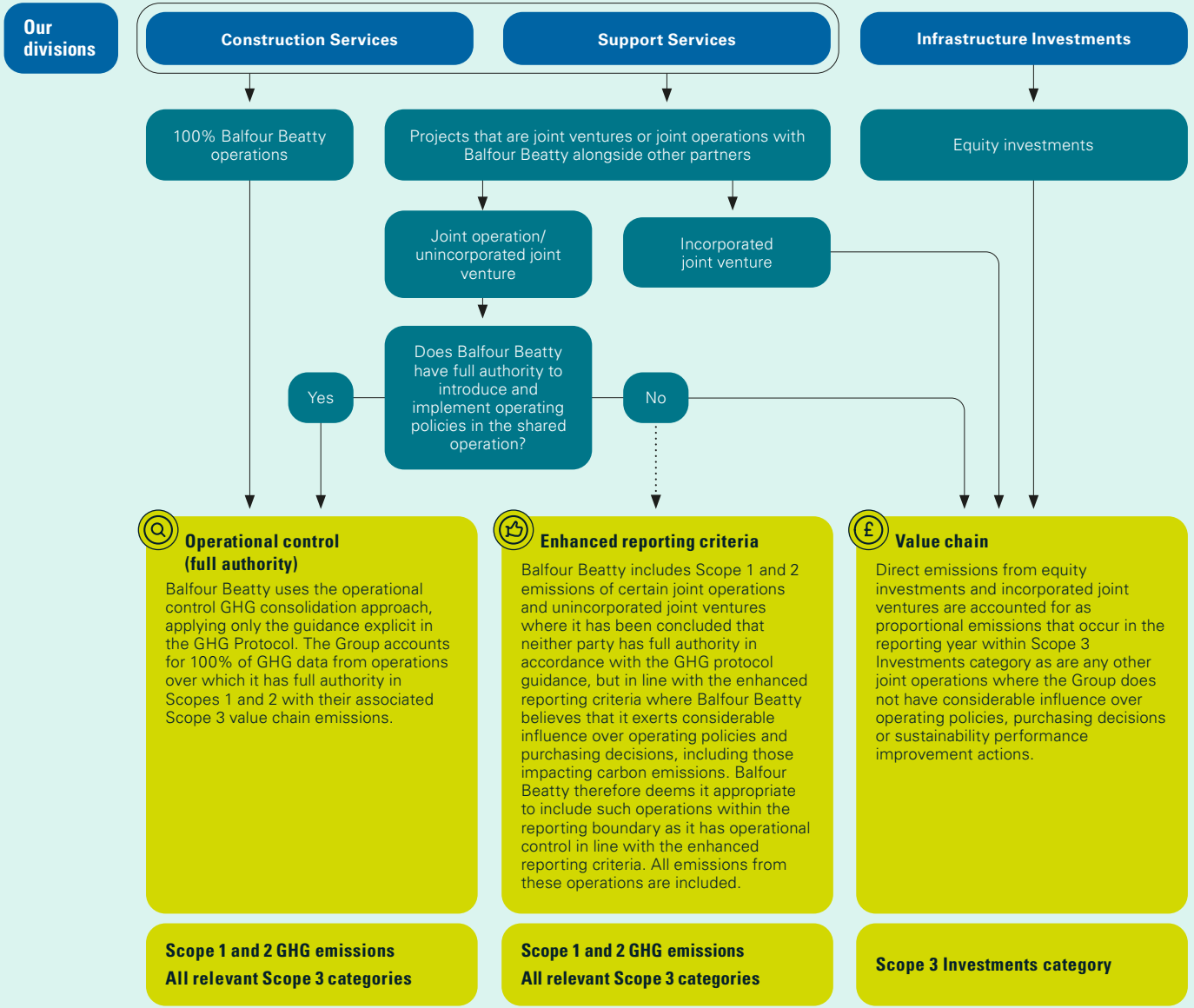
Philip Harrison
Chief Financial Officer

[7] Corporate Standard | GHG Protocol

[8] www.gov.uk/government/collections/government-conversion-factors-for-company-reporting

