

Building New Futures

Balfour Beatty

Annual Report and Accounts 2025



ABOUT US

Balfour Beatty is a leading international infrastructure group with 26,000 employees driving the delivery of powerful new solutions, shaping thinking, creating skylines and inspiring a new generation of talent to be the change-makers of tomorrow.

We finance, develop, build, maintain and operate the increasingly complex and critical infrastructure that supports national economies and deliver projects at the heart of local communities.

→ Discover more online at balfourbeatty.com

INSIDE THIS REPORT



OUR 2025 HIGHLIGHTS

From project milestones, contract wins and digital advances to record order book growth, take a look at Balfour Beatty's highlights and achievements from 2025.

→ Read more on page 2.



MARKET REVIEW

Well positioned in four growth markets

Capitalising on high-growth markets where the Group has the capabilities and a proven track record to secure new opportunities.

→ Read more on page 15.



DIGITAL

Reimagining construction through digital innovation

Balfour Beatty is positioned to lead the industry in digital and future-ready ways of working.

→ Read more on page 20.



Front cover image: Denzel Chisango, Apprentice Site Engineer on the M3 Junction 9 Improvement Scheme in Winchester. Balfour Beatty is working in a joint venture for National Highways to deliver major road widening and improvements works to increase capacity and reduce congestion.

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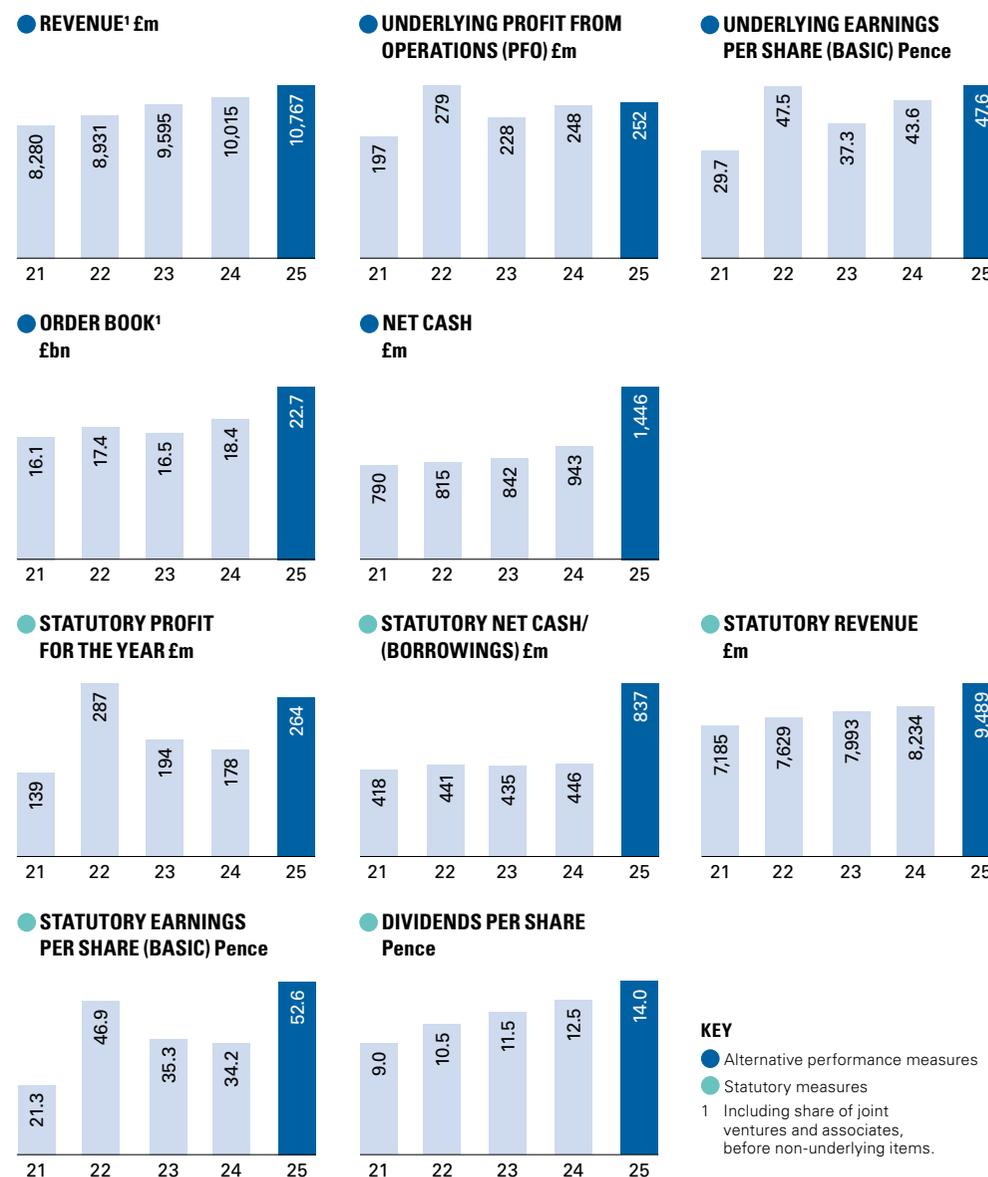
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FINANCIAL PERFORMANCE

The Group has presented financial performance measures which are considered most relevant to the Group and used to manage the Group's performance. An explanation of these measures and appropriate reconciliations to statutory measures are provided on pages 63 to 68.



BUILDING NEW FUTURES

2025 highlights and achievements

INVESTING IN INNOVATION

£7.2m

transforming how Britain builds with a £7.2 million AI investment

Find out more about our Copilot investment on page 20.



BALFOUR BEATTY VINCI REOPENED M6 EARLY AFTER HS2 VIADUCT SLIDE

9.5hrs

ahead of the schedule

Scan or click to find out more.



INDUSTRY-LEADING EMPLOYEE ENGAGEMENT SCORE

83%

8% above our industry benchmark

Read more on page 56.



400

new apprentices and graduates joined our Early Careers Festival #ECFest



Scan or click to watch the event highlights.



US\$746m

secured contract for Interstate 35 in Austin, Texas



Scan or click to find out more.

£833m

Net Zero Teesside contract secured

→ Scan or click to find out more.



BALFOUR BEATTY COMMUNITIES EXPANDED MULTIFAMILY PORTFOLIO WITH ACQUISITION OF RIVER POINTE IN TEXAS

300

units

→ Read more on page 31.



GAMMON CELEBRATED THE COMPLETION OF TWO QUEENSWAY BRIDGE PROJECT

96

metre-long pedestrian bridge



Scan or click to find out more.



£1.012bn^A

social value generated in the UK

→ Read more on page 53.



→ Read more on page 17.



MyC A

70

US colleagues joined My Contribution's AI hackathon



→ Scan or click to watch the event highlights.

REDUCING RAIL FLEET'S CARBON EMISSIONS USING PIONEERING HYDROGEN-BASED ENGINE CLEANING



Scan or click to find out more.



BALFOUR BEATTY AT A GLANCE

International infrastructure experts

GROUP HIGHLIGHTS

REVENUE¹

£10,767m

UNDERLYING PROFIT BEFORE TAX

£291m

NUMBER OF EMPLOYEES

26,000

DIRECTORS' VALUATION INVESTMENTS PORTFOLIO

£1.1bn



¹ Including share of joint ventures and associates.

OUR CULTURAL FRAMEWORK

Balfour Beatty's Cultural Framework provides a simple and clear view of our purpose, values and behaviours under our Build to Last strategy. The framework reflects who we are now as an international group, who we want to be, what we value and what drives the way we work.

OUR PURPOSE

Building New Futures

We are leading the transformation of our industry to meet the challenges of the future.

OUR STRATEGY

Build to Last

This is our strategy for continuous improvement.



OUR VALUES



Our values reflect the norms and beliefs that drive the way we work and how we measure ourselves.

OUR BEHAVIOURS



Our behaviours reflect the things we will do to consistently deliver to the standard set out in our values.

OUR CODE OF ETHICS

Our Code of Ethics is the foundation of everything we do. It provides a clear direction on the standards, values and expectations that guide the behaviours of our employees and supply chain partners.

[→ Find out more about our strategy and values on page 9.](#)



Scan or click to find out more about our Cultural Framework.

OUR DIVISIONS

→ Find out more in our Business model section on page 8.

CONSTRUCTION SERVICES

Specialises in the design and construction of major infrastructure and building projects in the UK, US and Hong Kong.



Hong Kong International Airport for the Airport Authority Hong Kong.

SUPPORT SERVICES

Maintains, upgrades and manages vital services across the power transmission, distribution, utilities, road and rail sectors.



Central Rail Systems Alliance – Hanslope Junction renewal, UK.

INFRASTRUCTURE INVESTMENTS

Operates and maintains infrastructure projects and a portfolio of military and multifamily housing and student accommodation assets.



River Pointe in Conroe, multifamily housing, Texas, US.

SELECTIVE BIDDING FOR CONTRACTS

Our stringent gated lifecycle process allows us to carefully control our project portfolio on an ongoing basis.

£18.7bn

Order book¹

£4bn

Order book¹

£1.1bn

Directors' valuation

FINANCIAL PERFORMANCE

£8,711m

Revenue¹

£171m

Underlying profit from operations

£182m

Statutory profit from operations

→ Find out more in our Operational review on pages 24 to 28.

£1,427m

Revenue¹

£122m

Underlying profit from operations

£145m

Statutory profit from operations

→ Find out more in our Operational review on pages 29 and 30.

£629m

Revenue¹

£16m

Underlying profit before tax

£14m

Statutory profit before tax

→ Find out more in our Operational review on pages 31 and 32.

¹ Including share of joint venture and associates.

GROUP CHAIR'S INTRODUCTION

"2025 has been a defining year for Balfour Beatty."

Charles Allen
Lord Allen of Kensington, CBE,
Non-executive Group Chair



Discipline. Momentum. Purpose.

Dear Shareholders,

2025 has been a defining year for Balfour Beatty. The Board has overseen disciplined delivery, ensured a robust and well governed executive succession transition and continued to strengthen the culture that underpins our long-term performance and value creation for all stakeholders.

Our order book is of high quality, our balance sheet remains strong, and our customer relationships continue to deepen. These are not short-term achievements. They reflect more than a decade of cultural transformation and operational discipline, providing confidence in our future in a world that demands consistency, resilience and long-term thinking.

Planned leadership transition

This was also a year of important leadership change. On behalf of the Board, I pay warm tribute to both Leo Quinn, former Group Chief Executive and Phil Harrison, Chief Financial Officer, for a decade of transformative leadership. Leo strengthened our foundations, simplified

the business, and raised the bar across our industry for safety, execution and performance. We thank him for his vision, his courage, and his unwavering commitment to building a stronger, more focused and higher performing company. I thank Phil for his exceptional leadership and contribution over the last 10 years which has been instrumental in building Balfour Beatty's financial strength and resilience, creating substantial value for shareholders, and positioning the Group extremely well for the future.

As part of the Board's long-term succession planning, in September, we were pleased to welcome Philip Hoare as Group Chief Executive. Philip brings deep sector expertise, a people centred approach, and a sharp focus on customers and delivery. He has made a confident and proactive start, engaging with teams across the Group, listening to customers and partners, and reinforcing the culture and purpose that define Balfour Beatty. His leadership blends continuity where it matters with fresh perspective where it counts, and the Board is confident he will build on our strong foundations and further strengthen and evolve the business.

In February, we announced that Myles Westcott will succeed Phil Harrison as Chief Financial Officer following an extensive search process. Myles will join later this year and brings more than 30 years of finance leadership experience, including almost 25 years at BAE Systems plc, a multinational defence and security corporation. Once Myles joins the Group, Phil Harrison will remain in an advisory capacity for four months to ensure a smooth transition.

Board changes

At the 2025 AGM, Rudy Wynter, who has over 35 years' of experience in the gas and electricity industry was formally appointed by shareholders as an Independent Non-executive Director, bringing significant experience in regulated infrastructure, operational leadership and safety-critical environments.

Zero Harm remains non-negotiable

Our culture remains the foundation of our performance, and above all, Zero Harm is non-negotiable. The tragic incident last May on a US Buildings Federal project in Baltimore, where a colleague working for a subcontractor lost their life while assisting a lifting operation, was a stark and sobering reminder of the risks inherent in our industry. As a Group we examined the circumstances of this tragic incident with great care and the Board continues to oversee the strengthened controls and cultural reinforcement that has followed.

Everyone has the right to return home safe, every day. We remain unwavering in ensuring that this principle guides every decision we make.

Shaping a sustainable business

At Balfour Beatty, we build assets that communities rely on for generations. That long-term responsibility shapes our approach to sustainability – from

reducing carbon and enhancing biodiversity, to promoting social mobility through skills, apprenticeships and internships. It also drives our commitment to responsible innovation, including digital tools and AI, which we use to enhance productivity, quality and assurance across our projects and supply chain.

This year has seen continued investment in our early careers talent with 7.4% of our UK workforce now in 'earn and learn' roles. This commitment is mirrored across our US and Gammon operations, where we continue to grow and strengthen our early careers communities to build long-term capability.

In July we announced a £7.2 million investment in Microsoft 365 Copilot to support responsible innovation and productivity. Early progress and adoption across the business has been strong, with our approach recognised by Microsoft as an example of leading enterprise AI adoption in our sector.

For customers, communities and shareholders.

2026 marks Balfour Beatty's sixth consecutive year of share buybacks under our capital allocation framework. Our record order book, differentiated capabilities, and strong financial position give the Board confidence in our ability to continue delivering attractive returns to shareholders, while maintaining appropriate investment in the business and a robust capital base. In 2025, we returned £189 million to shareholders through buybacks and dividends, taking total distributions since 2021 to £945 million. This confidence is reflected in the c.£200 million share buyback programme announced for 2026 and the Board's recommendation of a final dividend of 9.8 pence per share, bringing the total 2025 dividend for the year to 14 pence per share.

Conclusion

I am proud of the progress we have made and confident in the road ahead. My thanks go to our people for their skill and dedication; to our customers and partners for their trust; and to our shareholders for their continued support.

Together, we will build on firm foundations, shape new horizons and deliver lasting value.

Charles Allen

Lord Allen of Kensington, CBE
Non-executive Group Chair

10 March 2026



UK: Charles during a visit to Balfour Beatty Living Places' Buckinghamshire Highways depot in Aylesbury, meeting with teams delivering essential services for local communities.



Hong Kong: (from left to right) Charles with Kevin O'Brien, Gammon's Chief Executive and Philip Hoare, Group Chief Executive, at Gammon's Leadership Connect event in Hong Kong.

SECTION 172 STATEMENT

The Directors have had regard to their duties under Section 172 of the Companies Act 2006 throughout the year. The Board considers the long-term consequences of its decisions and the interests of the Group's key stakeholders, in promoting the long-term success of the Company. The Board reviews stakeholder engagement mechanisms regularly and ensures that stakeholder perspectives are understood and taken into account in Board discussions and decision-making.

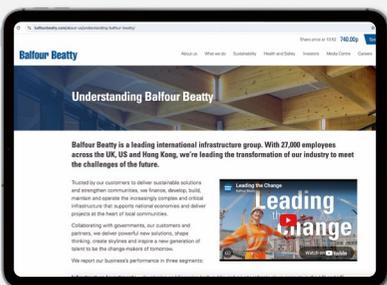
Further details of stakeholder engagement, sustainability matters, risk management and the Board's governance and decision-making framework are set out on pages 107 to 110, 42 to 55, 72 to 89 and 111 to 113 of this Annual Report.



US: Charles pictured on a site visit to a mixed-use commercial development in Texas, US with members of the Board, Phil Harrison, Barbara Moorhouse, Philip Hoare, Group Chief Executive, and Gabby Costigan MBE.

OUR BUSINESS MODEL

At Balfour Beatty, we finance, develop, build, maintain and operate the increasingly critical infrastructure that supports national economies and deliver projects at the heart of local communities.



UNDERSTANDING BALFOUR BEATTY



→ Scan or click to find out how we are shaping society.

HOW WE WORK

CONSTRUCTION SERVICES

Our Construction Services businesses operate across infrastructure and buildings markets in the UK, in the US, and in joint venture in Hong Kong.

CAPABILITIES

- › Provides construction services across key infrastructure sectors:
 - **Energy:** design and construction of large-scale, complex energy assets.
 - **Roads:** design and construction of strategic and major roads in the UK, US and Hong Kong, including widening and conversion of existing routes.
 - **Railways:** design and management of railway systems, delivering major multi-disciplinary projects, track work, electrification and power supply.
 - **Airports:** construction and refurbishment of passenger terminals, transit facilities, airfield infrastructure and associated civil works.
- › Builds commercial, defence, education, government, healthcare, leisure, retail, and residential buildings, providing design and build, mechanical and electrical engineering, shell and core, fit-out and interior refurbishment services.
- › Delivers construction and build services for other infrastructure, including flood and coastal defences and public realm.

CUSTOMERS

SUPPORT SERVICES

Our Support Services businesses operate in the UK, designing, upgrading, managing and maintaining critical national infrastructure.

- › Constructs and maintains electricity networks for power transmission and distribution.
- › Provides maintenance, asset and network management and design services for highways, railways and other public assets.
- › Delivers support services across a range of utility assets.

INFRASTRUCTURE INVESTMENTS

Our Infrastructure Investments business develops and finances both public and private infrastructure projects in the UK and the US.

- › Invests directly in various assets, mainly infrastructure with post-construction management opportunities.
- › Operates a UK and US portfolio of service concession assets.
- › Invests in real estate, particularly private military housing, student accommodation and multifamily housing.
- › Provides real estate management services, including property development and asset management.
- › Realises asset value through disciplined disposals executed with a clear focus on shareholder value.

Public, private and regulated entities.

OUR STRATEGY: BUILD TO LAST

Build to Last is Balfour Beatty’s strategy for continuous improvement. It is the day-to-day guide we use to uphold our purpose and underpins everything we do.

