Balfour Beatty

Building New Futures

Global Sustainability Reporting Guidance 2022

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Balfour Beatty

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1.0 Context

This document sets out the principles and standards underpinning sustainability reporting for use across all of Balfour Beatty Group. It documents the minimum reporting criteria that satisfies both statutory requirements on sustainability reporting, client & investor minimum reporting requirements, as well as supporting Environmental, Social and Governance (ESG) performance tracked through a series of benchmark sustainable investment indices.

These indices ultimately measure the Group's resilience to long term material ESG risks against societal issues such as climate change and social justice. The data collected and performance thereof forms part of the Group's non-financial reporting disclosures and will be published in its Annual Report and Accounts. The data will be made available internally via Reporting Portals and bespoke dashboards enabling all strategic businesses to monitor and track progress to drive performance improvement.

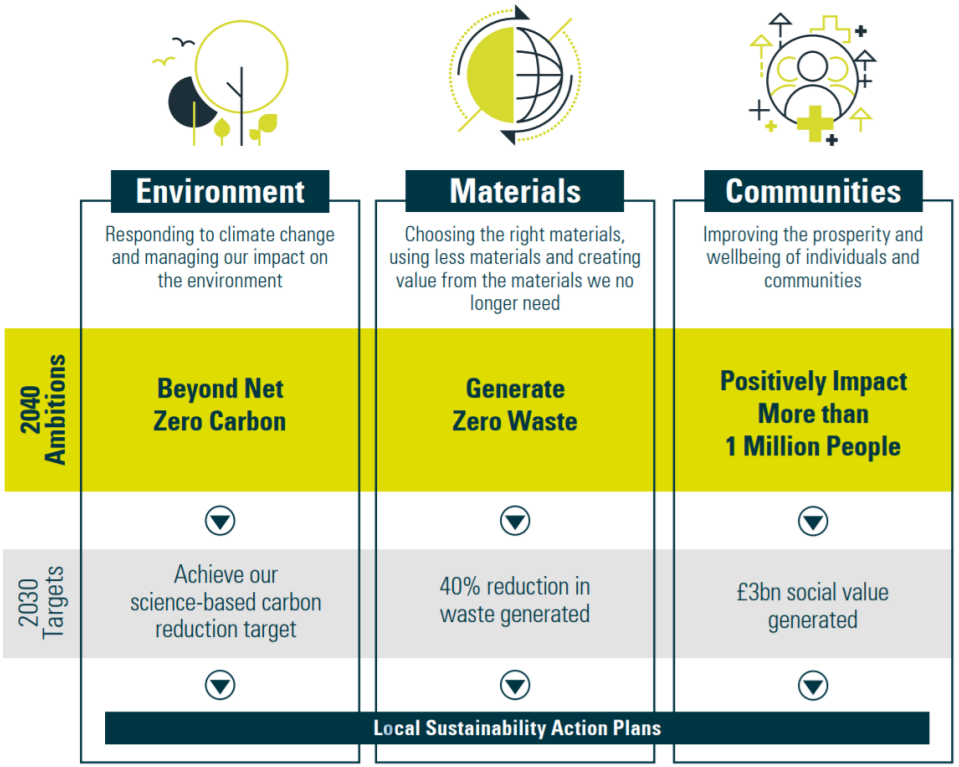
The guidance applies to the entire Balfour Beatty organisation including subsidiaries, joint ventures, joint operations, and concessions in all geographies in which they operate. Subsequent sections will outline how sustainability data should be treated and reported under different circumstances.

1.1 Building New Futures

In December 2020 the Group published its latest sustainability strategy 'Building New Futures' in which it set out its plans to go beyond net zero carbon, generate zero waste and positively impact more than one million people by 2040 across all key geographies. The new strategy recognises the importance of embracing and embedding more sustainable practices across the Group setting clear goals and ambitions.

The strategy focuses on three core areas – the Environment, Materials, and Communities – with each assigned a bold 2040 ambition. To guide the company in its journey to achieve these ambitions, Balfour Beatty will report annually on its progress and against clearly defined 2030 targets to ensure the Group stays on track to achieve them.

Further information on the Balfour Beatty Building New Futures sustainability strategy can be accessed here - https://www.balfourbeatty.com/media/318683/balfour-beatty-building-new-futures-sustainability-strategy.pdf



1.2 Document Purpose

The purpose of this document is to set out the Balfour Beatty Group sustainability reporting criteria and associated evidence requirements to support all strategic business units (SBU's) to develop their own sustainability reporting inventory. It is intended to provide consistency and standardisation allowing for comparability across the Group and to track performance against the Group's sustainability ambitions and targets year on year. Furthermore, each strategic business' sustainability inventory will act as the primary tool for prioritising targeted reduction and or improvement initiatives relevant to its own operational activities.

Note that not all sustainability criteria defined in this document will apply to all businesses. Individual businesses are expected to identify which reporting indicators are relevant to their operational activities, client requirements, and sector and report relevant data accordingly. Businesses may identify other relevant sustainability criteria not outlined in this document and should report these to management the strategic business unit level.

1.3 How to use this document

Each section of this document provides an overview of the steps all strategic businesses must consider when developing individual sustainability inventories. Where relevant, industry best practice in reporting is identified as well as further supporting guidance.

Section 1 sets out the context for sustainability reporting in line with the Balfour Beatty Building New Futures sustainability strategy

Section 2 describes the organisational boundary for reporting sustainability data including clarification on the treatment of joint ventures

Section 3 explains how baseline data is established and reported including treatment of acquisitions, divestments, and adjustments to historical data

Section 4 sets out the two-tiered data validation process, a requirement of the Balfour Beatty defined assurance process.

Section 5 defines the current sustainability reporting criteria indicators split into three parts:

Part 1 GHG emission related activities (energy, waste, water, materials)
Part 2 Social Value related activities – reported in the Social Value Portal
Part 3 Other sustainability data collected via an annual survey

2.0 Organisational Boundary

Balfour Beatty operates in three principal geographies – the United Kingdom & Ireland, the United States, and Hong Kong. Some strategic businesses operating in these principal geographies have smaller operations in other countries including China, India, Singapore, Malaysia and Sri Lanka. Sustainability data from all operations across all locations should be reported, unless otherwise agreed with the Sustainability Leadership.

Balfour Beatty's strategic businesses and associated operations vary in legal and organisational structure. They include a mix of wholly owned operations, incorporated and unincorporated joint ventures, joint operations, subsidiaries, and concessions. A materiality-based approach is taken when assessing entity level assignment of GHG emissions and is based on where the majority of these emissions are incurred across Scope 1 and 2 or Scope 3.

Due to the complex nature of how the construction industry operates each entity type and associated projects will have a combination of reporting accountabilities based on contractual obligations. It is therefore imperative that each strategic business assesses obligations at the JV, JO, framework and or project level to ensure all relevant sustainability data is captured and reported.