[9] Corporate Value Chain (Scope 3) Standard | GHG Protocol

Appendix 1 - Operational control decision process



Appendix 2 - Scope 3 calculation methodology

We use the Greenhouse Gas Protocol's Scope 3 calculation guidance using the following methodologies:

Purchased goods and services	Hybrid methodology combining supplier specific activity data (where available) and secondary data to fill the gaps. This method involves: • Collecting allocated Scope 1 and 2 emission data directly from suppliers. • Calculating upstream emissions of goods and services from suppliers' activity data on the amount of materials, fuel and electricity used, distance transported, and waste generated from the production of goods and services. • Applying appropriate emission factors. • Using secondary data to calculate upstream emissions wherever supplier-specific data is not available using an environmentally extended input-output (EEIO) model.
Capital goods	Average spend-based methodology calculates estimated emissions for the capital goods we purchase by collecting data on the financial value of these capital goods and multiplying this by industry average emissions factors. This gives us the average emissions per monetary value of capital goods purchased in the reporting year.
Fuel and energy related activities	Average-data method which involves estimating emissions by using secondary e.g. industry average, emission factors for upstream emissions per unit of consumption (e.g. kg CO_2e/kWh). This indicator is calculated automatically via the reporting platform used by Balfour Beatty from complete Scope 1 and 2 data.
Upstream transportation and distribution*	Spend-based method which involves determining the amount of money spent on each mode of business travel/transport and applying secondary (EEIO) emission factors based off economic activity (spend) on goods which provisions within the OpenIO factors applied to upstream transportation & distribution spend.
Waste generated in operations*	A combination of waste type-specific method data in geographies where volumes of waste produced, type and treatment method are specified and use the average-data method where data on treatment methods is not available.
Business travel*	Distance-based method is used which involves determining the distance and mode of business trips, then applying the appropriate emission factor for the mode used.
Employee commuting*	Average-data method is used which involves estimating emissions from employee commuting based on average data on commuting patterns. The Group does not report the optional emissions from home working (defined in the Greenhouse Gas Protocol as "teleworking") however, there are employees in professional services job families where home working is a possibility. Home working is therefore considered when deducing the average number of days commuting occurs based off average levels of occupancy of office desk spaces in the reporting year.
Downstream transportation and distribution*	This activity is not applicable to our activities

* Scope 3 reporting category which is a specific requirement of PPN 006

Appendix 2 - Scope 3 calculation methodology (continued)

Use of sold products	Balfour Beatty Homes is the only business in the Group which enacts the role of vendor to the third party for sold goods which have emissions in the direct use-phase (buildings). The remainder of the Group either manufactures inert materials (such as fabricated steel) or provides construction and engineering services across a portfolio of projects on behalf of a client where the tangible asset is never the property of the Group, or "sold" by the Group upon practical completion. This category includes the total expected lifetime emissions from all relevant products sold in the reporting year across the company's product portfolio. The Group does not report optional indirect use-phase emissions.
End of life treatment of sold products	End of life treatment methods e.g. landfill or recycling, are described in the 'Waste generated in operations' category and apply to both that category and 'End of life treatment of sold products' category.
Downstream leased assets	This category includes emissions from the operation of assets that are owned by the Group (acting as lessor) and leased to other entities in the reporting year that are not already included in Scope 1 or Scope 2 emissions.
Balfour Beatty Investments	Using revenue in the reporting year as the basis of the average data, we apply the relevant market sector classification most closely aligned to the activity being undertaken in the joint venture, concession company or residential investment.
Balfour Beatty other joint ventures and joint operations	Using revenue in the reporting year as the basis of the average data, we apply the relevant market sector classification most closely aligned to the activity being undertaken in the joint operation as determined outside the Group's operational control boundary (see Appendix 1 - Operational control decision process).

Think before you print!
You can find our Building New Futures Sustainability Strategy at balfourbeatty.com/sustainainability strategy

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Balfour Beatty