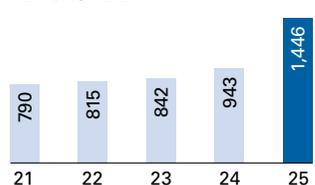


Our Build to Last strategy is measured against our five values:

<p>LEAN</p> <p>We create value for our customers and drive continuous improvement</p> <p>We are thoughtful and agile, continuously challenging our ways of working to improve health and safety and productivity, eliminate waste and enhance quality to make us more competitive.</p>	<p>EXPERT</p> <p>Our highly skilled colleagues and partners set us apart</p> <p>Our people are leaders. We’re the experts of today and inspire the leaders of tomorrow. We invest in our colleagues, building their skills and knowledge, to develop a passionate, world-class workforce drawn from all parts of our society.</p>	<p>TRUSTED</p> <p>We deliver on our promises and we do the right thing</p> <p>We build trust every day by delivering on our promises, always. We’re accountable for our decisions and work with the upmost integrity to ensure we’re making the right choices.</p>	<p>SAFE</p> <p>We make safety personal</p> <p>Safety is our licence to operate. Nothing is more important than the health, safety and wellbeing of our colleagues and the communities we serve. We are unrelenting and uncompromising in our commitment to achieving Zero Harm.</p>	<p>SUSTAINABLE</p> <p>We act responsibly to protect and enhance our planet and society</p> <p>We leave a positive legacy for the people we work with, the communities we work in, and the world in which we operate. We want to enhance our impact on the environment, working with our supply chain partners, customers and communities to ensure our choices are sustainable.</p>
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LINK TO OUR KPIS

NET CASH £m

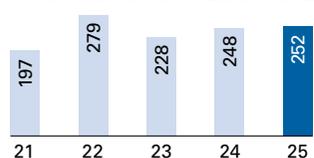


2025
£1,446m

→ Find out more on pages:

p69

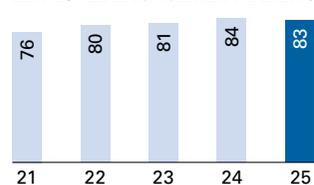
UNDERLYING PROFIT FROM CONTINUING OPERATIONS £m



2025
£252m

p69

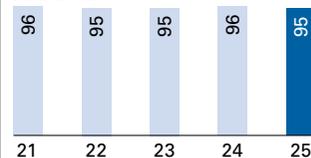
EMPLOYEE ENGAGEMENT INDEX %



2025
83%

p56

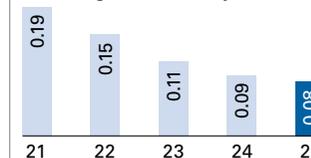
CUSTOMER SATISFACTION AVERAGE %



2025
95%

p40

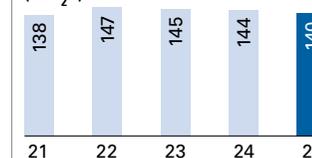
LOST TIME INJURY RATE (LTIR) excluding international joint ventures



2025
0.08 LTIR

p35

TOTAL SCOPE 1 AND 2 EMISSIONS (tCO₂e) 000s



2025
140 tCO₂e

p42

GROUP CHIEF EXECUTIVE'S REVIEW

"Since joining in September, I've been truly impressed by the depth of talent across Balfour Beatty and the inherent strength of the Group. Our capabilities, the quality of our order book and our disciplined approach to risk provide a powerful foundation for the future."

Philip Hoare
Group Chief Executive



A powerful platform for the next chapter of growth

Since joining in September, I've been truly impressed by the depth of talent across Balfour Beatty and the inherent strength of the Group. Our capabilities, the quality of our order book and our disciplined approach to risk provide a powerful foundation for the future.

In 2025, the Group delivered on expectations with further earnings growth, fuelled by strong operational performance and momentum in chosen growth markets, where our end-to-end expertise, proven delivery and long-standing customer relationships continue to differentiate Balfour Beatty.

As the industry faces unprecedented demand and a widening skills gap, we'll continue to invest in our people and in technology, driving further gains in productivity and operational excellence. Supported by a robust balance sheet and a resilient diverse business model, we are incredibly well positioned to respond to market dynamics, accelerate profitable growth, improve margins and drive value creation for our customers, communities, and shareholders.

Further profitable growth achieved in 2025

Balfour Beatty delivered a further successful period of operational and financial performance in 2025. For a fifth consecutive year, the Group achieved profitable growth from its earnings-based businesses (Construction Services and Support Services), demonstrating the consistency and reliability of its diverse portfolio, while materially increasing the forward order book, operating cashflow and shareholder returns.

The Group's ambition to increase earnings-based business PFO in 2025 was achieved with a 16% increase to £293 million, which contributed to the Group's underlying profit for the year improving to £239 million (2024: £227 million). Non-underlying items after tax were a credit of £25 million (2024: charge of £49 million). The year end order book grew by 23%, driven by the addition of long-term power generation projects in the UK, average net cash increased to £1,212 million compared to £766 million in 2024 and £189 million of cash was returned to shareholders (2024: £161 million) through a combination of dividends and share buybacks.

Outperformance in UK operations drives portfolio progress

Profitable growth was delivered in both the earnings-based businesses in 2025. Balfour Beatty's geographical, operational and contract diversity remains a key strength of the Group and was once again an important factor in the consistency of the Group's financial results. Construction Services PFO increased 8% to £171 million, as growth in the UK Construction PFO margin to above its long-standing 3% target was partially offset by lower profitability in US Construction, where growth in US Buildings was outweighed by cost overruns at a US Civils project. Gammon's PFO was also slightly down due to lower revenues, although PFO margin improved as forecast. Support Services grew revenue by 18% while delivering PFO margins ahead of its targeted 6-8% range, resulting in PFO increasing 31% to £122 million. Infrastructure Investments achieved its disposal targets for the year, delivering £36 million of gains and £120 million of proceeds, which exceeded the Directors' valuation; however it recorded lower PFO due to additional costs in US military housing. During the year, the Group agreed with the US Department of Justice to extend both Balfour Beatty Communities' plea agreement and monitorship to 6 June 2026 to allow the Group further time to complete planned remediation work.

The Directors' valuation of the Investments portfolio reduced by 15% to £1.1 billion (2024: £1.3 billion), due to the disposal of 12 assets, increased discount rates and sterling strengthening against the US dollar.

The Group has forecast further profitable growth in 2026 and beyond, driven by its focus on four core growth markets: UK energy, UK transport,

UK defence and US buildings. Additionally, costs are expected to reduce following completion of both the independent compliance monitor's work with Balfour Beatty Communities and the delayed US Civils project. In Infrastructure Investments, following the agreement of a 25-year ground lease extension at Fort Carson in Colorado early in 2026, the Group successfully completed a refinancing which raised \$444 million for a major redevelopment of the community, including c.400 new homes and the renovation of over 300 existing homes.

Long-term UK energy contracts driving order book expansion

The Group's order book increased by 23% to £22.7 billion in 2025 (2024: £18.4 billion), with growth in each segment of the earnings-based businesses. While demand remained strong in the majority of Balfour Beatty's key markets, the main driver of the order book's increase is the addition of projects linked to the UK's energy transition, with the Group converting over £3.5 billion of power generation orders for the Sizewell C and Net Zero Teesside power stations, while increasing the power transmission order book by almost 40%. The Group also delivered notable order book growth in UK rail, US roads and Hong Kong buildings.

In a period of unprecedented infrastructure demand, the Group continues to be selective in the work it undertakes, using increased bid margin thresholds and utilisation of disciplined risk frameworks and contract governance to reduce risk and raise quality in the forward order book. As a result, the order book comprises a project portfolio that the Group believes has the appropriate contractual terms and conditions for

the risk undertaken. UK Construction is heavily weighted towards lower-risk target cost and cost plus incentivised fee contracts, whilst US Construction is heavily weighted towards buildings projects, for which the Group ensures early issuing of subcontracts and insurance of the supply chain in order to protect its margin.

In addition to the reported order book, the Group has a deep pipeline of work which it has been selected for but has yet to go to contract. This represents a further significant volume of future activity and includes much of the work which has been awarded in both the power transmission and distribution sector and in the UK defence sector, which is being contracted on a phased or task order basis. It also includes c£2.5 billion of US Buildings projects which have been awarded but not contracted and the £1.2 billion Lower Thames Crossing road project in the UK.

“In 2025, the Group delivered on expectations with further earnings growth, fuelled by strong operational performance and momentum in chosen growth markets, where our end-to-end expertise, proven delivery and long-standing customer relationships continue to differentiate Balfour Beatty.”

OUR INVESTMENT PROPOSITION

Attractive future shareholder returns underpinned by sustained growth opportunities and financial strength.



1. High-quality and de-risked portfolio

- › Diverse portfolio across UK, US and Hong Kong
- › £22.7 billion order book
- › Robust governance and disciplined bidding



2. Expert capability

- › Track record of complex infrastructure delivery
- › Unique end-to-end capabilities
- › Industry-leading employee engagement



3. Sustained growth drivers

- › Governments driving growth through infrastructure
- › Capabilities aligned to growth markets
- › UK demand outweighing supply



4. Responsible goals

- › Evolved sustainability strategy launched in 2024
- › Net zero carbon emissions targets verified by SBTi
- › Ambitious community targets



5. Financial strength

- › Strong cash generation
- › £1.1 billion Investments portfolio
- › Sector leading balance sheet

£1.2bn

of shareholder returns 2021 – 2026

GROUP CHIEF EXECUTIVE'S REVIEW CONTINUED

2025 snapshots

Below are photos from Philip's travels – projects, people and the places where our work is making a difference around the world.



3



4



1



2



5



6



7



8



9

- Philip on site at HS2's Old Oak Common station in London during September Safety Month, taking part in a 'Let's talk' session focused on open dialogue and shared responsibility for safety.
- A trip to the US to meet Eric Stenman, President and Chief Executive Officer, Balfour Beatty's US Buildings & Civils business, to discuss complex builds, epic engineering feats and top-secret theme parks.
- Philip touring the Los Cerritos school project in California, meeting site teams and gaining first-hand insight into progress and delivery on the ground.
- Hosting a town hall at our Portland office in the US, bringing colleagues together to discuss performance, priorities and Balfour Beatty's future direction.
- Meeting colleagues in Bengaluru, India, to explore how our digital capability is shaping overhead lines, substations and M&E delivery systems.
- Philip experiencing how digital twins are being used on our Cyberport commercial development in Hong Kong to support safer and more efficient planning of activities such as painting and manual handling.
- On site at the M25 Junction 10/A3 Wisley Interchange project in Surrey, seeing progress on this major infrastructure upgrade designed to improve journeys for road users.
- Visiting the Bramford to Twinstead Network Optimisation project, a significant National Grid infrastructure upgrade supporting the UK's transition to cleaner, more secure energy.
- Philip presenting at the UK Early Careers Festival (#ECFEST25) in Birmingham, speaking to more than 400 graduates and apprentices about the skills and careers needed to deliver the next generation of UK infrastructure.

Positive market outlook supporting further growth

Throughout 2025, Balfour Beatty has continued to focus on its four chosen growth markets – UK energy transition and security, UK transport, UK defence, and US buildings – and the outlook for each, combined with the Group's order book, underpin the firm expectation of further growth from the earnings-based businesses in 2026 and beyond.

In the UK, the Government set out a 10-year infrastructure strategy as it looks to deliver on its objective to stimulate economic growth by investing in and enabling infrastructure development. Supported by the publication of The Infrastructure Pipeline and a commitment to finance at least £725 billion of the cost while seeking further material investment from the private sector, this longer-term approach brings improved certainty and clarity for the industry, allowing UK contractors and their suppliers to plan accordingly and invest in capability. In the US, US Buildings' organic growth strategy and lower interest rates have contributed to the division's encouraging progress.

› **UK energy:** The essential long-term upgrade to the UK's energy infrastructure is well underway, driving improvement in energy security and facilitating the energy transition, with significant and timely investment in both generation and network infrastructure necessary to meet the Government's net zero targets. Balfour Beatty is heavily involved in projects such as the new nuclear power stations at Hinkley Point C and Sizewell C, the Net Zero Teesside power station with carbon capture, and across the UK with its market-leading power transmission and distribution capability.

› **UK defence:** In June, the UK Government released the Strategic Defence Review, declaring defence as an engine for growth. Government plans to strengthen national security and modernise defence infrastructure are bringing material opportunities to market, with these schemes increasingly requiring contractors with high-security experience and end-to-end capabilities. Balfour Beatty's capabilities and credentials, including its experiences in civil nuclear construction, are well matched to these requirements and in 2025 the Group was selected by Rolls-Royce for a second long-term project as part of its AUKUS expansion, following a similar award in 2024.

› **UK transport:** Investment in the UK transport network is an important component of the Government's growth plans and is essential to address ageing infrastructure, net zero targets and domestic and international connectivity. Given Balfour Beatty's capabilities in the construction and maintenance of road and rail, and its experience in delivering major airport projects, the Group is well positioned to capitalise on transport opportunities when they arise, with growth expected in the medium term.

› **US buildings:** The US buildings sector in Balfour Beatty's target states is poised for further growth, supported by steady economic expansion, robust public-sector spending and favourable demographic trends. There are encouraging forecasts in the division's specialist industries, with increased investment in education, leisure, and data centres. The Group has also seen encouraging results from its organic growth strategy, as a result of further geographic diversification.

Growing and attracting an engaged workforce

Balfour Beatty's greatest assets are its people and their capabilities and, as demonstrated by the order book growth in the year, the demand for these remains extremely strong across a range of markets. As the Group continues to deliver on its growth aspirations, the focus on attracting and recruiting new talent and retaining its existing experts grows in tandem, as the Group looks to closely match the rising trajectory of work with a growing, and appropriately skilled, workforce.

The annual employee engagement survey is an essential tool for the Group to assess its own performance and the progress made in the year. In 2025, the survey results remained industry-leading, with overall employee engagement at 83% (2024: 84%), which is 8% higher than benchmark engagement scores for the industry.

During 2025, the Group has continued with its four pillared people strategy – Attract, Retain, Grow and Thrive – empowering colleagues to excel and build rewarding careers. From early careers to experienced hires to senior leadership, investment is being made in the skills needed to deliver demand, supported by inclusive leadership, data-led learning and a consistent, high quality employee experience. Across the UK, US and Hong Kong, this approach is locally tuned but globally aligned, ensuring the Group has the capacity, capability and culture to deliver for its customers – safely, ethically and with pride. In the Group's fastest growing market, Power Transmission and Distribution in the UK, the business welcomed over 500 new starters for the second year in a row, facilitating a near doubling of revenue over those two years. To retain its talent, Balfour Beatty focuses on providing an inclusive environment where its people feel valued and can be productive, and the Group's voluntary attrition rate in the UK remained stable at 10%. At year end, 8.9% of the UK workforce were apprentices, graduates

and sponsored students in 'earn and learn' positions, exceeding both The 5% Club's base target and overall average.

Further work required in journey to Zero Harm

Health, safety and wellbeing (HS&W) remain the highest priority for Balfour Beatty, underpinned by strong governance and accountability, with mental health treated like physical health to ensure a holistic approach. Sadly, despite the Group's relentless focus on its Zero Harm goal, one colleague tragically lost their life during the year while working on the decommissioning of a steel propane tank in the US. The Company offers its deepest sympathy and support to their family, friends and co-workers. The Group is determined to learn from this event, and to implement the findings from this incident. During the year, new learning and sharing forums across key working areas have been initiated, which aim to ensure that Balfour Beatty drives, shares and consistently adopts the common best practice across the whole business.

The Group tracks HS&W statistics closely in its efforts to achieve continuous improvement. Further progress has been made with most of these KPIs in 2025, most notably in voluntary safety observations, which increased by 67% to over 780,000 across the Group's activities. This level of engagement highlights not only the accountability for HS&W recognised by colleagues, but also how embedded safety is in the Group's culture. Lost time injuries (excluding international joint ventures) reduced in both rate and absolute numbers from 0.09 (100 injuries) in 2024 to 0.08 (89 injuries) in 2025, with both US and UK operations recording their lowest rates to date. The Group did note a slight increase in its major injury rate of 0.01; this was predominantly due to lower-limb injuries and slips, trips and falls. A working group has been convened to identify the risk factors that have led to the rise.

GROUP CHIEF EXECUTIVE'S REVIEW CONTINUED

Further work required in journey to Zero Harm continued

The Group continues to leverage technology to improve HS&W. At road projects in North Carolina, the Group has deployed a communication network called Safety Cloud. This sends real-time digital alerts to motorists within a one-mile radius of work activities, warning of work zones, lane closures and hazards. These alerts, integrated with platforms like Apple Maps, Waze and in-vehicle systems, give drivers vital time to slow down and manoeuvre safely. In the UK, the widespread adoption of digital permits, as well as a revised, reinforced utilities avoidance procedure, contributed to a 30% reduction in underground service strikes.

Sustainability central to delivering long term resilience and performance

During 2025, Balfour Beatty continued to embed and strengthen its Building New Futures sustainability strategy, launched in 2024 to reflect the evolving environmental, social and governance landscape. The six focus areas – net zero, resource efficiency, community value, supply chain integrity, nature positive, and employee diversity, equity and inclusion – remained central to delivering long-term resilience and positive outcomes. The Group's first double materiality assessment validated these priorities and reinforced the alignment between its strategy, risk management and external expectations, while emphasising the importance of governance, ethics and transparency. Progress was recognised through an improvement in the Group's FTSE4Good ESG score.

Capability and collaboration continue to be built across Balfour Beatty, including through the new Sprouting Sustainability Network, which empowers early-career professionals to drive meaningful change.

The Group also advanced its climate and nature agendas by maturing carbon reporting, preparing for emerging regulation, and completing the first full year of implementing its Nature Positive Principles.

In 2025, the Group delivered £1,012 million (2024: £991 million) of social value, including spend with local suppliers and local businesses, and volunteering. The Group also achieved a 2.3% reduction in absolute carbon emissions and a 7.8% intensity reduction in Scope 1 and 2 greenhouse gas (GHG) emissions.

Increased dividends and share buybacks in 2026

Continuity in Balfour Beatty's capital allocation framework, which has been in place since 2021, has been an important factor in the Group delivering attractive shareholder returns over the period, while ensuring the appropriate balance between investment in the business and a strong capital position. 2025 has been a further important step in the Group's growth, with positive progress made with regard to revenue, margin, order book, balance sheet and outlook. As a result, the Board has confidence that the Group will continue to deliver significant future shareholder returns and as such is today recommending a final dividend of 9.8 pence per share (2024: 8.7 pence), giving a total recommended dividend for the year of 14 pence per share (2024: 12.5 pence). Additionally, the Company intends to repurchase £200 million of shares during the 2026 phase of its multi-year share buyback programme, bringing the cumulative return to shareholders since the introduction in 2021 of the multi-year capital allocation framework to over £1.2 billion.

The total cash return to shareholders in 2026 (including the final 2025 dividend and 2026 interim dividend) is therefore expected to be c.£267 million (2025: £189 million).

Outlook

The Board expects a high single-digit percentage increase in PFO from its earnings-based businesses in 2026. This includes further underlying margin growth in UK Construction (when excluding the £11 million insurance recovery in 2025), improved US Construction margin, with the delayed Civils highway project expected to complete around the middle of the year, and increased Support Services PFO, with further growth in power volumes and PFO margin remaining above 8%.

Infrastructure Investments PFO for 2026, prior to disposals, is forecast to be a small loss and is aligned to the Group's agreement with the US Department of Justice to extend both Balfour Beatty Communities' plea agreement and monitorship to 6 June 2026.

Infrastructure Investments is expected to continue to deliver attractive end-to-end returns from its recurring income, by divesting assets and making new investments in line with the Group's capital allocation framework. Following a significant level of activity in 2025, gains on disposal are expected to be lower in 2026, in the range of £5-15 million, as the Group times its asset sales to capture maximum value.

The Board expects net finance income in the range of £28-32 million for 2026 and for the effective tax rates in each of the three geographies to remain close to statutory rates, albeit with cash tax payments in the UK remaining below statutory levels in the medium term as losses are utilised. Average net cash in 2026 is expected to be in a range of £1.3-1.5 billion, with capital expenditure between £40 and £50 million and working capital remaining broadly unchanged.

The Group's long-term outlook remains positive, with the growth forecast in 2026 and 2027 being driven by strong visibility from its high-quality order book, alongside the further opportunities in the energy, transport and defence sectors in the UK and the Group's chosen buildings sectors in the US. This gives the Board confidence in Balfour Beatty's continued ability to deliver profitable managed growth and sustainable cash generation, and in turn significant ongoing shareholder returns.