It is accepted that a company can report sustainability data based on two accounting approaches – the control approach or the equity share approach. The control approach is further split into operational control or financial control. Balfour Beatty Group adopts the operational control approach.

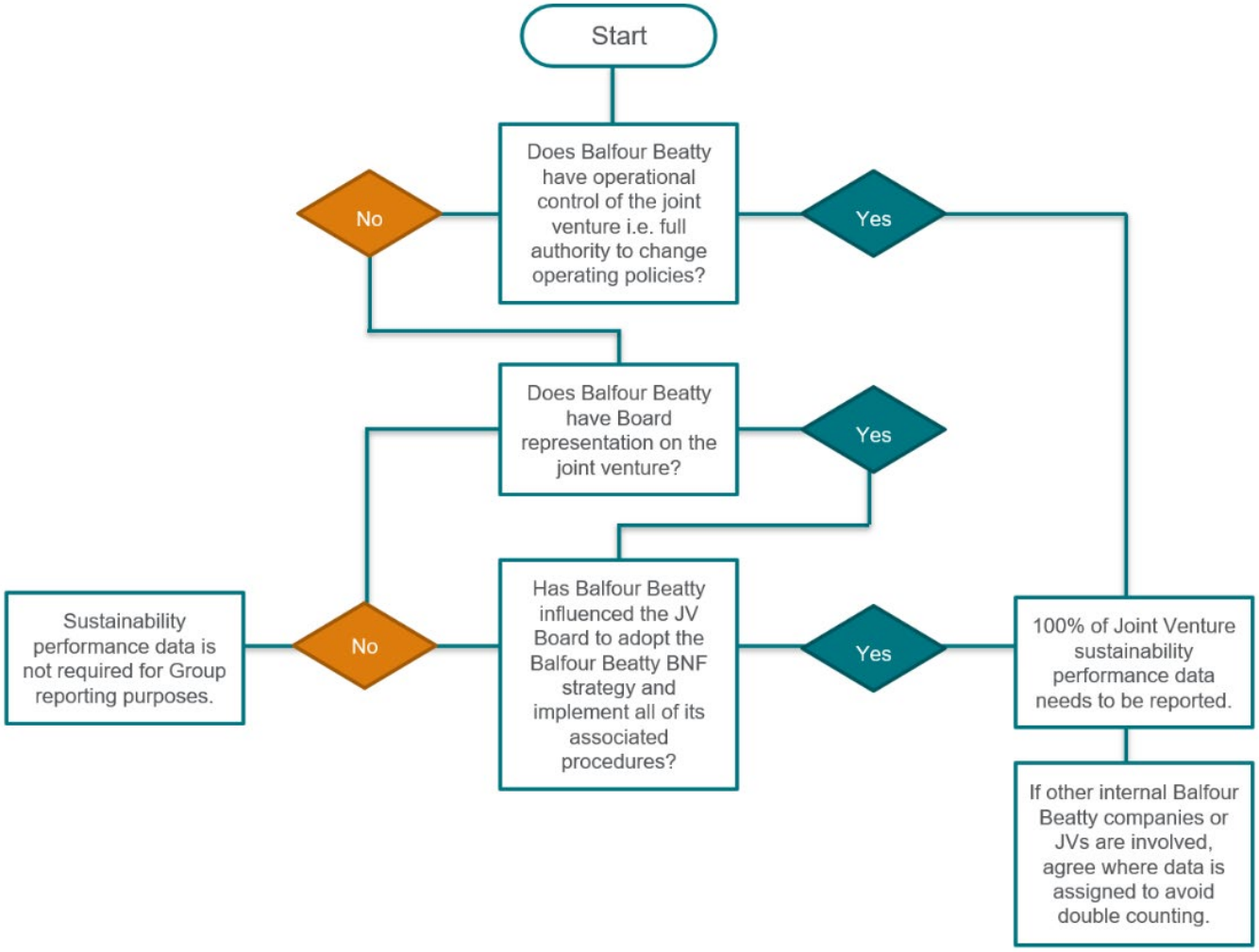
2.1 Operational control

Balfour Beatty adopts the operational control approach methodology as set out in The Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard. Under this control approaches, Balfour Beatty accounts for 100 percent of sustainability data, including greenhouse gas emissions, from operations over which it has operational control. It does not account for data from operations in which it owns an interest in but has no control.

Typically, the business will have operational control over an operation if it has authority to introduce and implement its own operating policies and procedures at the operation. Operational control does not mean the business necessarily has *full* authority to make *all* decisions concerning an operation.

2.2 Treatment of Joint Operations and Joint Ventures

When assessing joint ventures for operational control, strategic business units should consult with the most senior relevant Balfour Beatty Joint venture partner. There may already be contractual agreements in place for how joint ventures should report sustainability data. To avoid double counting, these requirements should be followed and evidence records should be stored locally.



Where no such contractual arrangement exists then strategic businesses together with the joint venture partner should follow through the flow chart opposite to determine if the joint venture falls within the Group's operational control. If so, then the joint venture should report 100% of sustainability data associated with the joint venture and relevant projects from the data the JV is set up or is acquired.

The strategic businesses and joint venture partners should record Balfour Beatty's equity share percentage and resulting financial revenue received for the reporting year as it will be required for normalisation target tracking. Conversely, where joint venture partners are found not to fall with the Group's operational control the associated financial revenue should be removed from normalisation target tracking calculations. Where an SBU, has operational control of a joint venture, it needs to check whether the joint venture has any subsidiaries that fall within its operational control.

For calculation of the intensity metric (tCO2e/£m), adjustments are performed on the final financial data to normalise the GHG emissions where we have operational control in line with the GHG Protocol Corporate Accounting and Reporting Standard. For example, where the Group does not have operational control the net sales value for this project is removed as we do not report the associated GHG emissions. Conversely where we have full operational control of a joint venture, and we report 100% of the GHG emissions we inflate the associated net sales value for the entire joint venture.

2.3 Further scenarios for consideration when assessing operational control

Data is included in our operational control when:

- Strategic businesses are operating as a subcontractor on a project **and** purchase energy, water, or waste services independently of the lead contractor (as if they were the lead contractor).
- Where we purchase energy, water, or waste services for assets that we control and operate on behalf of a client.
- Where two or more Strategic businesses share facilities (such as an office) the data contributors must agree a methodology between themselves which apportions, in a reasonable manner, the energy and water consumption, waste and other environmental impacts. The splitting of this data should not prejudice the overall accuracy and records.
- A joint venture where two or more Balfour Beatty Strategic businesses are involved, each Strategic business may only have a minority stake in the project, but when combined, Balfour Beatty have a majority stake and therefore operational control of the joint venture. One of these SBUs should report on the sustainability metrics for the project to avoid double-counting.
- We sublease space in a building to another party but still have control of the central plant room (such as the main boiler or HVAC system).
- Projects where defects work will be more than 30 days where we purchase energy, water, or waste services.