Philip Hoare
Group Chief Executive

10 March 2026

MARKET REVIEW

Well positioned in four growth markets

Capitalising on high-growth markets where the Group has the capabilities and a proven track record to secure new opportunities.

Our growth markets:



UK ENERGY



UK TRANSPORT



UK DEFENCE AND SECURITY



US BUILDINGS



UK ENERGY

The UK's energy system is undergoing a structural transformation as net zero ambitions accelerate. Electrification of transport, heat and industry is driving higher electricity demand, while government policy supports long-term investment in low-carbon generation and transmission.

This is creating a sustained pipeline of large-scale, complex infrastructure projects, highlighting the value of integrated delivery capability across high-voltage, civil engineering and programme management disciplines.

Market trends

Grid modernisation

Transmission capacity remains the key barrier to deployment of renewables, storage and regional energy clusters. In response, transmission owners and distribution network operators are accelerating investment in overhead line upgrades, HVDC links, strategic substations and reinforcement of existing assets. Delivery at pace is essential, increasing demand for partners with high-voltage expertise, regulatory understanding and experience managing multi-year, complex programmes.

Large-scale nuclear generation

Nuclear power remains central to the UK's low-carbon strategy, with ongoing projects such as Hinkley Point C focused on providing a reliable baseload to complement variable renewable sources. New nuclear is expected to more than replace the generation capacity coming offline, with Sizewell C securing £14.2 billion of UK Government support. These commitments are driving sustained demand for civil engineering, enabling works and complex structural and mechanical construction, favouring companies with large-scale nuclear delivery experience and strong programme management capability.

Small modular reactors

Small modular reactors (SMRs) are emerging as a core element of the UK's nuclear strategy and backed by £2.5 billion of government funding. In June 2025, Great British Energy – Nuclear named Rolls-Royce SMR as its preferred bidder, advancing the programme into contracting and early development. The UK's goal of up to 24GW of nuclear capacity by 2050, coupled with rising private sector interest, is driving demand. Growing demand for SMR deployment increases the need for repeatable site preparation, civil works and enabling infrastructure from experienced nuclear partners.

Carbon capture

Carbon capture, usage and storage (CCUS) industrial facilities are emerging as a national strategic priority to support industrial decarbonisation and low-carbon infrastructure, and are supported by a growing project pipeline and government funding, including £21.7 billion for CCUS projects. This is creating a broad range of opportunities for large-scale projects across energy and industrial end-markets. These projects align closely with Balfour Beatty's capability in managing technically demanding, complex infrastructure programmes.

2025 momentum

- › Awarded the north-east region of National Grid's £8 billion Electricity Transmission Partnership.
- › Secured two spots on National Grid's £59 billion High Voltage Direct Current supply chain framework.
- › Secured a place on SP Energy Networks transmission business' Strategic Agreement for Overhead Line Works framework.
- › Signed the Programme Alliance Agreement to deliver Sizewell C civil works.
- › Signed an £833 million contract with Technip Energies to act as the construction partner for Net Zero Teesside.

PIONEERING SUSTAINABLE POWER GENERATION

£833m

Secured for the Net Zero Teesside contract



→ Scan or click to learn about the Net Zero Teesside contract.

DRIVING THE UK'S GRID TRANSFORMATION

£8bn

Appointed to National Grid's Electricity Transmission Partnership



→ Scan or click to learn about the National Grid Electricity Transmission Partnership.

EXECUTING NATION DEFINING INFRASTRUCTURE

£38bn

Sizewell C nuclear project – delivering one-third of civil engineering works



→ Scan or click to learn about the Sizewell C nuclear project.

MARKET REVIEW CONTINUED

UK TRANSPORT

The UK transport sector is evolving rapidly due to urbanisation, population growth and government policies on decarbonisation, resilience and modal shift. Transport is viewed as a driver of economic growth, with public investment sustaining demand for complex civil engineering, programme management and electrification capabilities.

Market trends

Rail

Rail remains a key government priority, underpinned by Network Rail's £45 billion Control Period 7 (2024-2029). Demand for major programmes continues – including HS2 between Birmingham and Euston, the £10.2 billion of non-HS2 enhancements, such as East West Rail and the Transpennine Route Upgrade, and the reaffirmed commitment to Northern Powerhouse Rail.

This sits alongside a stable pipeline of renewals, maintenance and operations work delivered through long-term frameworks like the Central Rail Systems Alliance and the Supply Chain Services framework. Together, these programmes require multi-disciplinary design and engineering, with a strong focus on integrated delivery.

Strategic Road Network

The Strategic Road Network continues to receive government support, with £891 million for the Lower Thames Crossing alongside secured funding for five strategic schemes, including the A66 where Balfour Beatty is undertaking pre-construction activities. The £25 billion, five-year funding envelope for the Road Investment Strategy 3 (RIS3) provides welcome certainty, with a focus on modernisation, technology and network resilience – ultimately sustaining demand for asset management and renewal work through long-term frameworks such as National Highways' Scheme Delivery Framework 2.

Balfour Beatty's proven capabilities in operations, maintenance and structural works means we are well placed to respond to this shifting focus.

Local roads and maintenance

Continued demand for maintenance, resurfacing, widening and bypass schemes – such as the North Hykeham Relief Road – is supported by devolved long-term funding and local authority reorganisation. The Government has committed £15.6 billion between 2025 – 26 and 2031 – 2032 through the Transport for City Regions settlements, alongside £7.3 billion for local highway maintenance between 2026 – 2027 and 2029 – 2030. This underpins multi-year programmes of structural, civil engineering and maintenance works focused on renewal and network resilience.

Public realm and urban transport

Urban transport schemes – including tram, metro and bus network expansions – are growing under policies to reduce congestion, emissions and car dependency, supported by Transport for City Regions funding. The government will also invest £2.3 billion by 2029 – 2030 via the Local Transport Grant, supporting public realm, cycling and pedestrianisation projects aligned with low-carbon transport objectives.

Aviation

Investment in airport infrastructure is expected to recover, driven by capacity constraints, modernisation and decarbonisation. Major airports are progressing expansion plans – including Heathrow's proposed third runway and Gatwick's £2.2 billion standby runway programme – creating opportunities for terminal upgrades, runway works and landside infrastructure.

£92bn

Prioritised public funding in road and rail

Backed by the £92 billion Spending Review settlement, the UK transport sector offers a diverse and growing pipeline of road, rail, bridge and maintenance projects. From major upgrades to essential maintenance and local connectivity works, this investment highlights a strong, long-term market opportunity for contractors delivering critical transport infrastructure.

Source: UK Department for Transport and HM Treasury



Above: Artist's impression of Lower Thames Crossing in Kent.

2025 momentum

- › Delivered major HS2 milestones, including Bromford Tunnel, Tame West Viaduct, A46 box-slide and high-speed platform slabs at Old Oak Common.
- › Secured approximately £700 million of new UK Rail work, covering civil engineering under CP7, track renewal via the Central Rail Systems Alliance, and fleet supply and operations for Network Rail.
- › Advanced Early Contractor Involvement (ECI) activities at Lower Thames Crossing and the A66 Northern Transpennine project.
- › Commenced construction on A57 Link Roads and the M3 Junction 9 upgrade for National Highways.
- › Progressed A9 dualling between Tomatin and Moy in Scotland.
- › Delivered highways maintenance contracts for Buckinghamshire, East Sussex and Lincolnshire County Councils.
- › Continued operational and maintenance services for the M25 network through our Connect Plus Services joint venture.
- › Secured extension of the Highway Services Partnership contract with Southampton City Council until 2030.

UK DEFENCE AND SECURITY

The UK defence sector is undergoing sustained investment to support nuclear deterrence, modernisation of the Armed Forces, and homeland resilience. Rising defence budgets, ageing estate assets and increasing cyber and operational security requirements are generating a multi-decade pipeline of complex infrastructure, technical buildings and specialist manufacturing facilities.

Market trends

Nuclear deterrent facilities

The Defence Nuclear Enterprise (DNE) remains central to the UK's strategic deterrent. Investment priorities under the 2025 Strategic Defence Review support delivery and enhancement of the continuous at-sea deterrent and ongoing, sovereign warhead programme. Estate-wide modernisation includes Ministry of Defence (MoD)-owned sites at HMNB Clyde and AWE, while key defence prime contractor-owned facilities – including Rolls-Royce and BAE Systems submarine production sites – are being upgraded to support wider DNE programmes, creating a visible pipeline of high-value, complex projects with secured funding.

Technical buildings

Investment is increasing in operational and technical support buildings across the MoD and prime contractor estates. This includes maintenance facilities, operations hubs and other specialised infrastructure that enables core military functions. Projects require integrated construction, mechanical and electrical capability to deliver high-specification, resilient and sustainable facilities to support long-term operational needs.

Secure and cyber facilities

As technological advances continue to change the nature of conflict, there is a growing need for upgrades across the MoD estate to protect sensitive systems and data. There is increasing demand for secure communication hubs, command and control centres and research facilities for emerging defence technologies, requiring contractors with expertise in delivering high-specification projects that meet rigorous compliance and cyber-resilience standards.

Defence equipment manufacturing facilities

Demand is rising for purpose-built contractor-owned facilities to support production, maintenance and testing of defence equipment including a £1.5 billion allocation for the construction of at least six new energetics and munitions factories in the UK. Secure manufacturing halls, assembly areas and logistics centres require high-specification structural, mechanical and electrical capability, alongside long-term programme management and compliance expertise.

2025 momentum

- › Selected by Rolls-Royce Submarines Limited as the sole contractor on its fissile construction framework.
- › Delivering the construction of new office facilities and adjoining site infrastructure as Rolls-Royce Submarines Limited's non-fissile construction partner.
- › Delivering critical upgrades for the Defence Nuclear Enterprise at the Atomic Weapons Establishment (AWE) at Aldermaston.
- › Currently delivering projects for the Defence Infrastructure Organisation across multiple sites.

Below: (left to right) Terry Meighan, Director of Infrastructure, Rolls-Royce and Nick Crossfield, Divisional CEO of Balfour Beatty's UK Construction Services.



DELIVERING COMPLEX, SECURE INFRASTRUCTURE IN HIGHLY REGULATED ENVIRONMENTS

Balfour Beatty was selected by Rolls-Royce as the sole contractor on its fissile construction framework.

The fissile framework will see us deliver the critical nuclear licensed infrastructure required to support Rolls-Royce's manufacture of fissile components for the Royal Navy's submarine propulsion systems, and the new AUKUS submarines.

Work will include the construction of new, highly specialised manufacturing and processing facilities within the licensed nuclear site boundary, the upgrade of existing nuclear infrastructure critical for the production of fissile materials and extensive

site-wide infrastructure enhancement compliant with stringent nuclear safety and security regulation.

We will draw on our unique end-to-end capabilities to support the delivery of the programme, including our ground engineering expertise and mechanical and electrical engineering heritage, underpinned by our extensive technical knowledge and experience in working in a secure, nuclear environment.



Scan or click to read about Balfour Beatty being selected by Rolls-Royce as its fissile construction partner.

MARKET REVIEW CONTINUED

US BUILDINGS

The US buildings sector in Balfour Beatty's target states is poised for growth, supported by steady economic expansion, robust public sector spending and favourable demographic trends.

Together, these drivers create a compelling environment for Balfour Beatty's US Buildings business to capitalise on new opportunities and generate sustainable long-term value in key markets.

Market trends

Residential

Gradual residential sector recovery is expected as economic conditions stabilise. In single-family markets, recent and anticipated interest rate cuts are driving buyer and seller activity. Demand is strongest for entry-level and build-to-rent housing, supported by institutional investment and migration to more affordable Southern and Midwestern markets. In multifamily, declining vacancy rates signal improving demand and early recovery. Investment remains concentrated on value-add opportunities and office-to-residential conversions in metropolitan areas. In Balfour Beatty's target states, residential construction spending is projected to increase from US\$222 billion in 2025 to US\$246 billion in 2030.

Institutional

Institutional building spending continues to rise, driven by demographic shifts, changing community service requirements, ongoing infrastructure upgrades and consistent public sector demand. In education, public investment leads growth, with increased funding for higher-education facilities, while universities are expanding their use of public-private partnerships to deliver new student housing and mixed-use campus projects.

In healthcare, hospitals are the primary driver of near-term investment, supported by growth in specialised services and public sector initiatives, offsetting a moderation in private sector spending. Investment in the institutional sector in Balfour Beatty's target states is set to grow 4.9% per annum between 2025 and 2030.

Commercial

Demand in the amusement and recreation sector remains resilient as put-in-place spending increased 4% year on year in 2025 driven by global sporting and entertainment events and a sustained shift toward technology-enabled venues, with strong pipeline activity expected for modernisation projects and legacy site upgrades. The hotel construction pipeline remains resilient, with room counts up 1% year on year. Dallas, Atlanta, Phoenix and Austin are among our core geographies and rank as leading cities nationally for new project activity. In retail, activity continues to be led by fit-out and renovation projects. In Balfour Beatty's target states, commercial construction expenditure rises to US\$68 billion in 2030, up from US\$53 billion in 2025.

Offices

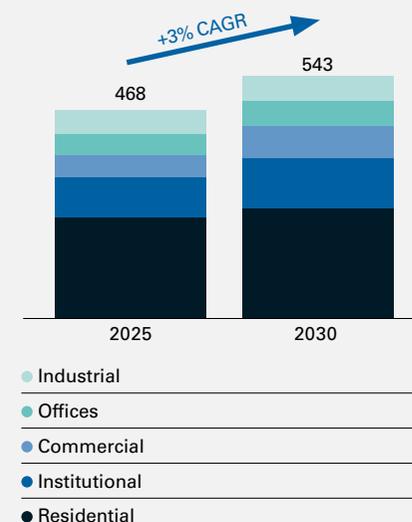
Renovation and repositioning projects underpin office spending as owners adapt assets to evolving workplace needs. Investment is further supported by rapid growth in data centre development, fuelled by growing demand for AI-related and high-capacity digital infrastructure. Office expenditure is forecast to increase from US\$48 billion in 2025 to US\$60 billion in 2030 in Balfour Beatty's target states.

Industrial

Industrial and manufacturing spending is normalising as most CHIPS and Science Act subsidies have been committed. Local incentives remain pivotal, with multi-billion-dollar state-level commitments complementing federal policies aimed at supporting the reshoring of advanced manufacturing. Industrial construction expenditure reaches US\$57 billion in 2030 in Balfour Beatty's target states.

US BUILDINGS CONSTRUCTION SPENDING IN BALFOUR BEATTY'S TARGET STATES IS PROJECTED TO GROW 3% PER ANNUM

Construction spending, US\$bn, nominal



Source: Dodge Construction Central



BREAKING GROUND ON THE BROOKLYN AND CHURCH ADAPTIVE REUSE PROJECT

448 luxury apartments

Replacing disused office space with 448 luxury apartments and vibrant retail in North Carolina.

2025 momentum

- Selected for K-12 works such as renovations, modernisations and site improvements to educational and athletics facilities throughout California, totalling more than US\$768 million.
- Awarded public civic works across the North-west, Texas and California, including local fire and police stations, city buildings and criminal justice facilities.
- Awarded The Strand, a 20-storey multifamily high-rise on behalf of Kane Realty, Corp. as part of its North Hills Innovation District, a US\$1 billion mixed-use campus in Raleigh, North Carolina.
- Awarded federal contracts for the US Navy, Marine Corps, Air Force and other government facilities within the Naval Facilities Engineering Systems Command (NAVFAC) Washington area of operations in the Mid-Atlantic.
- Awarded a nearly US\$200 million multi-year phased contract to deliver a confidential mission-critical facility in the Mid-Atlantic.
- Awarded a US\$72 million contract to deliver restroom renovations at Orlando International Airport.

US CIVILS

The US civils sector in Balfour Beatty's target states remains robust, supported by sustained federal funding, the replacement of ageing assets and a manufacturing boom that is increasing demand for transport infrastructure.

Market trends

Highways

US highway activity continues to be underpinned by substantial federal investment and robust state-level funding programmes, including multi-billion US\$ Statewide Transportation Improvement Programmes and Caltrans' planned US\$4.9 billion investment in California.

Rail

US rail is in a sustained investment cycle, underpinned by the Infrastructure Investment and Jobs Act's US\$102 billion rail funding envelope and expanded Federal Railroad Administration grant programmes, supporting safety, capacity and renewal works across passenger corridors and freight networks.

Water

US Environmental Protection Agency investment programmes are sustaining momentum in the water sector, unlocking nearly US\$7 billion in financing for water infrastructure projects. In California, an important market for Balfour Beatty, annual water infrastructure spending is expected to reach US\$3.3 billion by 2030.

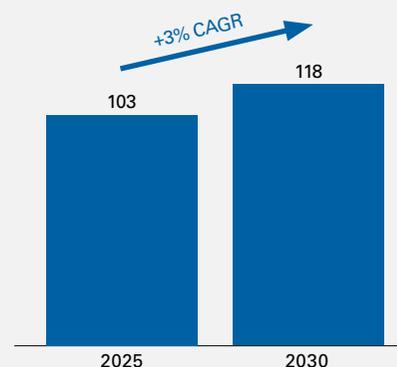
Ports

California's port investments offer a major opportunity, fuelled by growing global trade and the need for modern infrastructure. Multi-billion US\$ capital programmes of the Port of Long Beach and Port of Los Angeles, together with the California State Transportation Agency's additional US\$1.5 billion investment, ensure that the region remains competitive and resilient in the face of rising demand.



US INFRASTRUCTURE CONSTRUCTION SPENDING IN BALFOUR BEATTY'S TARGET STATES IS PROJECTED TO GROW 3% PER ANNUM

Construction spending, US\$bn, nominal



Source: Dodge Construction Central

GAMMON

Gammon is driving growth through transport infrastructure, the Hong Kong buildings market and data centre expansion in Singapore.

Market trends

Hong Kong

Buildings

The Northern Metropolis continues to serve as a major engine of growth, unlocking investment across housing, industrial and technology sectors. Additionally, the Hong Kong Housing Authority aims to deliver 176,000 public housing units by 2031, while the supply target for private housing over the next decade is projected at 126,000 units.

Transport

Hong Kong is expanding and upgrading its existing transport infrastructure through the Major Transport Infrastructure Development Blueprint, designed to meet population growth, commuting needs and enhancing the city's logistics capacity. In aviation, the Hong Kong Airport Authority's HK\$170 billion SKYTOPIA project aims to transform the airport area into a comprehensive city hub.

Singapore

Transport

Singapore is making substantial investments in transport infrastructure, with major projects such as the Jurong Region Line, Downtown Line extension and Phase 2 of the Cross Island Line currently under construction. In addition, the Government has committed a further S\$6 billion to advance the development of the Changi Airport air hub.

Data centres

The Green Data Centre Roadmap aims to deliver at least 300 MW of additional capacity in the near term and seeks to leverage green energy sources and solutions to unlock further growth.

INFRASTRUCTURE INVESTMENTS

Balfour Beatty Investments is focused on high-demand residential, energy and infrastructure markets.

Investment focus

🇺🇸 Student accommodation

Demand for student accommodation remains robust across both on-campus facilities and purpose-built off-campus housing, supported by sustained enrolment growth and shifting student preferences.

🇺🇸 EV charging infrastructure

Rising electric vehicle adoption is creating new opportunities for us in the charger deployment market, supporting continued expansion in this strategic segment.

🇺🇸 Nascent energy transition

As the UK's energy mix continues to shift towards renewable sources, the Group continues to assess the implications for future investment and construction opportunities across this evolving market.

🇺🇸 Military housing

We continue to actively manage our extensive portfolio of privatised military housing communities across the US, ensuring high-quality, long-term accommodation solutions for service members and their families.

🇺🇸 Multifamily housing

The US multifamily sector continues to see new-to-market assets entering the market, presenting us with opportunities to invest in the regeneration and enhancement of these assets.

🇺🇸 Public-private partnership projects

With legislation enabling public-private partnership (P3) projects now enacted in 42 states, we are well positioned to pursue opportunities across courthouses, schools, government facilities and transport projects.

DIGITAL

Reimagining construction through digital innovation

We continue to implement new advancements in digital and AI to drive safer, more productive and better assured delivery across the Group.

We utilise human form recognition to mitigate plant people interface risk, as well as biometric site access to enhance security and compliance. In addition, over 97,810 digital safety permits were issued in 2025 to reduce high potential (HiPo) incidents. In 2025, 783,842 observations and examples of good practice were submitted across the Group – almost double the previous year. These observations guide interventions that ensure health, safety and wellbeing, and support us in meeting quality standards for our customers.

→ Read more about our digital safety journey on page 36.

In the UK, we trialled Certchain, an AI-powered compliance platform to support the Supervisor Passport Scheme – a mandatory minimum training requirements programme to help supervisors maintain and improve an operational standard and secure a consistent behavioural safety legacy. Certchain brings together data from the Supervisor Passport Scheme, the Construction Skills Certification Scheme and the Construction Industry Training Board into one simple dashboard, giving us real-time visibility of training and certification status. The tool is now being rolled out more widely across the UK.

We have also invested £7.5 million in a fully ring-fenced cybersecurity platform. Hosted in a UK-based Microsoft Azure data centre and aligned to UK Government standards and clearance levels, which enables us to work securely with client data. It provides a virtual desktop that replicated 60 Balfour Beatty applications and processes for a seamless user experience and will also incorporate a data lake and enhanced reporting capabilities.

→ Read more about cybersecurity in our risk section on page 81.

More time for work that **MATTERS** most
Powered by Copilot

“This investment is about ensuring our business remains at the forefront of competitiveness and cybersecurity. Our decision to collaborate with Microsoft underscores Balfour Beatty’s determination to tackle the industry’s productivity gap, drive sustainable outcomes and enhance safety.”

Jon Ozanne
Chief Information Officer,
Balfour Beatty

WE'RE TRANSFORMING HOW BRITAIN BUILDS THROUGH AI

In 2025, we unveiled a £7.2 million investment in Microsoft 365 Copilot – one of the largest AI investments of its kind in the UK construction and infrastructure industry. The investment builds on a pilot that took place in 2024, with 350 colleagues reporting a 72% increase in productivity, saving an average of 30 minutes per day.

Hosted on Microsoft’s trusted enterprise-grade security platform, Microsoft 365 Copilot is already delivering measurable results. 6,848 colleagues have used Copilot

at least once since it launched in August 2025, with 1,535,839 actions taken – assisting 115,178 hours of tasks such as drafting emails, summarising meetings and generating documents, freeing up time for higher-value work and accelerating project delivery.

We have also partnered with Microsoft to develop bespoke industry-leading AI-powered ‘smart agents’ to improve quality, health and safety and assurance processes. These agents will leverage our corporate knowledge and data to provide actionable insights for on-site decision making and are being trialled on three of our projects in Scotland, Wokingham and London in the UK.

STAKEHOLDER VALUE

Sharing the value we create

In striving to achieve its purpose of Building New Futures, Balfour Beatty touches the lives of millions of people around the world. Working with multiple stakeholders across the industry and beyond, the Group continues to innovate and lead the market through driving change, shaping the debate and inspiring a new generation of talent to be the change makers of tomorrow.

About our stakeholders

From shareholders and employees to customers, supply chain partners and the communities we operate in, each stakeholder group holds a vested interest in Balfour Beatty's activities, performance or success. Their support, feedback and collaboration are vital not only to drive business growth and profitability but also to foster trust, sustainability and build a positive, lasting legacy.

SHAREHOLDERS

Our shareholders, as owners of the Company, are a critical stakeholder for the Group.

2025 engagement examples

- ▶ Throughout 2025, the Company held 104 meetings with shareholders and investors, with management holding two London-based results roadshows in March and September. Throughout 2025, the Group participated in four investor conferences organised by London-based investment banks, with additional investor roadshows held in Leeds, York, Birmingham, Milan, Lugano, New York, Chicago and Toronto.
- ▶ To keep shareholders up-to-date with Company news including financial information, we share regular updates via regulatory announcements, webcasts and presentations.



Above: Balfour Beatty's 2025 half year results presentation in London.

104

shareholder meetings held in 2025

- ▶ As part of the Group's annual shareholder engagement plan, Charles Allen, Lord Allen of Kensington, CBE, Non-executive Group Chair, met with a number of major shareholders; Group Chief Executive Philip Hoare held introductory meetings with most of the top 10 shareholders; and Chief Financial Officer, Phil Harrison met with investors in New York.

Creating value

Balfour Beatty continues to deliver on its multi-year capital allocation framework, announced in 2021. This provides a balanced approach between the investment needs of the business, regular dividend payments and additional returns to shareholders. Balfour Beatty intends to return c.£267 million to shareholders in 2026 through a combination of dividends and share buybacks, bringing the cumulative return to shareholders since 2021 to over £1.2 billion.

CUSTOMERS

Collaborative and long-term mutually beneficial relationships with our customers are the foundation of our success.

2025 engagement examples

- ▶ In 2025, customer engagement was primarily embedded in how we work through long-term frameworks and collaborative delivery models. We continue to work closely with customers earlier in the project lifecycle, supporting improved integration, data sharing and early stage design alignment. This approach strengthened collaboration across design, delivery and risk management, helping customers achieve greater certainty of outcomes.

- ▶ As an industry leader, we know that freely sharing best practice is the best way to help the industry develop and evolve. In 2025, we continued with our 'five-minute reads' publishing two papers on 'Leading the industry's hydrogen revolution' and 'Building the fusion future'.



→ Scan or click to read our 'Five minute read' series.

- ▶ Balfour Beatty led early contractor involvement at Sizewell C, integrating designers and Civils Works Alliance partners during enabling works and earthworks. Building delivery capability and skills early, helped secure development consent, support investment decision-making, refine costs and optimise the programme, removing over three years from the gallery construction schedule.

Creating value

In the UK, we marked a decade of partnership with SCAPE, a public sector procurement framework that has transformed how infrastructure is delivered for a wide range of local and national customers.

To date, the partnership has generated £404 million of social value, delivered over 19,800 hours in employment and skills, contributed more than 2.7 million community hours and engaged 288 education institutions. Our focus on collaborative delivery and high standards is reflected in consistently strong performance. Across SCAPE projects, our teams achieved an average Considerate Constructors Scheme score of 44.6 out of 45, with multiple projects achieving Platinum status.

95%

customer satisfaction average

STAKEHOLDER VALUE CONTINUED

EMPLOYEES

Talented and engaged employees, committed to upholding our values, enable us to deliver our Build to Last strategy – ensuring we win and expertly deliver the best and most exciting projects, whilst continuing to build a great place to work.

2025 engagement examples

- › My Contribution (MyC) is a critical driver for employee-led business change and making Balfour Beatty a great place to work. In 2025, colleagues from across the UK and US submitted over 1,700 ideas. More than 500 of these ideas were implemented, generating an estimated £1.4 million of cash, £2.6 million of cost savings and over 63,000 of time saved. Find out more about My Contribution on page 61.
- › We continued to invest in early career development with the Early Careers Festival 2025, which brought together about 400 apprentices, graduates and trainees

from across the UK. The event enabled our colleagues to engage with senior leadership, gain deeper insight into the business and deepen their understanding of safety, sustainability and quality.

- › Our UK Gender and Allies Affinity Network hosted over 40 Gender Circles during the year. These local, in-person events were held across projects, sites and in offices. They provided safe spaces for colleagues to connect, share lived experiences and discuss gender at work – helping us to identify and address barriers to inclusion.

Creating value

The key metric for our Expert value is employee engagement. In 2025, our Group engagement score reached 83%, around 8% higher the industry average. The annual survey achieved a high response rate of 84%, with more than 19,900 colleagues participating.

SUPPLY CHAIN AND KEY PARTNERS

Our extensive supply chain partners across the Group plays an instrumental role in our success and driving best practice across our industry.

2025 engagement examples

- › In 2025, we enhanced collaboration with UK tier one and tier two suppliers by engaging them early in design development, technical assurance and planning. This fostered shared priorities and improved outcomes in buildability, safety, carbon reduction, quality and environmental performance across our projects.
- › In 2025, Gammon, partnered with The Hong Kong University of Science and Technology, Swire Properties and AXA Climate to pilot a nature-related commercial property assessment. The framework will offer

strategic recommendations for incorporating nature into corporate governance, strategy, risk management and decision-making processes.

- › We continued to support capability building through industry collaboration, including our involvement in the UK Supply Chain Sustainability School, where Balfour Beatty is a funder, gold member and Board participant. Through this collaboration, suppliers are encouraged to access training, tools and accreditation pathways that support continuous improvement and help to build resilient, capable supply chains.

Creating value

Balfour Beatty is committed to paying all supply chain partners on time and on mutually-agreed terms. We continually invest in our processes and procedures to improve payment performance and enhance accuracy and transparency through increased automation. In the last six months of 2025, we paid 97% of invoices within 60 days, with an 'average days to pay' of 35 days.



Above: In 2025, we welcomed 400 apprentices, graduates and trainees to our UK Early Careers Festival.

83%

annual employee engagement score



Above: Students from Hong Kong University of Science and Technology with subject experts from Gammon and Swire Properties.

97%

of invoices paid within 60 days in the UK

COMMUNITIES

Our activities have a lasting impact on the communities in which we operate. We are committed to leaving a positive and sustainable legacy.

2025 engagement examples

- On the HS2 Old Oak Common station project in West London, our teams worked with StandOut, a UK charity supporting people with lived experience of the criminal justice system. Through this partnership, we supported employability by providing confidence-building support, mock interviews and CV guidance.
- While delivering Junction 10 of the Junction 10/A3 Wisely Interchange scheme on behalf of National Highways – one of the busiest sections of the UK's motorway network – our teams supported Elmbridge Community Action on Refugees (CAN), a local charity working with refugees and asylum seekers.

Through this partnership, our teams provided career mentoring, including resume-writing, interview practice and employability guidance to help individuals build confidence and access employment opportunities.

- After a devastating fire broke out at Wang Fuk Court in Tai Po, Gammon responded in unity. Over seven days, more than 500 volunteers from across the business helped to install flooring in interim housing. The Housing Secretary, Ms Winnie Ho, publicly praised Gammon's swift and compassionate response.

In the US, our team worked with the student-led Eagle News Broadcasters at Cesar Chavez Elementary School to turn the redevelopment of the school into an interactive learning experience. By linking construction activity with the school's media programme, students built confidence, curiosity and communication skills while following the building progress.

Creating value

In the UK, Balfour Beatty continues to use the National TOMs framework to measure and report social value to a consistent and recognised standard. In 2025, across our UK projects, we delivered over £1.012 billion of social value, reflecting the scale of our contribution to local economies, skills development and community wellbeing.

£1.012bn
social value delivered in the UK



Scan or click to watch the behind-the-scenes interview with César E. Chávez Intermediate and the project team.

GOVERNMENTS

Governments set the policy and legislative context in which we operate and are also valued customers across our chosen geographies.

2025 engagement examples

- During 2025, we engaged with the UK Government to provide evidence-led insight on priority infrastructure topics, including planning reform, the energy transition, nuclear readiness, defence infrastructure and infrastructure delivery capability. This included targeted engagement with ministers, officials and parliamentarians on the Planning and Infrastructure Act and the Great British Railways Bill, alongside formal consultation responses and parliamentary briefings on infrastructure delivery, skills and productivity.
- We hosted an immersive parliamentary showcase on nuclear capability, centred on the Sizewell C programme. This brought together MPs and officials to demonstrate UK delivery expertise, supply chain readiness and the scale of civil engineering capability required to deliver nationally significant nuclear infrastructure.

- We engaged at a senior level on the devolution of infrastructure budgets and regional growth priorities, recognising the increasing role of mayoral and strategic authorities in investment decisions. This included convening a regional rail roundtable in Manchester with the Mayor of Greater Manchester and senior transport stakeholders, as well as participating in national forums, such as the UK's Real Estate Investment & Infrastructure Forum (UKREiIF), supporting early alignment with locally-driven infrastructure priorities.

Creating value

Through sustained, evidence-led engagement on roadworker safety, Balfour Beatty helped secure recognition of roadworkers as a vulnerable group of road users in the Government's Road Safety Strategy. By sharing practical insight from live projects and engaging directly with policymakers through parliamentary activity, we brought national attention to the risks faced by those working on the road network.



Above: Steve Tarr, Balfour Beatty's Divisional CEO, hosted a discussion with the former Deputy Prime Minister at the UK Real Estate Investment & Infrastructure Forum (UKREiIF).

OPERATIONAL REVIEW

Strong performance across a diverse portfolio

Throughout this report, the Group has presented financial performance measures which are considered most relevant to Balfour Beatty and are used to manage the Group's performance.

These financial performance measures are chosen to provide a balanced view of the Group's operations and are considered useful to investors as these measures provide relevant information on the Group's past or future performance, position or cash flows. These financial performance measures are also aligned to measures used internally to assess business performance in the Group's budgeting process and when determining compensation. An explanation of the Group's financial performance measures and appropriate reconciliations to its statutory measures are provided in the Measuring Our Financial Performance section. Non-underlying items are the cause of the differences between underlying and statutory profitability. Additionally, revenue includes the Group's share of revenue of joint ventures and associates.

CONSTRUCTION SERVICES**REVENUE¹****£8,711m**

2024: £8,199m

STATUTORY REVENUE**£7,589m**

2024: £6,630m

UNDERLYING PROFIT FROM OPERATIONS**£171m**

2024: £159m

STATUTORY PROFIT FROM OPERATIONS**£182m**

2024: £87m

ORDER BOOK¹**£18.7bn**

2024: £15.2bn

1 Including share point of ventures and associates.

Financial review

Revenue at £8,711 million was up 6% (2024: £8,199 million), an 8% increase at CER, with higher volumes in UK Construction and US Construction offset by a reduction at Gammon. Underlying profit from operations increased to £171 million (2024: £159 million) due to improved profitability in UK Construction, partially offset by reduced profitability in US Construction and a lower Gammon contribution due to reduced volumes. Statutory PFO for the year was £182 million (2024: £87 million). The order book increased 23% (29% at CER) in the year to £18.7 billion (2024: £15.2 billion), largely due to new power generation orders in UK Construction.

UK Construction: Revenue in UK Construction increased by 3% to £3,112 million (2024 £3,011 million) driven largely by higher volumes in the energy sector.

UK Construction achieved its long-standing PFO margin target of 3% in the year, with strong project delivery, the improved risk profile of its portfolio and a one-off £11 million insurance recovery contributing to underlying profit from operations of £110 million (2024: £81 million). This represents a 3.5% PFO margin (2024: 2.7%),

which is 3.2% when excluding the insurance recovery, and demonstrates good progress in the division's margin expansion efforts, with further improvement expected in 2026.

The UK Construction order book grew by 44% in 2025 to £8.9 billion (2024: £6.2 billion), driven largely by the work won at Sizewell C nuclear power station and the Net Zero Teesside carbon capture project. The order book remains relatively low risk compared to historic norms, with 88% of orders contracted on target cost or cost-plus contract terms (2024: 79%). Additionally, at year end, 84% (2024: 92%) of the order book was with public sector and regulated industry customers, and more than half of the remaining 16% related to Net Zero Teesside, where the ultimate client is a joint venture between BP and Equinor.

US Construction: Revenue in US Construction increased by 24% (28% increase at CER) to £4,509 million (2024: £3,638 million) driven largely by stronger demand in US Buildings. Underlying profit from operations for US Construction reduced by 38% to £25 million (2024: £40 million) with the cost of schedule delays at one US Civils highways project in Texas more than offsetting strong performance from

Construction Services

	2025			2024		
	Revenue ¹ £m	PFO £m	Order book ¹ £bn	Revenue ¹ £m	PFO £m	Order book ¹ £bn
UK Construction	3,112	110	8.9	3,011	81	6.2
US Construction	4,509	25	7.8	3,638	40	7.1
Gammon	1,090	36	2.0	1,550	38	1.9
Underlying ²	8,711	171	18.7	8,199	159	15.2
Non-underlying	–	11	–	–	(72)	–
Total	8,711	182	18.7	8,199	87	15.2

1 Including share of joint ventures and associates.

2 Before non-underlying items (Note 9).

A reconciliation of the Group's performance measures to its statutory results is provided in the Measuring our financial performance section.

the US Buildings business. Tariffs had a relatively low impact on the business in the year, and where incurred, were largely recovered through pre-existing contract terms. US Construction PFO is expected to improve in 2026, with the delayed Civils highway project expected to complete around the middle of the year.

The US Construction order book increased by 10% (18% at CER) to £7.8 billion (2024: £7.1 billion) with increases in both the Buildings and Civils divisions when measured in dollar terms. Growth in the US Buildings order book was driven largely by \$750 million of correctional facility work in the Southeast, increased data centre work and education orders. US Civils order book growth was primarily due to an \$889 million contract for the Texas Department to reconstruct a 3.7km section of Interstate 30 in Dallas County. The project, scheduled for completion in 2031, will be delivered solely by Balfour Beatty and is reflective of the Group's capabilities and focus going forward.

Gammon: The Group's share of Gammon's revenue reduced by 30% (28% at CER) to £1,090 million (2024: £1,550 million) driven by decreased activity on major civils projects, as work on the two major projects at Hong Kong International Airport moved towards completion through the year. Although underlying profit decreased to £36 million (2024: £38 million), Gammon delivered an improved profit margin of 3.3% (2024: 2.5%), with the improvement in margin driven by the mix of work completed across the project portfolio.

The Group's share of Gammon's order book increased by 5% (18% at CER) to £2.0 billion (2024: £1.9 billion), with new additions including a commercial development in Tung Chung with a 23-storey office tower, five-storey retail podium and 20-storey data centre; a commercial and residential development in Kowloon with six residential towers; and a five-tower residential development in Tai Po. Further new orders were

received for work in the Northern Metropolis, including four nine-storey buildings at the Hong Kong-Shenzhen Innovation and Technology Park and civils contracts to prepare land and deliver engineering infrastructure works for new development areas. Northern Metropolis projects now represent 26% of the Gammon order book.

Operational review

UK Construction

Further demand in UK energy and defence markets

Balfour Beatty holds a market-leading position in a growing UK infrastructure market, with unmatched scale and vertically integrated capability for delivering major and regional civils projects. The market outlook has strengthened during 2025, with the UK Government launching a 10-year infrastructure strategy as it looks to deliver on its objective to stimulate economic growth by investing in and enabling infrastructure development. The strategy is supported by the publication of The Infrastructure Pipeline, which details the projects to be delivered over the 10-year period, financed by at least £725 billion of public funding and further material investment from the private sector. This longer-term approach, which includes planning reform and the creation of the National Infrastructure and Service Transformation Authority (NISTA), brings improved certainty and clarity for the industry as a whole, allowing UK contractors and their suppliers to plan accordingly and invest in capability. The Government also recognised the necessity for further investment in UK defence, which it forecast will create hundreds of thousands of jobs and contribute to economic growth.