Data is outside our operational control when:

- There is a strategic business that provides services on a project for a third party within the third party's premises and use the energy, waste facilities and water provided by that third party to do so (e.g., as an FM provider).
- We purchase energy for a customer and have no operational control of the assets or the consumption.
- We sublease space in a building to another party and do not have control of the central plant room (such as the main boiler or HVAC system). use the estimation methodology defined in this guidance to calculate the attributable consumption to the third party and deduct this from Balfour Beatty's usage figures.
- An entire property is sublet to a third party.
- Projects where defect works will be less than 30 days where services are provided by the customer free of charge.

3.0 Baselines

The baseline year is set at 2020 for reporting sustainability performance in our annual report and online dashboard. When a new business is established, we report sustainability data for the first full reporting year within the Group (without any adjustments to the baseline).

3.1 Acquisitions

Where a business is acquired, sustainability data is reported for the first full reporting year. Data is also captured for historic emissions including for the baseline year in order not to distort the intensity ratios reported. The Balfour Beatty Group reporting team must be informed of any acquisitions, and they will make changes to the historic data accordingly.

3.2 Divestments

Where a business is disposed of, sustainability data for the reporting year and historic data including the baseline year will be removed in order not to distort the intensity ratios that we report on. The Balfour Beatty Group reporting team must be informed of any disposals, and they will make changes to the historic data accordingly.

3.3 Adjustments to historical data

In some situations, adjustments to historic data sets may be required. Where changes for an indicator at the strategic business level are greater than 5% every effort must be made to rectify these. The time limit for adjusting historic data sets is three years, unless there is a simple adjustment that can be made such as a sale of a strategic business as outlined above.

4.0 Data Validation

A validator who is independent of the person collating and consolidating the data (the contributor) must review and sign-off the data for their respective business**. The validator must be a senior manager not more than one level below a board director given the legal implications of some of the data.** Furthermore, they must have knowledge of the strategic business to challenge anomalies, changes in the data and associated trends. Adequate time should be put aside to run through data in detail. Time allocated will depend on the size and complexity of the business.

5.0 Reporting Indicators

PART ONE: GHG emission related activities

This section supports the Environment theme of the Balfour Beatty Building New Futures sustainability strategy to measure progress to achieve the science-based target by 2030. It contains the activity level data required to be collected to support the calculation of greenhouse gas emissions.

Underlying data associated with GHG emissions is reported aligned to invoice date.

All Group data is reported through Accuvio, our chosen IT solution. Conversion factors sources are built into the Accuvio platform and are used to calculate greenhouse gas emissions automatically. Emission factor source descriptions can be found in Appendix 1.

Greenhouse gas emissions reported cover the Kyoto protocol seven categories of greenhouse gas emissions. This includes carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF6) and nitrogen trifluoride (NF3).

In order to calculate intensity metrics (tCO2e/£m), certain adjustments are made to group revenue to align the different boundary approaches taken for financial reporting and non-financial reporting purposes. See appendix 2 for further details.

5.1 Scope 1 Emissions

Scope 1 emissions are direct emissions from sources and activities owned or controlled by Balfour Beatty that release emissions into the atmosphere. Most often they are direct emissions from sources or fuels that we purchase. These emissions should include the following sources:

- Energy used in boilers and furnaces e.g. natural gas and fuel oil;
- Bottled / industrial gases used in vehicles, welding, refrigeration and space heating e.g. butane & propane;
- Fuel used in mobile plant such as excavators, gritters, cranes, tampers etc e.g. diesel and dyed diesel;
- Fuel used in generators e.g. diesel and dyed diesel; and
- Vehicle fleet e.g. diesel, petrol (unleaded gasoline) and alternative fuels.

Indicator	Title	Description
LEA 2.3.1	**Total natural gas consumption on our own estate**	Own estate refers to offices, depots, warehouses, factories, and other permanent facilities under our control where we pay a utility provider for the natural gas directly. It excludes tenanted buildings where we pay a service charge. This is captured in LEA 2.3.3
LEA 2.3.2	**Total natural gas consumption from project & temporary sites**	Project & temporary sites refers to sites where we are working on behalf of a customer as part of a contract but are responsible for paying the utilities directly
LEA 2.3.3	**Total natural gas purchased via a landlord**	Purchased via a landlord refers to the volume of natural gas used on our buildings that forms part of a service charge or rent and is paid for by the landlord. Please note, that in cases where the landlord does not charge us for supplies we use, we still need to capture their consumption data. Submeters or meter readings are used to track consumption where possible. Where meters cannot be fitted, or data is not available, a floor space use estimation method is applied using approved benchmark guidance e.g. CIBSE TM46 Energy Benchmarks in the UK. The guidance provides typical energy use per unit of floor space for a given building use type such as office or warehouse. The floor space occupied by Balfour Beatty is multiplied by the appropriate building use type. As a last resort if this is unavailable data from similar size project sites with similar activities can be used to calculate the

		electricity consumption. Please note that this should only be undertaken for areas that we operate such as a construction site.
LEA 2.3.4	**Total quantity of butane**	"Butane" (C_4H_{10}) is a hydrocarbon gas predominantly used for mobile space heating, welding, vehicles, or refrigeration and is generally supplied in gas cylinders. Gas used by subcontractors should be accounted for as scope 3.
LEA 2.3.5	**Total quantity of propane**	"Propane" (C_3H_8) is a hydrocarbon gas predominantly used for mobile space heating, welding, vehicles and is generally supplied in gas cylinders. Gas used by subcontractors should be accounted for as scope 3.
LEA 2.3.6	**Total boiler fuel consumption on own estate**	'Own estate' refers to our offices, depots, warehouses, factories, and other permanent facilities under our control where we pay a utility provider for the boiler fuel directly. Boiler fuel may also be referred to as home heating fuel or kerosene. Data is reported where we are a tenant and pay for our boiler fuel as part of a service charge.
LEA 2.3.7	**Total boiler fuel consumption from project & temporary sites**	**'**Temporary/project sites' refers to sites where we are working on behalf of a client as part of a contract but are responsible for paying the boiler fuel supplies directly. Boiler fuel may also be referred to as home heating fuel or kerosene. Data is not included for gas oil where is it is used for mobile plant. This is captured in LEA 2.3.11
LEA 2.3.8	**Total boiler fuel purchased via a landlord**	**'**Purchased via a landlord' refers to the volume of boiler fuel used on our buildings that forms either part of a service charge or rent and is paid for by the landlord. Where the landlord does not charge directly, we should capture total consumption data from the landlord and apply an estimation based on useable floor space. For example, if we occupy 20% of the floor space then 20% of the total fuel used should be reported.
LEA 2.3.9	**Total volume of 1st generation biodiesel from crops**	**'**1st generation biodiesel' refers to biodiesel that is derived 100% from crops such as sunflowers, rapeseed or palm oils.

LEA 2.3.10	**Total volume of biodiesel from waste oils**	'Waste oils' – refers to biodiesel derived from waste cooking oil and rendered animal fat. Waste cooking oil in this context is cooking oil that has already been used in catering.
LEA 2.3.11	**Total volume of gas oil (red or dyed diesel)**	'Gas oil' (more commonly known as dyed or red diesel) refers to the total volume of fuel used for mobile plant such as forklifts, crushers, mobile elevating working platforms, cranes, excavators, hoists, earth moving equipment and stationary plant such as generators as well as plant used for heating. It may also include mobile fuel use of fleet assets where gas oil (red diesel) is used.
LEA 2.3.12	**Total volume of plant petrol**	'Plant petrol' refers to the total volume of petrol (unleaded fuel, gasoline). This is used for mobile plant and handheld tools. These may include equipment such as strimmer's (weed whackers), chain saws, concrete saws, and lawnmowers.
LEA 2.3.13	**Total volume of diesel with 5% biodiesel blend**	'Diesel with 5% biodiesel blend' commonly refers to standard diesel purchased via a forecourt or gas station pump. It may be used for plant and off-road vehicles in countries where gas oil (red or dyed diesel) is not used.
LEA 2.3.14	**Total volume of biodiesel (different blend)**	'Different blend' refers to diesel blends that contain more or less than the standard 5% biodiesel concentration. The amount used is specified as well as the concentration of the biodiesel blend e.g. if the blend contained 10% biodiesel, please state 10% biodiesel blend.
LEA 2.3.14.GTL **NEW**	**Total volume of Shell GTL Diesel**	Shell's gas-to-liquids (GTL) technology converts natural gas into odourless and colourless liquid products that would otherwise be made from crude oil.
LEA 2.3.15	**Total volume of 100% mineral diesel**	'Pure diesel' refers to diesel that has not been blended with biodiesel. It should be reported as either mobile or stationary depending on the application.
LEA 2.3.16	**Total volume of fleet petrol E5**	'Fleet petrol' refers to the total volume of petrol bought to run vehicles on the public highway. *Fleet petrol with 5% biofuel blend* refers to standard petrol purchased via a pump in the UK, Europe, and the USA.

LEA 2.3.17.E10 **NEW**	**Total volume of fleet petrol E5-E10 blends**	*Fleet petrol* refers to the total volume of petrol bought to run vehicles on the public highway. *E5-E10 blends* contain between 5% and 10% biofuel content.
LEA 2.3.17.E85 **NEW**	**Total volume of fleet petrol E85**	*Fleet petrol* refers to the total volume of petrol bought to run vehicles on the public highway. *E85* contains 85% biofuel content.
LEA 2.3.19	**Distance travelled from claimed mileage (company owned or leased vehicles)**	'Claimed mileage' refers to mileage undertaken on behalf of the business with company owned vehicles or company leased vehicles where employees have paid for the fuel and have had the expense claim approved. It does not include mileage claimed for business trips conducted in privately owned vehicles. Where possible the submission date of the claim should be used on the expense system rather than the date of when the claim was paid.
LEA 2.3.20	**Total volume of liquid petroleum gasoline (LPG)**	'LPG' refers to the total volume of LPG purchased by the business to run its vehicles.
LEA 2.3.21	**Total volume of compressed natural gas (CNG)**	'CNG' refers to the total volume of CNG purchased by the business to run its vehicles.
LEA 2.3.28	**Sulphur hexafluoride (losses to atmosphere)**	'Sulphur hexafluoride' (SF_6) is typically used for electrical switchgear and substations. The weight of losses to atmosphere arising from activities such as installation, maintenance, dismantling, or upgrade work should be reported. SF_6 that has been charged to a system where no losses have occurred is not accounted for.
LEA 2.3.29	**HFC refrigerants (leakage losses)**	'Hydrofluorocarbons' (HFCs) are often used as refrigerants in air conditioning and refrigeration systems and as fire retardants in fire protection systems. The weight of losses to atmosphere arising from activities such as installation, maintenance, dismantling, or upgrade work should be reported.
LEA 2.3.30	**Total volume of methane emitted**	'Methane' (CH_4) is most produced as a result of the fermentation/decomposition of organic matter such as in waste and wastewater sludge, or any other biodegradable feedstock under anaerobic conditions. Potential sources of methane emissions could be

		sewage treatment and waste management plants we are responsible for managing and operating. Methane emissions associated with electricity. They are calculated automatically.
LEA 2.3.31	**Total volume of nitrous oxide emitted**	'Nitrous oxide' (N_2O) is most produced as a by-product during the production of chemical such as nitric acid which is used to make fertiliser. Nitrous oxide emissions associated with electricity. They are calculated automatically.
LEA 2.3.32	**PFC (leakage losses)**	'Perfluorocarbons (PFCs) are mainly produced in electronics sector (manufacture of semi-conductors) and as refrigerants. They are occasionally used as environmental tracer gases, in fire extinguishers and for some cosmetic and medical applications. There are no natural sources of PFCs. The weight of losses to atmosphere arising from activities such as installation, maintenance, dismantling, or upgrade work should be reported.

5.2 Scope 2 emissions

Scope 2 emissions are indirect GHG emissions that are a consequence of Balfour Beatty's activities but occur at sources owned and controlled by us. The GHG Protocol classes these as emissions from purchased electricity, heat, steam and cooling. The GHG Protocol sets out two accounting methodologies for scope 2 GHG emissions: location-based and market-based.

The location-based method discloses the emissions from electricity consumption that Balfour Beatty indirectly emits whereas the market-based method differentiates emissions we are responsible for because of our renewable electricity purchasing decisions.

Up to 2020 Balfour Beatty reported only using the location-based method. Due to greater transparency by our supply chain partners and visibility of our contractual instrument data and evidence, we can confidently report in-line with the market-based method requirements. From 2020 both methods will be disclosed annually.

5.2.1 Market-based accounting

This method quantifies the scope 2 GHG emissions derived from energy generated by renewable generators (e.g. wind, solar) where we have a direct procurement supply contract in place. In the context of this method these are referred to as contractual instruments.

Contractual instruments can include any type of contract between two parties for the sale and purchase of energy bundled with attributes about the energy generation, or for unbundled attribute claims. They include energy attribute certificates (e.g. RECs, REGOs), direct contracts (for both low-carbon, renewable, or fossil fuel generation), supplier-specific emission factor rates.

Where the markets offer them, their form can differ and so to may specific attribute claims. The GHG Protocol sets out a series of quality criteria to ensure consistent in reporting across all markets and geographies.