In 2025, Balfour Beatty has continued to target three strategic growth markets in the UK – energy transition and security, defence and transport. With regard to energy, the essential long-term upgrade to the UK's energy infrastructure is underway and

the volume of work required to meet the UK's net zero ambitions is vast. The Group was successful in adding two of its long-term power generation targets to the order book during the year, with a combined value of over £3.5 billion:

- ▶ In conjunction with its major role in the ongoing construction of the Hinkley Point C nuclear power station in Somerset, Balfour Beatty has been selected as one of three contractors to deliver the construction of the new Sizewell C nuclear power station in Suffolk. In June, Balfour Beatty signed the Programme Alliance Agreement in partnership with Laing O'Rourke and Bouygues Travaux Publics to deliver the main civil works at Sizewell C, and as a result of the project reaching financial close in November, around £3 billion of Sizewell C work is now included in the Group's order book;
- ▶ Following a multi-year bid, including the delivery of a front-end engineering design (FEED) study, Balfour Beatty signed an £833 million contract with Technip Energies to act as the construction partner for Net Zero Teesside Power - an onshore power, carbon capture and compression project that is poised to be the world's first gas-fired power station with carbon capture and storage.

In addition to these successes, the Group, alongside Technip and GE Vernova, are working on a further FEED study for a proposed new build gas-fired power station with carbon capture and storage for the Connah's Quay Low Carbon Power project. The Group also continues to pursue opportunities in the UK's emerging small modular nuclear reactor market, and the UK Construction division's civil engineering expertise is expected to be drawn on further as a result of the ongoing expansion of power transmission and distribution volumes within Support Services.



MAJOR MILESTONE ACHIEVED FOR HS2'S A46 KENILWORTH BYPASS

Working in close collaboration with HS2 and National Highways, Balfour Beatty VINCI delivered a major milestone, successfully sliding a 14,500 tonne concrete box structure into position to support the new high speed rail line.

The record breaking structure – Europe's heaviest of its kind – was constructed alongside the existing road and installed in a precisely executed operation, with the A46 Kenilworth Bypass reopen to traffic 30 hours ahead of schedule – significantly minimising disruption for road users.



Scan or click to read more about this major milestone.

OPERATIONAL REVIEW CONTINUED

CONSTRUCTION SERVICES CONTINUED

Operational review continued

UK Construction continued

Further demand in UK energy and defence markets continued

In June, the UK Government released the Strategic Defence Review, declaring defence as an engine for growth, which will boost prosperity, jobs and security for people across the UK and called for a new partnership with industry, including improved contract management, faster delivery and a move to industry-standard construction methods. This alignment with Balfour Beatty's capabilities, and the Group's experience in defence infrastructure and high-security environments, means it is well placed to support the UK Government's objectives in this sector.

Balfour Beatty's approach to growing its UK defence market share includes winning further work for both the Defence Infrastructure Organisation, whose projects tend to be security classified, and at Defence Nuclear Enterprise (DNE) sites. In 2025, the Group's live projects at DNE sites included the Hub at AWE Aldermaston and the expansion work at Rolls-Royce's site in Raynesway, Derby, needed to meet the growth in demand from the Ministry of Defence and as a result of the AUKUS agreement. During the year, Balfour Beatty was selected by Rolls-Royce for a second project of works at Raynesway, which will see the Company deliver the critical nuclear licensed infrastructure required to support the client's manufacture of fissile components for the Royal Navy's submarine propulsion systems, and the new AUKUS submarines. Further major DNE construction frameworks are currently being pursued in 2026.

Transport remains an important component of the UK Government's growth plans and, while fiscal headwinds are impacting the volume of activity in the short term, support for major infrastructure projects such as the Lower Thames Crossing road scheme and rail projects such as Northern Powerhouse Rail, the Transpennine Route Upgrade and East West rail was reaffirmed in 2025. The Government has also publicly backed the expansion plans for Heathrow Airport. National Highways' draft third Road Investment Strategy (RIS3), which includes £25 billion of funding over five years and is due to be finalised imminently, has an increased focus on maintenance and renewals rather than new roads while, outside of HS2, the majority of UK rail funding in the short term is also focused on operating, maintaining and renewing the core railway.

Given Balfour Beatty's strong market positions and range of capabilities in the construction and maintenance of roads and railways, and its experience in airport construction, the Group continues to see UK Transport as a growth area in the medium term. The Lower Thames Crossing road scheme, a project which the Group was awarded £1.2 billion of work for in 2023 but has yet to start the main works contract, was granted a further £891 million of public funding in 2025 and NISTA are developing a private finance solution to fund the project to completion. HS2 will continue to be a material project for Balfour Beatty for the foreseeable future, and following a pause caused by a legal challenge, the c£200 million A57 Link Roads scheme, delivering two new strategic highways links between Manchester and Sheffield, is expected to proceed in 2026. With the Group's depth of capabilities across transport construction and maintenance, including asset management across regional as well as national infrastructure projects, Balfour Beatty is well positioned to play a significant role in the delivery of the UK Government's transport strategy.

Strong operational delivery takes PFO margin above 3%

In 2025, Balfour Beatty's UK Construction division delivered an improved PFO margin for the fifth year in a row and surpassed its long-standing 3% margin target. This ongoing margin expansion is built on a track record of strong operational delivery and a portfolio of higher-quality and lower-risk projects, overseen by the Group's disciplined and rigorous bidding process.

Balfour Beatty's ambition to provide industry-leading project delivery across the UK Construction portfolio not only drives margin performance, but also demonstrates the Group's capabilities and standards, thereby aiding the pursuit of future work. This focus on project delivery, alongside the disciplined bidding and strong client demand, has contributed to the forward order book growing by 44% in 2025, while remaining heavily weighted towards lower-risk contract forms. As such, 88% of the £8.9 billion order book is contracted on target cost or cost plus incentivised fee terms, while the remaining 12% is weighted towards two-stage fixed-price contracts, which are inherently lower risk than one-stage fixed-price arrangements. The Group remains focused on ensuring that new work is contracted on the appropriate contractual terms and conditions for the risk undertaken, in order to protect the Group's margin and reduce the loss-making portion of the project portfolio.

On the UK's largest infrastructure project, HS2, Balfour Beatty and its joint venture partners are delivering the main civil engineering works for the Area North section and the new station at Old Oak Common in London. On Area North, the Balfour Beatty VINCI joint venture completed civil engineering work on the 1-mile Long Itchington Wood twin-bore tunnel as well as achieving tunnel breakthroughs at both bores of the 3.5-mile Bromford Tunnel. In addition, it successfully pushed the 4,600-tonne M6 South Viaduct east deck over the M6, with the final stage achieved

without closing the motorway. At Old Oak Common, the Balfour Beatty VINCI SYTRA joint venture has installed over 70% of the first high-speed platform slabs and commenced blockwork and mechanical and electrical module installation. At the new Hinkley Point C nuclear power station, good progress continues to be made on the underground marine works and the 230-tonne triple point shaft formwork structure was lowered and installed 40 metres underground to connect the three tunnels. The Group is also part of the MEH Alliance, which is delivering the mechanical, electrical and HVAC installation at the power station, with volumes increasing during the year.

The Major Highways team achieved substantial completion of the major improvement scheme at the interchange between Junction 10 of the M25 and the A3, with traffic management lifted in line with scheduled expectations. The team also completed its work on the National Emergency Area Retrofit scheme, providing emergency refuge areas on the M25, M3 and M4 and enhancing safety on the network. Work began during the year on the M3 Junction 9 scheme, in joint venture with VolkerFitzpatrick, with enabling works, piling and earthworks delivered to facilitate significant structural works in 2026, while the A63 project is on track to open to traffic in the first half of 2026, with strong delivery in 2025 on major structural elements, such as the underpass tunnel and pumping station.

UK Construction operates across the length and breadth of Great Britain, delivering hundreds of diverse projects. During 2025, the business installed the first new bridge over the River Trent in Nottingham for 65 years, commenced construction on the new Nairn Academy school in the Scottish Highlands and delivered restoration works on the historic Riddings Viaduct, a Victorian structure that spans the Anglo-Scottish border. Beyond the new Rolls-Royce and power station contracts, other projects added to the UK Construction order book during 2025 included the



ENHANCING CONNECTIVITY ON INTERSTATE 30 IN DALLAS, TEXAS

Working in partnership with the Texas Department of Transportation, Balfour Beatty has been awarded an US\$889 million contract to reconstruct a 3.7km stretch of Interstate 30 through Dallas County.

The project will double the number of general purpose lanes from six to 12 and deliver nine new crossings, enhancing connectivity between I-30 the Southern Gateway, the I-35E Lowest Stemmons and The Horseshoe, all of which Balfour Beatty has successfully completed for Texas Department of Transportation over the last five years.

Dunard Centre, Edinburgh's first purpose-built concert hall in over a century, and the South East Pier Extension at Edinburgh Airport. Various additional contracts, including new flood and coastal defences in Suffolk and the South Wokingham Distributor Road in Berkshire, were awarded to Balfour Beatty through the SCAPE Civil Engineering frameworks. Through the Group's partnership with SCAPE, it has been helping to shape and strengthen local communities for the last ten years, and remains contracted as the sole delivery partner until November 2028.

US Construction

Disciplined approach to US growth

Balfour Beatty's US Construction division is comprised of the US Buildings and US Civils businesses.

US Buildings is a construction management business, diversified across geographies and client sectors, which targets major cities and urban areas in states with favourable economic outlooks. The business delivered strong revenue growth in 2025, demonstrating why it is one of Balfour Beatty's four chosen growth markets, and is considered the lower-risk segment within the division. With most of the projects undertaken by US Construction contracted on fixed-price terms, US Buildings utilise the early issuance of subcontracts and insurance of the supply chain to mitigate risk.

The US Civils business focuses on highways projects in Texas and the Carolinas, and on local rail and civils work in California. In contrast to the Group's approach to US buildings, civils contracts in the US are generally delivered on a self-perform basis, which on fixed-price arrangements gives limited scope to mitigate inflation and schedule risk. As a result, the Group remains cautious in its approach to complex civils contracts in the US and has reduced its exposure to the sector in recent years, with 2025 revenue down by nearly 30% compared to 2023. Civils bidding is now

focused on projects that closely align to the business' core capabilities, with all major new contracts in the last three years being in the road sector.

Strong revenue growth following period of order book expansion

Balfour Beatty's growth engine in the US continues to be its buildings business, which increased revenue by 29% (33% at CER) in 2025 and contributed 91% of US Construction revenues (2024: 87%) following a strong period of orders that began in the second half of 2024. The business continued to win work at a similar rate throughout 2025 and during the 18-month period preceding year end, the order book grew by 26% in local currency, driven by two key factors: an organic growth strategy coupled with falling interest rates.

Having identified the opportunity for growth in 2023, based on the strength of some core markets, including aviation, leisure, education and government, combined with the impact of a more settled economy, the Group put to work its two-pronged organic growth strategy to add further diversification to its regional businesses. The Group opened new offices, targeting additional cities in states with existing Balfour Beatty offices, and broadened the end-markets served in some regions where the business was already active.

The new office locations are prospering and contributing well to the growth in revenue and order book. In Jacksonville, Florida, the team is constructing a new terminal at Jacksonville International Airport and delivering work for the Transportation Authority, while in Sacramento, California, the team is also working at the local airport and has completed construction of the new Cesar Chavez Elementary School. The Charleston office in South Carolina has recently finished construction of a senior living facility on Kiawah Island and, in Savannah, Georgia, the team has started construction of a local elementary school.

Given the success of the geographic expansion, the Group opened a further new branch in 2025 in El Centro, California, and will continue to monitor further opportunities.

By broadening the regions in which it serves certain end-markets, the US Buildings business is further utilising its in-house expertise and long-term customer relationships to drive organic growth, with success in various sectors. In the US data centre market, which is expanding at pace, Balfour Beatty has strong recent history of delivering projects in the Northwest for major tech companies. During 2025, Balfour Beatty has worked with these customers to discuss data centre opportunities outside of its core Northwest market, which has resulted in the Group being selected for a project in Virginia, while projects in other new states are being pursued. In aviation, in addition to the work in Jacksonville and Sacramento, the business is delivering projects at two airports in North Carolina and has identified a strong pipeline of new projects coming to market in the next three years that closely match the Group's experience and capabilities. The Group has also seen further revenue growth from its geographical expansion of its theme park, correctional facility and student accommodation project portfolios in the year.

Given the breadth of geographies and client sectors served by Balfour Beatty's US Buildings portfolio, the overall business is somewhat protected from sector and economic volatility. One factor that did impact demand in the past was the post-pandemic rise in interest rates, as the increased cost of financing projects led to delays in some projects being approved. Since interest rates first started to drop in Q3 2024, demand in the US buildings market has reacted positively. This, combined with the success of the geographic and sector expansion, has contributed to the business consistently adding around \$3 billion of new contracts to the order book every six months.

OPERATIONAL REVIEW CONTINUED

CONSTRUCTION SERVICES CONTINUED

Operational review continued

US Construction continued

High delivery standards maintained across US Buildings portfolio

During the year, progress has been made on significant buildings projects including:

- › The 17-storey, 800-guestroom, Grand Hyatt Miami Beach hotel in Florida;
- › The Marine Corps Recruit Depot San Diego Recruit Mess Hall in California;
- › A social services campus for The Salvation Army of North Texas Dallas;
- › The Portals IV 356-unit residential project in Washington DC;
- › Three transformative library projects for Multnomah County in Oregon, with one new build and two major expansions;
- › Completion of the Gipson Play Plaza in North Carolina, which is now the largest adventure playground in the Southeast;
- › Completion of The Charles, a premier multifamily development located in Charleston's waterfront district.

US Civils performance impacted by delays on Texas highways project

The US Civils business continued to pivot towards a more concentrated portfolio of projects in 2025, with a heavier weighting of work delivered in highways and bridges, which have historically been profitable activities for the Group. This represented 67% of revenue in 2025 compared to 55% the year before, driven by both an increase in highways volumes and less rail activity. The performance of the division was negatively impacted during the year by cost overruns and schedule delays on a single joint venture highways project in Texas, which commenced in 2019 and is due to finish in mid-2026. As to be expected, the Group is pursuing cost recoveries.

US Civils' focus on delivering highways projects for long-term customers has driven order book growth of 53% in 2025 and the division has taken further steps to de-risk project contracting and execution. New orders awarded in the year, such as an \$889 million contract with the Texas Department of Transportation to reconstruct a 3.7km section of Interstate 30 in Dallas County and a \$260 million share of a contract with the South Carolina Department of Transportation to replace ageing bridges over Lake Marion, are reflective of the Group's capabilities and focus going forward. The Group remains confident that US highways will be a profitable activity for the Group in the medium term.

Gammon

Strong positions in Hong Kong and Singapore

Gammon, Balfour Beatty's 50:50 joint venture with Jardine Matheson based in Hong Kong, has a local reputation for delivering high-quality projects in Southeast Asia. The Hong Kong construction sector remains positive during a difficult fiscal period for the region, with Government commitments to invest in infrastructure projects, and in particular to accelerate the development of the Northern

Metropolis. Demand remained strong in Singapore, particularly for commercial and tourism-related projects, and local orders comprise 14% of Gammon's order book at year end.

Gammon continues to have a strong share of both the buildings and civils markets in Hong Kong. In buildings, the focus is on the use of Design for Manufacture and Assembly (DfMA) and modular construction to improve productivity and efficiency and expanding the customer base on a selective basis. In civils, the strategy is to leverage engineering excellence, with a key area of future work likely to be from significant infrastructure programmes in Hong Kong and in Singapore.

During 2025, Gammon completed the new coach hall at Hong Kong International Airport and made strong progress towards completion of the new Terminal 2 departure facilities, which are scheduled to open in March 2026. The business also completed its work on the Central Kowloon Route, a major three-lane road, where it delivered major work packages covering critical tunnel infrastructure, complex electrical and mechanical systems and ventilation buildings. The Hong Kong buildings team completed the construction of One Causeway Bay, an iconic development on the Victoria Harbour, and celebrated the topping out of the Hong Kong Housing Society's Subsidised Sale Flats Project in Kai Tak, which comprises two 40-storey residential towers.

In Singapore, Gammon made good progress on projects including the Ang Mo Kiu Station, where the business is responsible for the design, construction and tunnelling works at the interchange station, and the Global Switch Singapore Data Centre, where the team is replacing the existing cooling systems.



TRANSFORMING HONG KONG INTERNATIONAL AIRPORT: THE TERMINAL 2 EXPANSION

Gammon, is delivering the major expansion of Terminal 2 at Hong Kong International Airport, a HK\$12.88 billion scheme that forms part of the airport's transformative Three Runway System project.

The project includes the expansion of the main terminal building, new annexe structures, interconnecting bridges, significant landside transport upgrades and advanced airport systems – all designed to support arrival and departure operations.

This landmark project showcases the team's commitment to engineering excellence and innovative construction solutions, reinforcing Hong Kong International Airport's position as a world-class global aviation hub for generations to come.

SUPPORT SERVICES

REVENUE¹

£1,427m

2024: £1,210m

STATUTORY REVENUE

£1,427m

2024: £1,210m

UNDERLYING PROFIT FROM OPERATIONS

£122m

2024: £93m

STATUTORY PROFIT FROM OPERATIONS

£145m

2024: £93m

ORDER BOOK¹

£4bn

2024: £3.2bn

1 Including share point of ventures and associates.

Financial review

The Support Services business provides power, plant, road and rail maintenance services and is characterised by profitable recurring revenues underpinned by long-term frameworks.

Support Services revenue increased by 18% to £1,427 million (2024: £1,210 million) due to higher power transmission and distribution volumes, with power revenues nearly doubling since 2023. Underlying profit from operations increased to £122 million (2024: £93 million), as the growth in revenue was largely related to the disciplined delivery of higher-margin activities. This resulted in PFO margin of 8.5% in the year (2024: 7.7%), which is above the targeted 6-8% PFO margin range and represents outstanding performance in the segment. Statutory profit for the year was £145 million (2024: £93 million). Support Services PFO is expected to increase in 2026, with further growth in power volumes and PFO margin remaining above 8%.

The Support Services order book increased by 25% to £4.0 billion (2024: £3.2 billion) driven by new power transmission and distribution contacts and a strong period of work winning in the Rail business.

Support Services

	2025	2024
Order book ¹ (£bn)	4.0	3.2
Revenue ¹ (£m)	1,427	1,210
Profit from operations ² (£m)	122	93
Non-underlying items (£m)	23	–
Statutory profit from operations (£m)	145	93

1 Including share of joint ventures and associates.

2 Before non-underlying items (Note 9).

A reconciliation of the Group's performance measures to its statutory results is provided in the Measuring our financial performance section.