Where no such contracts are in place, default emission factors representing any untracked or unclaimed energy and emissions, a residual mix emission factor must be applied.

Indicator	Title	Description
LEA 2.4.1	**Total grid consumption from own estate**	'Total grid consumption from own estate (permanent offices, depots, workshops, manufacturing sites etc.)' refers to electricity purchased directly from utility providers or via an energy broker (i.e. where Balfour Beatty is invoiced for the electricity) for buildings we rent, occupy or own. Where consumption is backed by a green tariff contractual instrument e.g. REGO this must be allocated to indicator LEA 2.4.5.
LEA 2.4.2	**Total grid consumption from project & temporary sites**	'Total grid consumption from temporary/project sites' refers to electricity purchased directly from utility providers or via an energy broker (i.e. where Balfour Beatty is invoiced for the electricity) for sites where we are working on behalf of a client as part of a contract. Please note that where consumption is backed by a green tariff contractual instrument this must be allocated to indicator LEA 2.4.6.
LEA 2.4.3	**Total grid consumption from project & temporary sites where the electricity is provided by the client**	'Total grid consumption from temporary/project sites where the electricity is provided by the client' refers to electricity provided free of charge by the customer for project sites where we are working on behalf of a customer as part of a construction or refurbishment contract. Submeters or meter readings are used to track consumption where possible. Where meters cannot be fitted, or data is not available, a floor space use estimation method is applied using approved benchmark guidance e.g. CIBSE TM46 Energy Benchmarks in the UK. The guidance provides typical energy use per unit of floor space for a given building use type such as office or warehouse. The floor space occupied by Balfour Beatty is multiplied by the appropriate building use type. As a last resort if this is unavailable data from similar size project sites with similar activities can be used to calculate the electricity consumption. Please note that this should only be undertaken for areas that we operate such as a construction site. At project sites where short ad hoc jobs use small amounts of electricity should not be included within the reporting scope. For example, charging hand tools for a few hours or using vacuums.

LEA 2.4.4	**Total grid electricity purchased via a landlord**	'Purchased via a landlord' refers to the kWh used in our buildings that forms either part of a service charge or rent and is paid for by the landlord. Please note, that in cases where the landlord does not charge us for supplies, we use, we still need to capture the electricity consumption data. This includes green tariff electricity and on-site renewables.
LEA 2.4.5	**Total grid electricity purchased through a 100% renewable electricity tariff for our own estate**	This is non-fossil fuel sources through a full renewable/green tariff for our temporary project/sites' for electricity purchased directly from utility providers or via an energy broker (i.e. where Balfour Beatty is invoiced for the electricity) for buildings we rent, occupy or own. To qualify as a green supply the supplier must: • Evidence that the green tariff is providing additionality over and above what is legally required by the power provider demonstrating the benefits of the tariff (i.e. demonstrating investment in renewables). • Either retire or redeem any associated levy exemption certificates to ensure that they are not later sold on to other customers. • Issue a guarantee of origin or similar certificate.
LEA 2.4.6	**Total grid electricity purchased through a 100% renewable electricity tariff for our project & temporary sites**	This is non-fossil fuel sources through a full renewable/green tariff for our temporary project/sites' for electricity purchased directly from utility providers or via an energy broker (i.e. where Balfour Beatty is invoiced for the electricity) for sites where we are working on behalf of a client as part of a contract. To qualify as a green supply the supplier must: • Evidence that the renewable tariff is providing additionality over and above what is legally required by the power provider demonstrating the benefits of the tariff (i.e. demonstrating investment in renewables). • Either retire or redeem any associated levy exemption certificates to ensure that they are not later sold on to other customers. • Issue a guarantee of origin or similar certificate.

LEA 2.4.7	**Total renewable electricity generated on-site for consumption in our own estate**	‘‘Total renewable electricity generated on-site’ refers to the kWh generated on rented or owned properties within our own estate within the reporting period. This includes electricity from PV arrays and renewable powered plant and equipment such as solar tower lights, solartainers etc. This figure does not include any electricity which is exported to the grid or to other activities beyond our own estate.
LEA 2.4.8	**Total amount of heat and steam purchased from a local supply or district heating network**	‘Local supply or district heating network’ refers to the amount of heat and steam purchased from a local 3rd party via a supply feed or district heating network via a supply feed within the reporting period. A district heating network or system has more than one heat or steam source and supplies more than one building. However, as the conversion factors are the same, there is no need to differentiate between the two.

8.3 Scope 3 emissions

Scope 3 emissions are other indirect GHG emissions that are a consequence of Balfour Beatty's activities but occur from sources not owned or controlled by Balfour Beatty.

During 2022 the business continued to refine its scope 3 reporting methodology and process across all categories.

Scope 3 Category 6: Business Travel

Indicator	Title	Description
LEA 2.5.1	**Employee business travel distance**	Business travel refers to business trips undertaken by direct employees to anywhere that is not employee commuting (travelling from home to base office/depot location). Include the distance travelled by direct employees for business-related activities during the reporting year in vehicles not owned or operated by the reporting company. Emissions from business travel may arise from: • Air travel • Rail travel • Bus travel (including hired coaches, buses or minibuses used on project sites where we do not pay for the fuel) • rental cars or employee-owned vehicles (grey fleet) when used for business travel. • Other modes of travel e.g., Metro, Ferry, Tram etc. (all other public transport)

Scope 3 Category 5: Waste Generated in Operations

LEA 2.6.1	**Total weight of construction waste sent to landfill**	Construction waste is any waste resulting directly from construction activities. Report the total weight sent to landfill. Where data for construction, demolition and excavation waste cannot be separated into one of these three categories, please include as construction waste.
LEA 2.6.2	**Total weight of excavation waste sent to landfill**	Excavation waste is any waste resulting from excavation or digging activities. Report the total weight sent to landfill.
LEA 2.6.3	**Total weight of demolition waste sent to landfill**	Demolition is any waste resulting from demolition activities. Report the total weight sent to landfill.
LEA 2.6.4	**Waste Total weight of office waste sent to landfill**	Office waste refers to the weight of waste from office activities. Report the total weight sent to landfill.
LEA 2.6.5	**Waste Total weight of manufacturing/ depot waste sent to landfill**	Manufacturing and depot waste is any waste from manufacturing, warehouse or depot activities. Report the total weight sent to landfill.
LEA 2.6.7	**Total weight of construction waste avoided**	Construction waste is any waste resulting directly from construction activities. Report the total weight that has been reused, recycled, or recovered and avoided from being sent to landfill. Where data for construction, demolition and excavation waste cannot be separated into one of these three categories, please include as construction waste.
LEA 2.6.8	**Total weight of excavation waste avoided**	Excavation waste is any waste resulting from excavation or digging activities. Report the total weight that has been reused, recycled, or recovered and avoided from being sent to landfill.
LEA 2.6.9	**Total weight of demolition waste avoided**	Demolition is any waste resulting from demolition activities. Report the total weight that has been reused, recycled, or recovered and avoided from being sent to landfill.
LEA 2.6.10	**Waste Total weight of office waste avoided**	Office waste refers to the weight of waste from office activities. Report the total weight that has been reused, recycled, or recovered and avoided from being sent to landfill.

LEA 2.6.11	**Waste Total weight of manufacturing/depot waste avoided**	Manufacturing and depot waste is any waste from manufacturing, warehouse or depot activities. Report the total weight that has been reused, recycled or recovered and avoided from being sent to landfill.

Scope 3 Category 1: Purchased Goods and Services (Water)

LEA 2.7.1	**Water**	Report the volume (in L or m^3) of any purchased or used Potable water (water that meets drinking water standards). This can include: ● mains water ● tankered or bottled water ● abstracted groundwater (i.e., from boreholes) that meets drinking water standards such as a spring without additional treatment Do not include rainwater, recycled greywater or freshwater sources such as rivers, streams and lakes.

PART TWO: Social Value related metrics

This section supports the Communities theme of the Balfour Beatty Building New Futures Strategy where our ambition is to positively impact more than 1m people, with a key metric to generate £3bn social value by 2030.

The Social Value Portal (SVP) are Balfour Beatty's chosen partner for measuring and reporting the social and local economic value (referred to in the Balfour Beatty strategy as Social Value) delivered by Balfour Beatty UK. The SVP apply the National Social Value Measurement Framework also known as the National Themes, Outcomes and Measures (TOMs); a method of reporting and measuring social value to a consistent standard. The TOMs framework was developed by the Social Value Portal in partnership with the National Social Value Task Force, a cross sector working group that comprises both public, private and third sector organisations. The 2022 Social Value reported covers UK performance only. In 2023 we will continue to develop our approach to measuring social value in Gammon and the US.

The selection of the TOMs is defined at project level and based on:

1. Customer's key performance indicators and
2. Measures defined by Balfour Beatty based on the project's value and duration.

The TOMs framework consists of over 300 measures. In 2022, Balfour Beatty TOMs consist of 59. These are selected from the full list of TOMs for our UK projects to use and report against based on their applicability to the types of projects we undertake and how we define our social value more broadly. For 2022 Balfour Beatty projects have reported against 29 as these are most applicable to our current projects. As our business and reporting systems, as well as client requirements, evolve in terms of social value we expect this number to continue to increase. The table below outlines these 29 TOMs. The information included is high level; please refer to the Social Value Portal TOM's Measures Handbook in conjunction with the 2022 TOMs update for full detail on descriptions, evidence requirements and definitions. Balfour Beatty's social value reported in 2022 primarily relates to local spend TOMs NT18 and NT19, which combined account for more than 95% of the total.

Key Balfour Definitions

Local: For measures relevant to a local area only, 'local' for the UK business is defined by the client and in most cases relates to the vicinity of a project site. Where this has not been defined or where there is not a direct client, the operating business should determine what it classes as local, which is typically (but not invariably) 30 miles (50km). This is extended to 50 miles (80km) in rural areas. In instances where a project chooses anything other than 30 or 50 miles there should be justifiable reason e.g. coastal projects expanding their 30/50mile radius to account for any portion of the original area that is sea. Local distances are calculated based on straight line distance, "as the crow flies".

Time based metrics: All metrics that involve people's time in the Social Value calculation can be recorded in different time units e.g. days/weeks/months. These values are all converted to hours using the conversions below. The hours are then converted to the unit required for social value reporting if not hours; such as dividing by 40 to get weeks and 2080 to get the full time equivalent (FTE).

Name	Hourly Conversion
Hours	1.000
Days	8.000
Weeks	40.000
Months	172.960
Minutes	0.0167

As per Part 1, the operational control methodology referenced in section 2.1 is applied to social value data.

Balfour Beatty UK 2022 social value metrics reported

TOMs Ref.	Title	Description
NT1	**Local Direct Employment**	No. of full time equivalent local employees (FTE) hired or retained for the duration of the contract
NT1c	**Local indirect employment – supply chain only**	No. of full time equivalent local employees (FTE) hired or retained for the duration of the contract who are employed in your supply chain
NT3	**Jobs for long-term unemployed people**	No. of full time equivalent local employees (FTE) hired or retained on the contract who are long-term unemployed (unemployed for a year or longer)

NT3a	**Jobs for armed forces veterans**	No. of full time equivalent local armed forces veteran employees (FTE) hired or retained on the contract who are long-term unemployed (unemployed for a year or longer) and facing specific barriers to transitioning
NT4	**Jobs for people who were Not in Employment, Education, or Training**	No. of full time equivalent local employees (FTE) hired on the contract who are NOT in Employment, Education, or Training (NEETs).
NT5	**Jobs for ex-offenders aged 18+**	No. of full time equivalent local employees (FTE) aged 18+ years hired on the contract who are rehabilitating or ex-offenders.
NT8	**School and College Visits**	No. of staff hours spent on local school and college visits supporting pupils e.g. delivering career talks, curriculum support, literacy support, safety talks (including preparation time)
NT9	**Training opportunities**	No. of weeks of training opportunities (BTEC, City & Guilds, NVQ, HNC -Level 2,3, or 4+) on the contract that have either been completed during the year, or that will be supported by the organisation until completion in the following years
NT10	**Apprenticeship opportunities**	No. of weeks of apprenticeships or T-Levels (Level 2,3, or 4) provided onthe contract (completed or supported by the organisation)
NT11	**Employability support for young people**	No. of hours of 'support into work' assistance provided to unemployed people through career mentoring, including mock interviews, CV advice, and careers guidance (No. hrs (total session duration)*no. attendees)
NT12	**Work placements (unpaid)**	No. of weeks spent on meaningful work placements or pre-employment course; 1-6 weeks student placements (unpaid)
NT13	**Work placements (paid)**	No. of weeks spent on meaningful work placements that pay Minimum or National Living wage according to eligibility for 6 weeks or more (internships)
NT14	**Spend with VCSEs (Voluntary, Community and Social Enterprises)**	Total amount (£) spent with VCSEs (Voluntary, Community and Social Enterprises) within your supply chain. Calculated based on invoices paid date.