Operational review

Accelerating growth in power transmission and distribution market

The power transmission and distribution market in the UK, within which Balfour Beatty holds market-leading scale, has continued on a rapid trajectory of growth, which is expected to continue in the medium term. In 2025, Ofgem confirmed its final RIIO-T3 determinations and committed an initial £10 billion of funding for electricity network upgrades in the price control period (2026-2031) for the three transmission owners: National Grid, Scottish and Southern Electricity Networks (SSEN) and Scottish Power Energy Networks (SPEN). The regulator recognised that this was the first portion of what its own forecasts suggest could be over £70 billion of funding in the period to 2031. A large portion of this will be through the Accelerated Strategic Transmission Investment (ASTI) programme for major new infrastructure in which Balfour Beatty is playing a leading role. The Group is also seeing major demand as a result of new connections to the grid, through new renewable generation, battery storage, industrial clients and data centres, which in turn requires the transmission owners to invest in their networks.

Balfour Beatty's market-leading position in the UK power transmission and distribution construction industry is built not only on scale, but also a unique end-to-end offering, including design, steel fabrication, panel manufacturing, ground engineering, all aspects of transmission and distribution construction, and commissioning. As well as continued growth in its core disciplines of overhead lines, underground cabling and substations, the Group has also entered the growing converter station market, where it is ideally placed to deliver civil engineering works. The converter station strategy is aligned to that of the rest of the Power business; focusing on work for the regulated transmission and distribution network owners, where the Group

has existing long-term framework positions and strong technical knowledge and experience. The business was selected for various schemes and frameworks during 2025 and the order book increased by 38%. Progress with the three key customers included:

- Awarded two places on National Grid's High Voltage Direct Current supply chain framework, to deliver both the civil engineering works for future converter station schemes, as well as the associated onshore underground cabling works. The five-year framework has an option to extend for a further three years;
- Appointed by National Grid as the regional delivery partner for the North East of England as part of its £8 billion Electricity Transmission Partnership, designed to accelerate the delivery of vital substation infrastructure;
- Awarded a place on SPEN's transmission business' Strategic Agreement for Overhead Line Works framework. The five-year framework has an option to extend for a further five years;
- Planning consent granted for the £690 million Skye 132kV Reinforcement project for SSEN, which also placed a major order for Balfour Beatty's steel fabrication facility to manufacture towers for the ASTI programme, with manufacture and testing of a new tower type underway.

As this market continues to expand at pace, the business continues to grow its capacity and capability. Over 500 people joined the Power T&D business in 2025, taking new recruits to over 1,000 in two years. Core to the business' growth strategy is the utilisation of Balfour Beatty's full UK offering. By leveraging the scale and depth of those capabilities, the business can add value for its long-term customers, while bringing new work to other parts of the Group.

OPERATIONAL REVIEW CONTINUED

SUPPORT SERVICES CONTINUED

Operational review continued

Accelerating growth in power transmission and distribution market continued

During the year, Balfour Beatty's work for National Grid included work on Bramford-Twinstead, a new overhead line and underground cable scheme in Suffolk, which forms part of the client's Great Grid Upgrade, good progress on three substation projects and the installation of all underground cables on the North Wessex Downs VIP scheme. The business also mobilised and made good progress on the Prysmian's Eastern Green Link Zonshore HVDC cable installation, a critical new energy 'superhighway' between England and Scotland. In Scotland, work for SSEN included the ongoing early contractor involvement (ECI) and design works on the Group's ASTI projects, including the Netherton Hub converter station, Longside substation and Beaulay-Blackhilllock-Peterhead overhead line projects, in addition to the separately funded Skye 132kV Reinforcement project. Work also continued on the Argyll Reinforcement project, where the Group is constructing three new substations. The Group also began ECI work in the year on two overhead line upgrade schemes for SPEN.

Bidding success in road maintenance

The addressable portion of the road maintenance market continues to be well funded, with the Government's November 2025 Budget announcing £7.3 billion of capital funding for local highways maintenance in England to be allocated across the next four financial years. This represents a further increase on the record £1.6 billion allocated in the current year, which was £500 million higher than 2024-2025.

In 2025, the volume of road maintenance work remained high, albeit slightly lower than 2024 due to the completion of a contract with West Sussex in the first quarter. Balfour Beatty was awarded a £75 million, five-year contract by Southampton City Council, procured through the SCAPE framework, to delivered highway maintenance services. In January 2026, the Group was awarded a £315 million seven-year Warwickshire Highways Maintenance contract. The new agreement marks the Company's third consecutive term delivering the work and there is an option to extend the contract by a further six years based on the successful delivery of the initial term, worth up to a total value of £900 million. Looking forward, there are further Local Authority contracts coming to market in the next year for which the Group is well positioned, as it looks to further deploy its effective maintenance solutions and technology-driven infrastructure management.

Strong year for rail orders

Balfour Beatty's Rail business delivered another solid year of operational performance in 2025, which was a very strong period for order intake. The business signed around £750 million of new orders, including an eight-year agreement, with a two-year option to extend, to supply, operate and maintain a fleet of high-performance tamping machines to support track renewal and maintenance projects across England, Scotland and Wales; a place on Network Rail's CP7 Western Reactive framework; and further track renewal work with the Central Rail Systems Alliance.

This order intake is a strong reflection of the diverse expertise held within the Rail business. During a period where track renewal work under CP7 has been slow in coming to market, this diversity is a key strength in ensuring that the business continues to perform well and maintain volumes. Opportunities in the railway enhancement space and through supplementary services and activities are being developed, all of which have additional government funding. This includes enhancement opportunities such as Transpennine, East West Rail and various improvements across the TfL network and wider local and mayoral authority schemes, which all received additional committed funds in the spending review. These opportunities are in addition to the Group's existing framework positions and supplementary in-house capabilities, such as design and the supply and operation of plant, all of which have significant order book and pipeline.

During 2025, the Group completed the disposal of Omnicom Balfour Beatty, its specialist rail measurement hardware and intelligent software business, for a consideration of £24 million to Hitachi Rail. A gain on disposal of £23 million was recorded within non-underlying results for the year.



RESTORING AND ENHANCING THE NATURAL ENVIRONMENT ON THE NORTH WESSEX DOWNS

Balfour Beatty is nearing completion on the North Wessex Downs Visual Impact Provision (VIP) project on behalf of National Grid, a once-in-a-generation scheme to transform the landscape near Devizes by replacing 4.6km of overhead electricity lines with underground cables.

The project includes the construction of new sealing end compounds and the careful installation of underground infrastructure designed to significantly reduce the visual impact across this nationally important landscape.

In 2025, Balfour Beatty finished installing 3.5km of cables on the North Wessex Downs VIP scheme, marking a major milestone as the project moves towards completion.

By restoring views and enhancing the natural environment, the scheme demonstrates the team's commitment to delivering environmentally sensitive infrastructure solutions that benefit local communities for generations to come.

INFRASTRUCTURE INVESTMENTS

REVENUE¹

£629m

2024: £606m

STATUTORY REVENUE

£473m

2024: £394m

UNDERLYING PROFIT BEFORE TAX

£16m

2024: £54m

STATUTORY PROFIT BEFORE TAX

£14m

2024: £51m

DIRECTORS' VALUATION

£1.07bn

2024: £1.25bn

¹ Including share point of ventures and associates.

Financial review

Infrastructure Investments made a £31 million pre-disposals operating loss in the year (2024: £8 million) driven largely by monitor and legal costs in military housing. This underlying loss was offset by a £36 million gain on asset disposals, resulting in PFO of £5 million (2024: £35 million).

Balfour Beatty continues to invest in attractive new opportunities, each expected to meet its investment hurdle rates. In the year, the Group invested £29 million in new and existing projects, with two US multifamily housing projects added to the portfolio. The Group also continues to sell assets, timed to maximise benefit to shareholders, with twelve asset disposals completed in 2025 across three transactions. In the UK, the Group sold its stake in a 536-bed student accommodation building in Glasgow and completed a ten-asset disposal, which comprised three offshore transmission owners (OFTOs), five street lighting projects, one biomass plant and one road concession. In the US, the Group sold one multifamily housing project in Columbia, South Carolina. In total, asset sales delivered £36 million gain on disposal and £120 million of cash proceeds, which was above the Directors' valuation. Each of the three transactions achieved end-to-end multiples in the range of 2 to 2.5 times. Both the gain on disposal and the cash proceeds for 2025 included £2 million of contingent consideration received in the year in relation to the University of Texas at Dallas student accommodation disposal completed in 2024.

Infrastructure Investments PFO for 2026, prior to disposals, is forecast to be a small loss and is aligned to the Group's agreement with the US Department of Justice to extend both Balfour Beatty Communities' plea agreement and monitorship to 6 June 2026. 2027 PFO, prior to disposals, is forecast in a positive range of £10 to £20 million.

Net investment income of £11 million was £8 million lower than the prior year (2024: £19 million) due to an impairment writeback of subordinated debt in 2024 not being repeated. This was partially offset by an increase in interest received on subordinated debt.

Underlying profit before tax decreased to £16 million (2024: £54 million). Statutory profit before tax was £14 million (2024: £51 million).

Infrastructure Investments

	2025 £m	2024 £m
Pre-disposals operating profit ²	(31)	(8)
Gain on disposals ²	36	43
Profit from operations ²	5	35
Net investment income [~]	11	19
Profit before tax ²	16	54
Non-underlying items	(2)	(3)
Statutory profit before tax	14	51

² Before non-underlying items (Note 9).

[~] Subordinated debt interest receivable, net interest receivable on PPP financial assets and non-recourse borrowings, fair value (loss)/gain on investment asset and impairment to subordinated debt receivable and accrued interest.

A reconciliation of the Group's performance measures to its statutory results is provided in the Measuring our financial performance section.



BALFOUR BEATTY COMMUNITIES' ACQUISITION OF RIVER POINTE IN CONROE

Balfour Beatty Communities has expanded its multifamily portfolio in eastern Texas with the acquisition of River Pointe, a 300-unit gated, garden style community located in the rapidly growing city of Conroe.

The community offers a range of thoughtfully designed one, two and three-bedroom homes featuring spacious layouts, tall ceilings, large patios, walk-in closets, gourmet kitchens and stainless steel appliances, supporting the Company's commitment to delivering high-quality housing in key markets.

As part of the acquisition, a programme of enhancements to both interiors and shared amenity spaces is planned, reinforcing Balfour Beatty Communities' long-term focus on creating attractive, well-connected residential environments that meet the evolving needs of modern renters.

OPERATIONAL REVIEW CONTINUED

INFRASTRUCTURE INVESTMENTS CONTINUED

Operational review

Balfour Beatty's competitive expertise to finance, develop, build and maintain infrastructure puts the Group in a strong position to capitalise on new investment opportunities. The Group has maintained its disciplined approach to investments and disposals to ensure the delivery of investment hurdle rates and is currently assessing investment opportunities in:

- › **Student accommodation:** Across the UK and US, Balfour Beatty is progressing a range of opportunities to develop student housing solutions on and off campus;
- › **Military housing:** The Group manages and operates 21 US military housing projects, and continues to redevelop houses across the portfolio;
- › **Residential:** Balfour Beatty continues to see attractive US multifamily housing come to market, providing opportunity to invest profitably in the regeneration of these properties;
- › **US P3:** The US has become an increasingly exciting market for public-private partnerships, and, to date, 42 states (plus Washington DC) have passed legislation allowing P3 projects; and
- › **Energy transition:** As the UK's energy mix transitions to more renewable sources, and the UK adopts more sustainable transport such as electric vehicles, there are opportunities for private sector investment.

In the UK, the Group is constructing the 1,899-bed West Slope student accommodation development on behalf of the University of Sussex. The first new student accommodation and the health and wellbeing centre are expected to be open in time for the 2026/27 academic year, with more accommodation, catering and retail facilities opening over the following two years.

In the US, the Investments business began development of a 1,070-bed undergraduate student housing complex at the University of Texas in Austin, made progress on the construction of the 1,204-bed William & Mary University project in Virginia and was awarded predevelopment agreements to develop on-campus accommodation at the University of Florida and the Wentworth Institute of Technology. The Group's key US P3 investment is the automated people mover project at Los Angeles International Airport, with US Construction contributing to the build phase and Infrastructure Investments providing an element of the financing. Construction is due to complete in the coming year, during which Balfour Beatty will inject its committed equity. Further pipelines of campus and P3 projects are under review.

Balfour Beatty continues to invest in attractive new opportunities and has added two new projects to the portfolio in the first half of the year. The Gathering at Arbor Greens in Newberry, Florida, and River Pointe in Conroe, Texas, are two multifamily housing communities with c.300 units each.

In US military housing, the Group continues to work with the independent compliance monitor, appointed by the US Department of Justice (DoJ) in 2021 and commencing work in 2022. During the year, the Group agreed with the DOJ to extend both Balfour Beatty Communities' plea agreement and monitorship to 6 June 2026 to allow the Group further time to complete planned remediation work.

As part of a major redevelopment programme at Fort Carson, the Group began work on the construction of 56 new homes in 2025. In early 2026, following the agreement of a 25-year ground lease extension to 2074, the Group successfully completed a refinancing which raised \$444 million for the remaining phases of the redevelopment, including the demolition of approximately 300 older homes, the construction of close to 400 new, modern residences, and the renovation and modernisation of an additional 334 existing homes. This work will commence in May 2026 and extend through to 2030, with Balfour Beatty's US Buildings team delivering construction. The US Military are looking at further redevelopments to modernise on-base housing, which will bring opportunities to Balfour Beatty. One such project is a 76-home scheme at Fort Gordon, which the Group started during the year.

In 2023, Balfour Beatty Investments partnered with Urban Electric Networks, a British EV charge point operator, to establish Urban Fox and address the growing need for accessible and innovative electric vehicle charging infrastructure in the UK. The partnership combines Urban Electric Networks' innovative and entrepreneurial spirit with Balfour Beatty's unmatched scale, skill and capability in financing and delivering infrastructure in the heart of local communities.

In February 2026, Urban Fox signed a 20-year agreement with Kent County Council to deploy a large-scale programme of on-street electric vehicle chargers across Kent, installing up to 10,000 new on-street electric vehicle chargers and prioritising areas where residents have limited access to off street parking.



TRANSFORMING STUDENT LIVING WITH THE UNIVERSITY OF SUSSEX AT THE WEST SLOPE RESIDENCES

Balfour Beatty is responsible for the construction of the West Slope Residences at the University of Sussex, a significant development providing 1,899 additional student bedrooms, as well as a health and wellbeing centre and improved retail and dining facilities.

The project forms part of a long-term partnership with the University, underpinned by a 54-year design, build, finance and maintain contract, and supported by significant investment including £32 million of equity from Balfour Beatty Investments.

Modular construction techniques are being deployed to manufacture steel frames and bedroom units offsite, reducing carbon emissions and minimising vehicle movements through the sensitive South Downs environment.

Set to complete in phases from 2026, West Slope represents the University's most ambitious accommodation programme to date, creating a modern, accessible and wellbeing-centred campus that will enhance the student experience for generations.

DIRECTORS' VALUATION OF THE INVESTMENTS PORTFOLIO

Strong track record of value creation

The Directors' valuation decreased by 15% to £1,069 million (2024: £1,254 million). The portfolio is 65% weighted towards the US (2024: 58%). The number of projects in the portfolio decreased by 11 to 49 (2024: 60).

Balfour Beatty invested £29 million (2024: £28 million) in new and existing projects. During the year the Group added two new multifamily housing projects, one in Conroe, Texas and another in Newberry, Florida.

Cash yield from distributions amounted to £31 million (2024: £34 million).

Twelve assets were sold in the period. This included ten UK PPP assets sold to the Group's co-shareholder; a direct-let student accommodation asset in Glasgow; and one multifamily housing project in South Carolina. The total consideration of £120 million also included £2 million of contingent consideration received in relation to the University of Texas at Dallas student accommodation disposal completed in 2024.

Unwind of discount at £82 million (2024: £81 million) is a function of moving the valuation date forward by twelve months with the result that future cash flows are discounted by twelve months less.

Operational performance movements resulted in a £30 million decrease (2024: £2 million decrease). The operational performance movements in the UK were primarily due to a reduction in the valuation of the student accommodation portfolio. In the US the movement was driven primarily by lower broker valuations of US multifamily housing assets and higher than forecast independent compliance monitor costs in US military housing.

In addition, the discount rates applied to project cash flows were increased to reflect changes in long-term interest rates and the secondary market in both the UK and US, leading to a reduction in value of £62 million.

The foreign exchange movement was a £53 million decrease, as sterling appreciated against the US dollar (2024: £12 million increase).

Movement in value 2024 to 2025

£m	2024	Equity invested	Distributions received	Sales proceeds	Unwind of discount	Operational performance	Discount rates	FX	2025
UK	525	1	(21)	(113)	34	(20)	(29)	–	377
US	729	28	(10)	(7)	48	(10)	(33)	(53)	692
Total	1,254	29	(31)	(120)	82	(30)	(62)	(53)	1,069

Portfolio valuation December 2025**Value by sector**

Sector	2025 No. projects	2024 No. projects	2025 £m	2024 £m
Roads	6	12	139	162
Healthcare	2	2	131	133
Student accommodation and Residential	5	7	107	166
Energy transition	–	4	–	64
UK total	13	25	377	525
US military housing	21	21	562	605
Student accommodation and other PPP	5	5	56	58
Residential housing	10	9	74	66
US total	36	35	692	729
Total	49	60	1,069	1,254

Value by phase

Phase	2025 No. projects	2024 No. projects	2025 £m	2024 £m
Operations	46	57	1,025	1,208
Construction	3	3	44	46
Total	49	60	1,069	1,254

Value by income type

Income type	2025 No. projects	2024 No. projects	2025 £m	2024 £m
Availability based	7	17	286	370
Demand – operationally proven (2+ years)	39	39	742	836
Demand – early stage (less than 2 years)	3	4	41	48
Total	49	60	1,069	1,254

DIRECTORS' VALUATION OF THE INVESTMENTS PORTFOLIO CONTINUED

Methodology and assumption changes

The methodology for valuing most investments in the portfolio remains the discounted cash flow (DCF) method. Under this methodology cash flows for each project are forecast based on historical and present performance, future risks and macroeconomic forecasts. They also factor in secondary market assumptions. These cash flows are then discounted using different discount rates, which are based on the risk and maturity of individual projects and reflect secondary market transaction experience. The main exception to the use of DCF is for US multifamily housing projects which, due to the perpetual nature of the assets and the depth and liquidity of the rental housing market, are valued based on periodic broker reports for each property.

The valuation methodology used at the previous Directors' valuation is unchanged.

Discount rates applied to the UK portfolio range from 8% to 10.25% (2024: 7.25% to 10.25%) depending on the maturity and risk of each project. The implied weighted average discount rate for the UK portfolio is 9.0% (2024: 8.4%). A 1% change in the discount rate would change the value of the UK portfolio by approximately £38 million.

Discount rates applied to the US portfolio range from 6.75% to 10.5% (2024: 6.25% to 10.5%), with an implied US weighted average discount rate of 8.2% (2024: 7.9%). A 1% change in the discount rate would change the value of the US portfolio by approximately £73 million.

The portfolio remains positively correlated to inflation. A 1% change in the long-term inflation rate in the UK portfolio would change the valuation by approximately £20 million and a 1% change in the long-term rental growth rate in the US portfolio would change the valuation by approximately £70 million.

As in previous periods, the Directors' valuation may differ significantly from the accounting book value of investments shown in the financial statements, which are produced in accordance with UK-adopted international accounting standards rather than using a discounted cash flow approach. A full reconciliation is provided in section i) of the Measuring Our Financial Performance section on page 67.

PORTFOLIO INVESTMENT, DIVESTMENT AND DISTRIBUTIONS



UK PORTFOLIO VALUE AT A RANGE OF DISCOUNT RATES



US PORTFOLIO VALUE AT A RANGE OF DISCOUNT RATES



HEALTH, SAFETY AND WELLBEING

Zero Harm: governance, culture and performance

Health, safety and wellbeing remain our highest priority, underpinned by strong governance and accountability.

PERFORMANCE STATISTICS

LOST TIME INJURY RATE

✓ 0.08

MAJOR INJURY RATE

^ 0.03

ACCIDENT FREQUENCY RATE 3-DAY LOST TIME INJURIES

✓ 0.06

ACCIDENT FREQUENCY RATE 7-DAY LOST TIME INJURIES

– 0.05

Our Zero Harm commitment means no incidents, injuries or ill health caused by our work activities, and that everyone connected to our projects goes home safe and well every day.

Oversight and governance of the organisation's Zero Harm performance is provided at Board level by the Safety and Sustainability Committee, which continues to be overseen by Gabby Costigan, Independent Non-executive Director.

The Executive Committee continues to drive accountability for the strategy, working closely with the Health, Safety and Wellbeing Senior Leadership team to identify areas of focus and review serious incidents where required.

Responsibility for the Quality Enabling Function was also brought under the leadership of our Group Health, Safety and Wellbeing Director, Lee Hewitt, this year. This recognises the role that the Quality discipline and our Right First Time approach have in delivering works safely, to the required specifications, avoiding the risks associated with unnecessary rework.

Local governance remains robust, with the Inspirational Supervision forum, business unit-level Safety, Health and Environment Leadership team (SHELT) meetings, and the Project Construction Leads group, all working to strengthen local governance and Zero Harm leadership across our business. We continue to be a key stakeholder in the Tier 1 Contractor Forum, and to host our Strategic Supplier SHELT meetings to drive consistent standards across the industry.

Below: BBGE's precast piling works at the UK's first Cryogenic Energy Storage facility, Carrington Power Station.



ZERO HARM HIGHLIGHTS

- › Our Balfour Beatty Ground Engineering (BBGE) business delivered a sector leading safety performance in 2025, completing the entire year LTI-free and reaching 21 months without a lost time injury. This success has been driven by strong leadership and digital innovation. Collaboration between Balfour Beatty's Asset and Technology Solutions team, BBGE and our digital permit supply chain partner has helped address serious fatal risks such as concrete pumping and has improved plant safety. BBGE's performance was further supported by the SB3 joint venture achieving Zero Harm on complex HS2 works in 2025.
- › Supported by strong leadership and disciplined risk management, our Regional Scotland business recorded a full year free of lost time injuries and reportable incidents, surpassing three million safe hours across 35 projects.
- › In the US, 'live traffic' has been identified as the fifth fatal risk in construction helping to reinforce key control measures and focus our teams' and the travelling public's attention to the hazard.

HEALTH, SAFETY AND WELLBEING CONTINUED

SAFETY PERFORMANCE

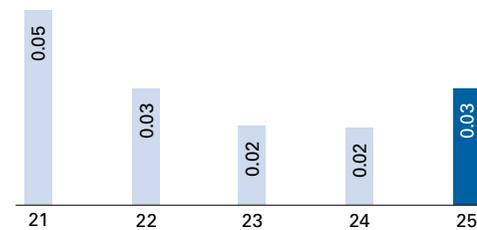
We continually focus on ways to drive and improve safety performance. However, despite our continued focus on achieving Zero Harm, one of our colleagues was fatally injured in May while carrying out steel propane tank decommissioning work in the US Buildings business.

As an organisation, we are determined to learn from this tragic event and to implement the findings across our operations, ensuring that we consistently adopt best practice across all our geographies.

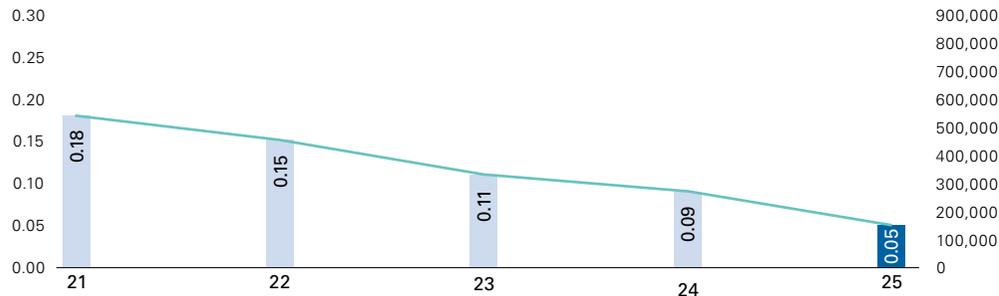
Balfour Beatty delivered more worked hours Group-wide than ever before in 2025, and our overall safety performance remained strong. The breadth, variety and technical complexity of the work undertaken continues to set us apart from our peers in the sector, and this year we sent more people home than ever free from incident. Our lost time injuries (excluding our international joint ventures) have been reduced in both rate and absolute numbers from 0.09 (100 injuries) in 2024 to 0.08 (89 injuries) in 2025.

Our businesses in the US and UK each recorded their lowest rates of lost time injuries (LTI) in 2025 (0.05 and 0.09, respectively). However, we have also seen an increase of 0.01 in our major injury rate, driven predominantly by lower-limb injuries and slips, trips and falls. To address this, we have established a dedicated working group to accelerate action and improvement in this area. Work is already underway, with a focus on individual behaviours, incident investigation, and the trialling of new footwear.

MAJOR INJURY RATE



LOST TIME INJURY RATE AND HEALTH, SAFETY AND WELLBEING OBSERVATIONS



● Observations
— LTIR
Pre 2022 LTIR adjusted upwards in 2022 report, following internal reclassification of incidents within one business area. Excluding international joint ventures.

DIGITAL SAFETY

Across the Group, we continue to leverage advances in digital technology, especially around AI, to drive a step-change in performance. Digital tools give us the opportunity to enforce our best-in-class health, safety and wellbeing management system consistently and robustly across all our operations.

Copilot

The Health, Safety and Wellbeing team has been key in the development of the business's three master Copilot Agents – Inspection and Test Plan Reviewer Agent, Safety Briefing Agent, and Business Management System Agent. These specialised AI tools automate complex workflows and streamline key processes.

Read more about our investment in Copilot and the benefits it brings to Balfour Beatty on page 20.

ChatBMS

Balfour Beatty's Business Management System (BMS) Agent pilot was launched in 2025, advancing business efficiency by allowing employees to query over 8,000 Company policy and procedure documents for instant, summarised responses.

Accessed via a chat interface, the ChatBMS agent responds with concise answers and relevant citations, offering the option to 'read more'. The inclusion within ChatBMS of a designated Health, Safety and Wellbeing agent supports our Zero Harm agenda, by providing immediate access to critical safety processes and procedures and supporting efficient business operations.

AI-powered daily activity briefings

Streamlining daily safety briefings, the Safety Briefing Agent gathers data, including work schedules, historical incidents, permits, and weather conditions, to deliver targeted insights to site supervisors. By automating approximately 80% of briefing materials, this significantly reduces preparation time and delivers consistent, risk-focused briefings. Specifically designed for ease of use, the tool enables supervisors to plan and brief works with full access to the organisation's corporate memory, as well as incidental hazards.

Following two successful pilots, the briefing module is set to launch Company-wide in 2026.

Service strikes

The widespread adoption of digital permits in the UK supported by a revised, reinforced Utilities Avoidance Procedure, continues to help send more colleagues home from work safely. In 2025 we saw another 30% reduction in the UK's service strikes year on year from 128 to 84.

Following an investigation into service strikes in our US business, and through the use of our Health, Safety and Wellbeing Consistency Forum, we will look to standardise a digital approach to service avoidance in 2026. This will see us deploy a new digital platform, accompanied by greater operational controls to encourage better efficiency, drive safer behaviours, and ultimately produce safer outcomes.

Dynamic risk assessment

Gambot has developed a mobile virtual assistant to support dynamic risk assessments. It has an easy-to-use conversational interface and is predominantly used by frontline employees to improve safety and productivity on our sites. As an example, project-based colleagues are submitting safety observations and dynamic risk assessments to Gambot through a messaging app that has guided questions. The entire reporting process takes less than two minutes, a significant improvement over the traditional process.



Above: Gambot, a mobile virtual assistant for dynamic risk assessments.

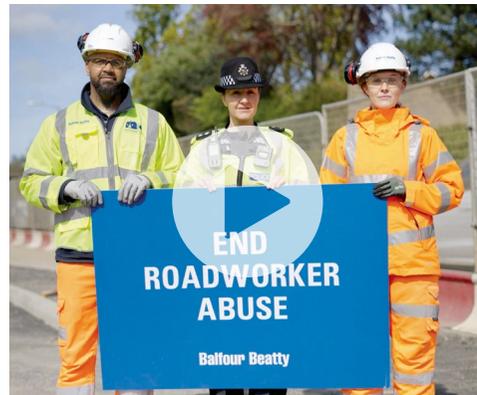
Roadworker protection

Roadworker abuse continues to be one of the key hazards facing construction workers in the highways sector.

Across Balfour Beatty's UK operations, on average, three incidents of abuse against roadworkers are formally reported every day, with many more likely to go unreported.

In 2025 we continued to lead industry efforts to address roadworker abuse through a variety of workstreams. We deployed new technology; using AI-enabled dashboards to strengthen reporting, and expanded body-worn and CCTV camera systems to deter and to gather evidence.

In the US, our teams have deployed a 'vehicle-to-everything' communication network, Safety Cloud, across three North Carolina projects. This system sends real-time digital alerts to motorists within a one-mile radius of work activities, warning of work zones, lane closures and hazards, helping to reduce risk and improve traffic awareness.



Scan or click to hear how we are tackling roadworker abuse.

WELLBEING

We are committed to improving mental health and wellbeing across the construction industry.

Following business-wide accreditation to ISO 45003 in 2024, the global standard for managing psychological health and safety, we have completed

six further days of audits in 2025 with zero major non-conformances. The focus has been on embedding the standard across business-as-usual processes and supporting our projects to take a proactive and holistic approach to wellbeing.

NEW WELLBEING FRAMEWORK

Our teams consistently develop creative solutions and innovative ideas to enhance health, safety and wellbeing by using My Contribution (MyC).

At the Health, Safety and Wellbeing Conference last October, wellbeing was a key theme amongst the MyC ideas being submitted. One standout MyC idea, shared by Elaine Ramsay, Technical Trainer, focused on encouraging teams and colleagues to spend time away from their desks.

The one-hour break is meant to help reduce stress, significantly improve moods and foster stronger connections between colleagues by giving them a chance to socialise.

The idea was taken onboard by the Health team who also captured additional feedback from the project teams on better supporting wellbeing on sites.

Colin Williams, Health, Safety and Wellbeing Manager, also proposed an initiative focused on expanding access to wellbeing resources and training. His idea centred around integrating wellbeing sessions into our Zero Harm strategy to better engage and support our people.

These ideas went on to form the basis of our refreshed wellbeing approach 'Create, Manage, Support'.

"Our My Contribution employee ideas programme gives us a great vehicle for collecting thoughts and suggestions on how we can improve wellbeing."

Lee Hewitt
Group Director,
Health, Safety and Wellbeing



HEALTH, SAFETY AND WELLBEING CONTINUED

WELLBEING CONTINUED

In 2025, the Health Management Procedure evolved to become the Health and Wellbeing Procedure which includes our new wellbeing approach 'Create, Manage, Support'. This approach aims to create a psychologically safe environment by managing wellbeing risks effectively and supporting individual mental health and wellbeing through the establishment of wellbeing committees and the tracking of wellbeing activity across each business unit, with progress reported centrally.

The guidance documentation, including a wellbeing action plan template and scorecard, is designed to support each wellbeing committee identify their wellbeing priorities, monitor their progress and drive continual improvement. In 2025, our Rail, Highways and Regional Buildings businesses implemented wellbeing committees at business unit level, while numerous committees were also set up across the rest of the business at project level.

Recognising that supervisors and managers are vital to embedding the 'Create, Manage, Support' approach, a new module, 'Managing Psychological Health', was added to the Managing Health Risks in Construction e-learner course in May 2025, and has since been completed by 2,833 supervisors. It is also available to the supply chain through the Supervisor Development Programme. In October 2025, we also released the Connecting through Conversation (CTC) training, designed to show people the power of the everyday conversations and the role they can play in creating a positive, psychologically safe environment where everyone feels protected, respected, supported and safe at work.

This focus on psychological safety is at the heart of our Zero Harm culture, and this has also been addressed in the US through a focus on honest conversations to support our observation process. The team have set up a Mental Health Support website that includes helplines for suicide and crisis, domestic violence and the Substance Abuse and Mental Health Services Administration (SAMHSA). One example of this in our US business was the team at our Sacramento International Airport project who paused work to discuss the importance of mental health in the industry. This event, led by the Associated General Contractors of California, brought together industry leaders and advocated that creating positive change begins with open dialogue and collective action. Kyle Frandsen, Balfour Beatty's Vice President at Sacramento, led the conversation, sharing the stage with guest speakers who discussed their lived experience with mental health challenges. Events like these, in conjunction with customers and industry partners, help us, as industry leaders, to break down stigmas, and foster a culture that prioritises mental health.



Above: Our Balfour Beatty US Buildings and Civils colleagues observing Mental Health Awareness Month at Sacramento International Airport.

Wellbeing at Argyll

Q&A with Mick Fitzgibbon, Health, Safety, Wellbeing and Culture Manager and the Argyll Team

Q. What wellbeing initiatives were introduced on the Argyll project, and how did they support employees' mental and physical health?

The installation of a state-of-the-art gym in our social hub is helping colleagues unwind before and after work. The facility has a breakout area, including a TV, pool tables and dartboards.

'Argyll Thrive' WhatsApp groups have been created, bringing together a range of activity groups – walking, fitness, cooking, charity etc. This enables colleagues working in Argyll to suggest activities and invite others to take part.

Five-a-side football is booked weekly and open to anyone, and fishing permits for local lochs are available on request.

The team are always open to ideas and welcome any suggestions that could enhance what's already available, even if it's a small improvement.

Below: Mick Fitzgibbon, Health, Safety, Wellbeing and Culture Manager – Balfour Beatty's Power Transmission and Distribution business.



Q. What were the key wellbeing challenges faced by teams working on the Argyll project?

The remote location and limited local facilities can make loneliness and boredom significant challenges. Harsh weather conditions and very short winter days also restrict outdoor activities, which can make it easy for people to return to their accommodation and spend long periods alone between shifts.



Q. How did the wellbeing programme contribute to improving team morale and engagement throughout the project lifecycle?

Providing the facilities and services detailed above has given everyone in Argyll the opportunity to feel part of the wider team. As they are used by everyone, the facilities naturally encourage conversations between people who may not usually interact during the working day, and the gym offers a constructive way to unwind after demanding shifts.

Q. What feedback have employees provided about the wellbeing measures implemented at Argyll, and what lessons were learned?

Feedback has been overwhelmingly positive. We have set the bar high in Argyll and our colleagues, customers and subcontractor will expect this to be the minimum standard going forward. We found that establishing and running these facilities is a substantial piece of work, and that planning and implementation are more effective when the responsibility is shared across the team during the mobilisation stage of a project.



Left and above: David Braidwood, Project Manager (top right) and colleagues taking part in wellbeing activities; and gym facilities on site. The Argyll contract involves the design and construction of three new 275kV electricity substations in Argyll, Scotland, on behalf of SSEN Transmission.

ETHICS AND COMPLIANCE

Doing the right thing

At Balfour Beatty, we recognise the importance not just of what we do, but how we do it. Acting ethically, treating each other with respect and behaving as a responsible corporate citizen are fundamental to how we do business. We do the right thing, not the easy thing. Our customers, our business partners and the communities we operate in expect nothing less. We build trust through transparency and acting with integrity.

Ethics programme

Under the oversight of the Board, the ethics and compliance programme consists of a framework of enterprise-wide and strategic business unit-specific policies, procedures, guidelines and responsibilities designed to:

- promote and foster an organisational culture of integrity, ethical decision making and compliance with Balfour Beatty's values and behaviours as reflected in the Cultural Framework;
- assure that employees conduct business with the highest standards of ethics and integrity and in compliance with all applicable laws and regulations; and
- promote appropriate risk assessment and due diligence to prevent and detect unlawful and unethical conduct.

In 2025, we focused on embedding our enhanced ethics and compliance systems, specifically the Speak Up helpline and new disclosure registers which were co-located in a new portal.

Further resources have been added to our US and UK ethics and compliance teams during the year as we continue to invest in our programmes, most notably in the areas of investigations and Speak Up.

We will explore further areas for Group-wide alignment in 2026, including through the development of Group-wide metrics to be used to provide insights into the health of our ethics and compliance programme.

A continued area of focus in the UK in 2025 has been on the implementation of enhancements to our anti-fraud programme, in response to the new 'failure to prevent fraud offence'. This work will continue in 2026 as part of our continuous improvement activities with a refresh of our fraud risk assessment already underway.



Scan or click to find out more about our Code of Ethics programme.

Speak Up

Speaking up is the foundation of our ethics and compliance programme, enabling our employees and individuals outside of Balfour Beatty to tell us when we don't meet the high standards of behaviour we set ourselves.

In our 2025 employee engagement survey, 75% of employees indicated that they felt empowered to Speak Up without fear of negative consequences, with 79% expressing confidence that unethical behaviour will be addressed. This is consistent with the high scores we saw on these topics in 2024.

In 2025, we received 726 Speak Up cases across the Group, an increase of 47% from 2024. The increase is, in part, a reflection of our continued efforts to encourage people to tell us when they see standards that do not align to our values and behaviours. Our Speak Up reporting rate remains within the benchmark range.

41% of Speak Up investigations closed in 2025 found evidence to support the concerns raised, an increase of 3% compared to 2024. We see this as indicative of better quality reporting and a return on the investment we have made in our investigatory capability. As in 2024, concerns about employee conduct continued to make up the majority of cases received, accounting for 55% of all cases, followed by fraud, deception and dishonesty (14%), and Code of Ethics violations (8%).

Confirmed breaches of Balfour Beatty's Code of Ethics may result in disciplinary action, including termination of employment for serious breaches, with 46 individuals leaving the business in 2025 following a substantiated Speak Up case (47 in 2024). We have also terminated and suspended supplier relationships in 2025 as a result of breaches by a business partner of our Code of Ethics. We conduct root cause analysis where possible to enable us to take steps to prevent similar issues arising again in the future.

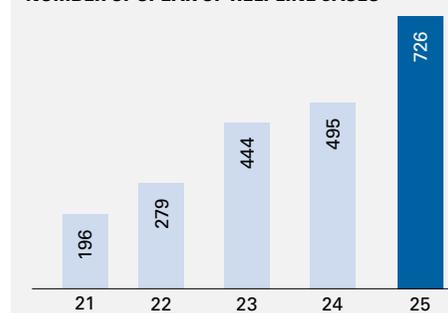
Improving industry standards

We continue to play an active role in working with other organisations to help improve ethical business standards across the industry, regularly interacting and supporting industry bodies for ethics such as the Institute for Business Ethics and the Business Ethics Leadership Alliance. Amongst other things, in 2025, this included participating in a research project on ethics in AI.