NT15	**Expert advice to VCSEs and MSMEs (micro, small and medium enterprises)**	Provision of expert business advice to VCSEs and MSMEs (e.g. financial advice / legal advice / HR advice/ Health and Safety).
NT18	**Local supply chain spend with large organisations**	Total amount (£) spent in LOCAL supply chain with large organisations through the contract. Calculated based on invoices paid date.
NT19	**Local supply chain spend with MSMEs**	Total amount (£) spent through contract with LOCAL micro, small and medium enterprises (MSMEs). Calculated based on invoices paid date.
NT21	**Equality and diversity training**	Equality, diversity and inclusion training, provided both for direct employees and supply chain staff.
NT25	**Tackling homelessness**	Initiatives to be taken to tackle homelessness (supporting temporary housing schemes, etc.). (£ invested including staff time)
NT26	**Supporting health and wellbeing**	Initiatives taken or supported to engage people in health interventions (e.g. stop smoking, obesity, alcoholism, drugs, etc.) or wellbeing initiatives in the community, including physical activities for adults and children (£ invested including staff time)
NT27	**Supporting independent living**	Initiatives to be taken to support older, disabled and vulnerable people to build stronger community networks e.g. befriending schemes, digital inclusion clubs (£ invested including staff time).
NT28	**Donations to local community projects**	Donations and/or in-kind contributions to specific local community projects (£ donated or equivalent value in £)
NT29	**Volunteering for local community projects**	No. of hours volunteering time provided to support local community projects
NT30	**Support for Community Charter**	Support provided to help local community draw up their own Community Charter or Stakeholder Plan (£ invested including staff time)
NT32	**Car miles saved**	Car miles saved on the project as a result of a green transport programme or equivalent (e.g. cycle to work programmes, public transport or car-pooling programmes, etc.)

NT39	**Mental health campaigns for staff**	Mental Health campaigns for staff on the contract to create community of acceptance, remove stigma around mental health. (£ - event costs including staff time)
NT50	**Innovation to promote skills and employment**	Innovative measures to promote local skills and employment to be delivered on the contract (£ invested - including staff time and materials, equipment or other resources)
RE10	**Site Visits**	No. site visits for school children or local residents.
RE21	**Meet the buyer events**	Meet the buyer events held to highlight local supply chain opportunities. (£ - event costs including staff time)
RE40	**Savings in contract-related carbon**	Savings in contract related embodied carbon (carbon footprint of material inputs – cradle to site) against specified benchmark or baseline.

PART THREE Survey

Data in this section is collected for both internal and external reporting purposes to track performance against compliance and other ESG related metrics.

The data for this section is collected via a survey. All questions in this section are mandatory for all business units.

Survey	Title	Description
INT 1.3.1	**Provide a list of sustainability awards/commendations received during the year**	A sustainability award is one presented to Balfour Beatty to recognize its excellence in the field of sustainability by a third party. In most cases Balfour Beatty will have had to contest for the award with other candidates. Respondents are asked to populate the following details: Name of award, Level achieved (if applicable), project/function awarded, date, link to external website (if available).
EXP 3.1.1	**Industry leading or technical bodies on which Balfour Beatty has employee representatives. (Environment and Sustainability only)**	'Industry leading or technical bodies' are defined as academic or membership organisations that further our collective knowledge of sustainability through the sharing of knowledge. Typically, such organisations will be unbiased but have the involvement and/or influence of/on our customers, peers, stakeholders or the public for their contributions to sustainability. Activities such as: ● Developing case studies ● Speaking at, hosting or organising events ● Feeding back on draft legislation ● Participating in consultations ● Developing new tools or standards ● Participating in publications ● Writing articles In the survey respondents are asked to provide the name of the technical organisation

EXP 3.5.1	**Revenue of projects that relate to green buildings and green infrastructure**	This is the revenue generated from projects and services provided during the reporting period that achieved a recognised sustainability rating, standard or other similar certification. Examples include: ● Green building certifications such as UK BREEAM, BREEAM International, LEED, Green Star, HK BEAM, SKA and the UK's Code for Sustainable Homes; Passive House ● PAS 2080 Carbon Management in Infrastructure standard ● Civil engineering certifications such as CEEQUAL; and ● Projects which address significant climate change mitigation and or adaptation such as electrification of railways, renewable installations, grid reinforcement schemes, interconnectors, flood defence schemes, coastal erosion management etc Entries can be made in Euros (EUR), Pounds Sterling (GBP), Hong Kong Dollars (HKD), Singapore Dollars (SGD), US Dollars (USD).
TRU 4.4.2	**Amount raised for charitable purposes by employees excluding matched funding**	'Amount raised for charitable purposes' by employees refers to funding that employees have raised through their own efforts such as bake sales, sport activities, endurance activities, fairs etc. and promoted at work. These funds do not necessarily have to have been matched by Balfour Beatty. Entries can be made in; Euros (EUR), Pounds Sterling (GBP), Hong Kong Dollars (HKD), Singapore Dollars (SGD), US Dollars (USD).
TRU 4.4.3	**Amount of company matched funding**	'Matched funding' refers to the amount of funding provided by the SBU for charitable causes to match the exact amount of money raised by staff on a one-to-one basis. **It does not include matched funding provided by Balfour Beatty Group**. Entries can be made in: Euros (EUR), Pounds Sterling (GBP), Hong Kong Dollars (HKD), Singapore Dollars (SGD), US Dollars (USD).

TRU 4.4.4	**Hours of volunteering time**	'Volunteering time' refers to paid leave provided to employees on top of their existing leave to work on projects that benefit the wider community. This includes projects that will improve the environment. It does not include personal free time that staff might give up on weekends to support a good cause. 'Employees' are all people who are paid wages directly by the SBU to perform duties. It does not include contractors or agency staff. 'Paid leave' occurs in work time. A day of staff time spent volunteering, should be counted as 7.5 hours.
TRU 4.4.5	**Value of in-kind contributions**	'In kind' donations refer to the value of materials, equipment or services that Balfour Beatty has provided to a good cause free of charge. This can include the value of staff time on pro bono work. The organisations that we support do not have to be charities and can include schools, hospitals, homes for the elderly and other good causes where support is providing a benefit to the community. Entries can be made in; Canadian Dollars (CAD), Euros (EUR), Pounds Sterling (GBP), Hong Kong Dollars (HKD), Singapore Dollars (SGD), US Dollars (USD).
TRU 4.4.6	**Value of direct donations by the SBU**	'Value of direct donations by the SBU' refers to monetary donations made by the SBU to charities. Entries can be made in; Canadian Dollars (CAD), Euros (EUR), Pounds Sterling (GBP), Hong Kong Dollars (HKD), Singapore Dollars (SGD), US Dollars (USD).
SAF 5.1.1	**Has your SBU received any fines/penalties for environmental offences during the period?**	'Fines/penalties' are defined as enforcement actions that have been imposed on an SBU by an authority for an environmental crime or offence. All incidents, prosecutions, convictions, enforcement notices and warning letters within the reporting period are reported in iSMS, our internal incident reporting platform.
SAF 5.1.2	**H Total value of fines/ penalties incurred through environmental prosecution**	'Values of fines/penalties' is the total amount of money that the SBU has had to pay to authorities for environmental crimes or offences during the reporting period. Details of enforcement action in terms of the value of any fines or prosecutions for environmental offences during the reporting period must be provided here and reported on iSMS

		Entries can be made in Canadian Dollars (CAD), Euros (EUR), Pounds Sterling (GBP), Hong Kong Dollars (HKD), Singapore Dollars (SGD), US Dollars (USD).
SAF 5.1.4	**Number of warnings that were issued by regulators**	Warnings may include letters, emails, audit reports and other forms of written communication issued by a regulator to an SBU for breach or potential breach of environmental compliance. All warning letters within the reporting period must be reported in iSMS.

Appendix 1

Emission factor publication title and emission source:

Scope 1

2022 UK Government GHG Conversion Factors for Company Reporting

- Average diesel car
- Average LPG car
- Biodiesel
- Bioethanol
- Burning Oil
- Diesel
- Diesel (100% mineral diesel)
- Diesel (average biofuel blend)
- Diesel van (Class II), 1.305 to 1.74 tonne
- E10 Ethanol/Gasoline
- E85 Ethanol/Gasoline
- Gas Oil
- Kerosene
- Large diesel car, over 2.0 litre
- Large LPG car
- Large petrol cars, above 2.0 litres
- Large petrol hybrid car
- LPG
- Medium diesel car, from 1.7 to 2.0 litre
- Medium LPG car
- Medium petrol car, from 1.4 - 2.0 litres
- Medium petrol hybrid car
- Natural Gas
- Petrol (100% mineral petrol)
- Petrol (average biofuel blend)
- Propane
- Small diesel car, up to 1.7 litre or under
- Small petrol car, up to 1.4 litre engine

Small petrol hybrid car

EPA Center for Corporate Climate Leadership. Emission Factors for Greenhouse Inventories

IPCC Fourth Assessment Report: Climate Change 2007 (AR4)

HFC-134a
HFC-32
Methane
R-404A
R410A

Scope 2

Location-based

2022 UK Government GHG Conversion Factors for Company Reporting

Electricity

EPA eGRID Year 2020 data. February 23, 2022 (Ref: Alabama)

Electricity

EPA eGRID Year 2020 data. February 23, 2022 (Ref: Arizona)

Electricity

EPA eGRID Year 2020 data. February 23, 2022 (Ref: California)

Electricity

EPA eGRID Year 2020 data. February 23, 2022 (Ref: Colorado)

Electricity

EPA eGRID Year 2020 data. February 23, 2022 (Ref: Florida)

Electricity

EPA eGRID Year 2020 data. February 23, 2022 (Ref: Georgia)

Electricity

EPA eGRID Year 2020 data. February 23, 2022 (Ref: Indiana)

Electricity

EPA eGRID Year 2020 data. February 23, 2022 (Ref: Iowa)

Electricity

EPA eGRID Year 2020 data. February 23, 2022 (Ref: North Carolina)

Electricity

EPA eGRID Year 2020 data. February 23, 2022 (Ref: Oregon)

Electricity

EPA eGRID Year 2020 data. February 23, 2022 (Ref: Pennsylvania)

Electricity

EPA eGRID Year 2020 data. February 23, 2022 (Ref: RFC East)

Electricity

EPA eGRID Year 2020 data. February 23, 2022 (Ref: South Carolina)

Electricity

EPA eGRID Year 2020 data. February 23, 2022 (Ref: Texas)

Electricity

EPA eGRID Year 2020 data. February 23, 2022 (Ref: Virginia)

Electricity

EPA eGRID Year 2020 data. February 23, 2022 (Ref: Washington)

Electricity

IEA (2022), Emission Factors. 2022 UK Government Conversion Factors for Company Reporting.

Electricity

Market-based

2022 Green-e Residual Mix Emissions Rates (2020 Data). Center for Resource Solutions (Ref: ERCOT All)

Electricity

2022 Green-e Residual Mix Emissions Rates (2020 Data). Center for Resource Solutions (Ref: FRCC All)

Electricity

2022 Green-e Residual Mix Emissions Rates (2020 Data). Center for Resource Solutions (Ref: MRO West)

Electricity

2022 Green-e Residual Mix Emissions Rates (2020 Data). Center for Resource Solutions (Ref: RFC East)

Electricity

2022 Green-e Residual Mix Emissions Rates (2020 Data). Center for Resource Solutions (Ref: RFC West)

Electricity

2022 Green-e Residual Mix Emissions Rates (2020 Data). Center for Resource Solutions (Ref: SERC South)

Electricity

2022 Green-e Residual Mix Emissions Rates (2020 Data). Center for Resource Solutions (Ref: SERC Virginia/Carolina)

Electricity

2022 Green-e Residual Mix Emissions Rates (2020 Data). Center for Resource Solutions (Ref: WECC California)

Electricity

2022 Green-e Residual Mix Emissions Rates (2020 Data). Center for Resource Solutions (Ref: WECC Northwest)

Electricity
2022 Green-e Residual Mix Emissions Rates (2020 Data). Center for Resource Solutions (Ref: WECC Rockies)
Electricity
2022 Green-e Residual Mix Emissions Rates (2020 Data). Center for Resource Solutions (Ref: WECC Southwest)
Electricity
Energy Supplier. Supplier-based emission factor.
Electricity
CLP Power HK Ltd.
HK Electric
Certas Energy supplied Emission Factor Set for GTL Diesel GTL (Gas-to-Liquid) Fuel

Electricity
IEA (2022), Emission Factors. 2022 UK Government Conversion Factors for Company Reporting.
Electricity
European Residual Mixes. Results of the calculation of Residual Mixes for the calendar year 2021

Appendix 2:
Notes on Intensity calculation.

To calculate the carbon intensity an adjustment to the Continuing underlying revenue must be made from a base total selected to provide a common measure of output for non-financial reporting.

Net sales value (NSV) is the value in a currency of the operating revenues earned by Balfour Beatty from its projects, products, or services, after deducting discounts, penalties, and other losses. NSV provides the most accurate calculation of what Balfour Beatty has received in revenue from sales.

NSV is provided by each SBU used for financial reporting to The Group finance team taken from the reported in the financial statements, this includes inter-company sales.

In-line with The Group's GHG reporting operational control methodology, where we do not have operational control we do not account for any associated emissions or the associated revenue. Where we do have operational control of the joint venture, we report 100% of the emissions and we adjust the revenue to account for 100% of the associated revenue; an example of this is the Gammon joint venture in Hong Kong where an adjustment is made accordingly.

NSV for intensity calculations is exclusive of adjustments and includes intra-group trading and is therefore different to the revenue figure disclosed elsewhere in the annual report of accounts. This methodology is employed to ensure there is no distorted view of emissions intensity as Net Sales are linked closely to business activity.