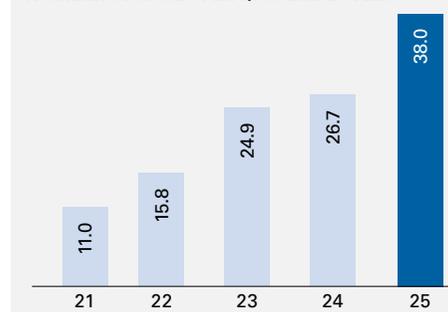


Scan or click to learn about our approach to modern slavery and read the Group's Modern Slavery Statement.

NUMBER OF SPEAK UP HELPLINE CASES



NUMBER OF CASES PER 1,000 EMPLOYEES



TAX STRATEGY

Being a responsible taxpayer

This tax strategy has been prepared and published in accordance with paragraph 16 (2), Schedule 19, Finance Act 2016, on behalf of Balfour Beatty plc and all UK tax resident entities in the Balfour Beatty Group.

Being a responsible taxpayer

Balfour Beatty recognises that paying taxes arising from its activities is an important part of how it supports the communities in which it operates. The Group makes a major contribution to the tax revenues of governments in the numerous territories in which it operates. For example, the Group's tax contribution extends considerably beyond corporation tax and the collection of substantial amounts of income tax and includes the payment of significant employer social security contributions.

The Group's tax strategy, approved by the Board, is to sustainably minimise tax cost whilst complying with the law. In doing so, Balfour Beatty ensures it acts in accordance with its Cultural Framework, which provides a simple and clear view of the purpose, values and behaviours of the Group's Build to Last strategy. The Group aims to meet all legal requirements, filing all appropriate tax returns and making tax payments accurately and on time. The Group's tax strategy applies to all territories in which it does business.

Tax governance

Balfour Beatty has clear tax policies, procedures and controls in place which are overseen by the Chief Financial Officer.

A dedicated internal Tax team, led by the Group Head of Tax, is responsible for the implementation of the Group's tax strategy and supporting tax policies. Members of the Tax team are highly experienced with appropriate professional qualifications and experience which reflect the responsibilities required for their roles.

Tax risk appetite

The Group manages its tax affairs in a proactive manner that seeks to maximise shareholder value, and as such, utilises tax incentives or opportunities for obtaining tax efficiencies where appropriate and where they support genuine commercial activity. The Group does not enter into artificial arrangements that lack commercial purpose in order to secure a tax advantage. The aim is to ensure full compliance with all statutory obligations and as a consequence attempt to minimise risk wherever possible.

In keeping with the Corporate Criminal Offence of Failure to Prevent the Facilitation of Tax Evasion legislation, Balfour Beatty does not tolerate tax evasion or the facilitation of tax evasion. Balfour Beatty applies appropriate procedures and controls which seek to prevent any person acting on its behalf from facilitating tax evasion.

Managing tax risk

There are a number of factors that affect the Group's tax risk and these arise both internally and externally. Balfour Beatty's ability to control these factors varies, and its internal Tax team works to minimise these risks to an acceptable level. For example:

- › new and developing tax legislation is monitored and where it is relevant Balfour Beatty participates in consultations issued by the tax authorities. When new or changed legislation is announced, the impact on the Group is assessed and active measures are taken to ensure there are adequate processes in place to comply with any change;

- › tax risks in relation to compliance and reporting are managed by meeting regularly with professional advisers, industry groups and the tax authorities to both keep abreast of changes in these areas and to seek information on new systems and software; and
- › risk in relation to tax in general is managed by the internal Tax team, and if a position is uncertain the Group may obtain third-party advice in order to gain clarity or support for a particular stance or approach.

Any tax risks are included in the Group risk register as part of Balfour Beatty's Group-wide approach to risk management.

Interaction with tax authorities

Balfour Beatty's approach to its tax affairs is supported by an open, honest and positive working relationship with the tax authorities, with regular dialogue. Should any dispute arise with regard to the interpretation and application of tax law, the Group is committed to addressing the matter promptly and resolving it in an open and constructive manner.

SUSTAINABILITY

Building New Futures

Balfour Beatty has continued to strengthen business resilience through disciplined sustainability delivery in 2025.

Our focus areas:

 CLIMATE CHANGE **p44**

 NATURE POSITIVE **p48**

 RESOURCE EFFICIENCY **p50**

 SUPPLY CHAIN INTEGRITY **p51**

 COMMUNITY ENGAGEMENT **p53**

 EMPLOYEE DIVERSITY, EQUITY AND INCLUSION **p55**

In 2025, we continued to embed our refreshed Building New Futures sustainability strategy, launched in 2024 in response to significant shifts across the environmental, social and governance landscape. As the pace of change accelerates, our six sustainability focus areas – climate change, resource efficiency, community engagement, supply chain integrity, nature positive and employee diversity, equity and inclusion – remain central to how we deliver long-term resilience and positive impact across the communities we serve.

During 2025 we strengthened the foundations laid in 2024, ensuring our approach remains evidence-based, stakeholder-aligned and prepared for rising expectations across our sector. Our first double materiality assessment, completed in 2025 and aligned to European Financial Reporting Advisory Group (EFRAG) guidance, reaffirmed the relevance and completeness of our six priorities while sharpening the link between our strategy, risk management and external requirements. The findings confirmed that our focus areas remain the right ones for our business and highlighted the corporate behaviours – governance, ethics and transparency – that underpin effective sustainability performance.

We also continued to build external credibility through independent assessments. In 2025, we achieved a FTSE4Good ESG score of 3.6, compared with 3.2 in 2024, and maintained our CDP rating of C. These benchmarks reinforce the progress we are making and the areas where we must continue to accelerate.

Across the organisation, collaboration and capability building have remained central themes. The Sprouting Sustainability Network, launched in 2025 by early careers professionals, represents a new and exciting step in developing the next generation of sustainability leaders. Structured around our six focus areas and delivered through cross-functional partnership, the network is already helping colleagues strengthen their skills, confidence and ability to drive meaningful change.

Our commitment to climate action remains unwavering. In 2025 we continued to mature our carbon reporting and management approach, maintaining alignment with UK Streamlined Energy and Carbon Reporting (SECR) requirements and strengthening the robustness of our data through independent assurance. We advanced our understanding of Scope 3 emissions, refined our methodologies and prepared for the introduction of new regulatory mechanisms such as the UK Carbon Border Adjustment Mechanism (CBAM). These steps will ensure we remain on the right path towards meeting our near and long-term science-based targets.

However, despite the improvements and carbon reductions achieved since the Group doubled down on climate action in 2023, we recognise that we still have significant ground to cover if we are to achieve our 2030 carbon reduction targets of 42% for Scopes 1 and 2, and a 25% reduction for Scope 3 carbon emissions from purchased goods and services. Over the last three years we have been trialling alternative renewable fuels to understand how we can make a step change in our reliance on diesel, and how we can leverage our scale and buying power to unlock the market for these critically needed innovations.

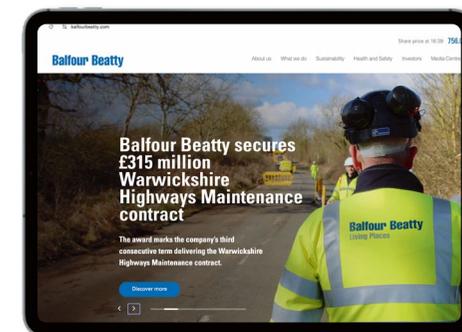
Nature positive also advanced significantly this year. Following our signing of the Nature Positive Business Pledge in 2024, we launched our nature positive principles and completed the first full year of UK implementation. Our 2025 Specific, Measurable, Achievable, Relevant, and Time-bound (SMART) objectives focused on embedding the mitigation hierarchy, developing measurement tools, elevating nature-related risk management and fostering a nature positive mindset across our operations. These foundational actions lay the groundwork for delivering measurable nature recovery outcomes in the years ahead.

Within our supply chain, 2025 marked a shift from compliance towards partnership. We strengthened our assurance processes, supported suppliers to

meet rising expectations and deepened collaboration on decarbonisation, materials resilience and ethical labour practices. Our work this year – including the development of a shared roadmap for lower-carbon materials, the launch of the Empowering Development for Growth & Excellence (EDGE) capability-building programme for Small and Medium-sized Enterprises (SMEs) and enhanced diligence on labour agency practices – reflects our commitment to building a resilient and responsible supply chain equipped for the future.

Our focus on community value also intensified as we set new 2030 UK targets: £6 billion of social value created and 60,000 hours of education engagement, ensuring our contribution extends far beyond project delivery. In 2025 we strengthened our approach to local procurement, education partnerships, employment pathways and targeted support for people facing barriers to work – demonstrating how we convert societal challenges into shared opportunities.

Finally, we continued to progress our diversity, equity and inclusion commitments. From improved gender diversity in early careers pathways to progress against our senior leadership ethnic diversity target under the Parker Review, we



Scan or click to read more about our approach to sustainability and explore our case studies.

remain focused on building a workforce that reflects the communities in which we operate and benefits from a diversity of perspectives.

Looking ahead, our mission remains clear: to deliver sustainable, resilient and inclusive outcomes for our customers, partners and communities. By embedding our core values – Lean, Expert, Trusted, Safe and Sustainable – into everything we do, and by continually enhancing our capabilities and partnerships, we are ensuring Balfour Beatty remains the partner of choice in building a net zero, nature positive and socially equitable future.

DOUBLE MATERIALITY

In 2024 we evolved our sustainability strategy into a clear framework of six key topics. To validate this direction, we undertook a double materiality assessment aligned with EFRAG guidance. Unlike traditional approaches that focus solely on financial relevance, double materiality assesses both how sustainability topics affect our business and how our business affects people, society and the environment.

The assessment combined interviews and workshops with internal subject matter experts and selected external stakeholders, including key clients and suppliers. This was supported by desk-based research, which captured the perspectives of investors and wider industry trends, alongside peer benchmarking and a regulatory horizon scan. Together, these inputs helped us test the completeness of our key topics and the relevance of their associated sub-topics.



→ Scan or click to find out more about our double materiality assessment.

Compared with our 2019 assessment, this process was more rigorous and more targeted. In 2025 we introduced a clear materiality threshold and reported only the topics that exceeded it. This removes ranking or weighting between issues and provides a simple, accessible view of what is genuinely material to Balfour Beatty. The resulting output is therefore more focused and easier to interpret.

The findings confirmed that our six sustainability pillars remain the right strategic priorities and highlighted the corporate behaviours that underpin effective delivery, including governance, ethics and transparency. A small number of topics emerged as important in a wider Environmental, Social and Governance (ESG) context but sit outside our sustainability framework. Health, safety and wellbeing continue to be managed through a dedicated programme, while cyber resilience is managed separately due to its specialist nature.

The assessment strengthens the link between our strategy, our risk management framework and the expectations of clients, investors, regulators and the communities we serve. It will inform future development of Building New Futures and guide how we prioritise effort and investment across the six key topics. It also highlights emerging areas, such as responsible water management across our operations and supply chain, where we anticipate greater focus in the years ahead.

Overall, the double materiality assessment reaffirms the strength and completeness of our strategy. It ensures our sustainability framework is grounded in evidence, aligned with stakeholder expectations and focused on the areas where Balfour Beatty can make the greatest contribution.

Below: The first cohort of the Sprouting Sustainability Network.



THE SPROUTING SUSTAINABILITY NETWORK

The Sprouting Sustainability Network was launched in 2025 to empower early careers professionals with the skills, confidence, and connections needed to become future sustainability leaders.

Created by two early careers professionals and pitched to senior leadership, the programme was brought to life as a two-year journey with tailored resources, interactive events, and a peer community.

The network officially kicked off in September 2025 with an induction and the first module on Community Engagement. Structured around six sustainability focus areas, participants have already begun building networks, sharing insights and engaging with the sustainability agenda.

Collaboration has been central to the network's success. Focus area leads co-designed each module, and external partners have enriched delivery. For example, charities in Blackpool contributed to the Community Engagement module, strengthening local connections.

The first cohort will run over two years, with homework tasks designed to deepen knowledge and deliver sustainable outcomes for the business. As results are embedded into practice, future cohorts will join, ensuring the Sprouting Sustainability Network becomes a lasting platform for development, innovation, and sustainability leadership.

SUSTAINABILITY CONTINUED

 CLIMATE CHANGE

OUR GROUP CARBON PERFORMANCE

MARKET-BASED

140,382

total Scope 1 and 2 GHG emissions (tCO₂e)

✓ 3,323

tCO₂e reduction since 2024

✓ 11.8

tCO₂e/£m revenue

LOCATION-BASED

145,278

Total Scope 1 and 2 GHG emissions (tCO₂e)

✓ 2,018

tCO₂e reduction since 2024

✓ 12.2

tCO₂e/£m revenue

Summary of the Group's 2025 carbon performance

In 2025, we saw a decrease in the Group's absolute carbon emissions and a 7.8% reduction in carbon emissions intensity, using the market-based methodology.

- Market-based:** Balfour Beatty's total Scope 1 and 2 GHG emissions in 2025 were 140,382 tCO₂e. This is a decrease from 2024 of 3,323 tCO₂e, representing a reduction change of 2.3%. Market-based GHG emissions intensity also showed a reduction from 12.8 to 11.8 tCO₂e/£m revenue, a 7.8% reduction. Market-based emissions reflect the purchasing decisions made by us in procuring energy in each of our markets and represent actual emissions of our electricity usage.
- Location-based:** Balfour Beatty's total Scope 1 and 2 GHG emissions in 2025 were 145,278 tCO₂e. This is a decrease from 2024 of 2,018 tCO₂e, representing a decrease of 1.4%. The Group's location-based GHG emissions intensity decreased from 13.1 tCO₂e/£m revenue in 2024 to 12.2 tCO₂e/£m revenue in 2025, a reduction of 6.9%. Location-based methodology reflects the average carbon emissions of energy supply overall in the jurisdictions in which we use electricity.

The reduction in Scope 1 and 2 market-based emissions intensity in 2025 was driven primarily by continued changes in our fuel and electricity mix. Total energy consumption in 2025 remained broadly flat compared with 2024, reflecting the scale and nature of project activity across the Group. Against this backdrop, emissions performance improved through a further reduction in higher carbon fuels such as red diesel and gas oil, alongside increased procurement of renewable electricity across the UK. These structural changes, supported by ongoing efficiency measures across sites and assets, resulted in a 7.8% reduction in market-based emissions intensity year on year.

See our Carbon Reduction Plan for more detail about how we are addressing Greenhouse Gas emissions through efficiency, electrification and alternative fuels: www.balfourbeatty.com/carbonreductionplan

Approach for Group carbon reporting

Balfour Beatty's approach for Group carbon reporting is set out in our sustainability reporting criteria: www.balfourbeatty.com/sustainabilityreporting

Greenhouse Gas (GHG) reporting methodology and assurance

Balfour Beatty reports its energy and carbon data in line with the UK Government's SECR requirements, covering all seven Kyoto greenhouse gases. The disclosure includes certain joint ventures and joint operations, following the standards set out in the Group's sustainability reporting criteria, available at: www.balfourbeatty.com/sustainabilityreporting

Scope 1 and 2 emissions are calculated using the latest emissions factors from the UK Government, the US Environmental Protection Agency (EPA), and the International Energy Agency (IEA), incorporating the global warming potentials published by the Intergovernmental Panel on Climate Change (IPCC). Based on the Group's assessment of direct emissions within our organisational boundary, no material sources are expected to have been excluded.

Emissions also include sources not referenced elsewhere in the Annual Report, such as landlord or customer-supplied energy that Balfour Beatty does not directly procure.

For 2025, KPMG LLP carried out an independent limited assurance engagement over the Group's Scope 1 and 2 GHG emissions and associated intensity ratios, using the assurance standards ISAE 3000 (Revised) and ISAE 3410. These assured data points are marked with the symbol [®]. KPMG's full assurance statement is available at: www.balfourbeatty.com/ILA_2025

Market-based methodology

Since 2020, Balfour Beatty has reported its Scope 2 emissions using both the location-based and market-based approaches in line with our sustainability reporting criteria. The market-based method enables the application of zero-carbon emission factors for electricity supplied under certified renewable energy contracts, where guarantees of origin can be evidenced. In 2025, this included approximately 38,621 MWh of renewable-tariff electricity purchased through the Group's utility contract in the UK. Where renewable certificates are unavailable, a residual mix factor is applied. For electricity without a renewable source or where country-specific residual mix data cannot be sourced, the Group uses either a supplier-specific emissions factor – where verified fuel mix information is provided – or the appropriate national average emissions factor from the UK Government, EPA, or IEA.

Scope 3 and Outside-of-Scopes emissions

Balfour Beatty prepares its Scope 3 and biogenic emissions in accordance with the GHG Protocol's Corporate Value Chain (Scope 3) Standard. As part of the Group's work to complete a full GHG inventory for submission to the Science Based Targets initiative, a detailed review of biogenic emissions and forest, land and agriculture (FLAG)-related emissions was carried out. These assessments have been completed in line with the GHG Protocol Land Sector and Removals Guidance, including the Draft for Pilot Testing and Review. Outside-of-scope emissions are reported separately, as set out in the table on page 46, and reflect activities not included within Scopes 1, 2 or 3 under the GHG Protocol.

Offsetting

At present, Balfour Beatty does not offset any greenhouse gas emissions from its operations. The Group continues to prioritise measures that directly reduce emissions across Scopes 1, 2

and 3 including efficiency improvements, modern methods of construction, and the adoption of low-carbon technologies and materials. As the Group has committed to near-term and long-term science-based targets aligned with the Science Based Targets initiative's (SBTi) 1.5°C ambition, any future decision to use offsets would follow the Oxford Principles*.

* www.smithschool.ox.ac.uk/research/oxford-offsetting-principles

The Group also recognises the important role of insetting: reducing emissions within its own value chain by investing in low-carbon or carbon removal solutions that sit directly within operational boundaries. This approach enables Balfour Beatty to focus on internal actions that deliver tangible emissions reductions or removals, while contributing to the wider decarbonisation of the construction sector.



ENGINE CARBON CLEAN TRIAL

Working with Advanced Hydrogen Technologies, the team trialled Engine Carbon Clean (ECC) on a compact tamping machine; the first infrastructure company to apply this technology to rail-mounted plant.



Scan or click to find out more about the ECC trial.

Scope 1 and 2 GHG emissions, baseline year (2020) to 2025

Carbon emissions	Baseline year 2020	2021	2022	2023	2024	2025
Absolute (tCO2e)						
Scope 1 – operational control boundary (full authority)	90,850	90,180	83,456	77,854	71,246	73,265
Scope 1 – applying enhanced reporting criteria ²	20,117	30,772	48,223	54,736	59,632	58,759
Total Scope 1	110,967	120,952	131,679	132,590	130,878	132,024[®]
Scope 2 – operational control boundary (full authority)	12,668	17,245	12,296	10,628	15,782	8,607
Scope 2 – applying enhanced reporting criteria ²	534	775	2,634	3,243	635	4,647
Total Scope 2 (location-based)	13,202	18,020	14,930	13,871	16,417	13,254[®]
Scope 2 – operational control boundary (full authority)	11,859	16,399	11,650	6,584	7,239	7,567
Scope 2 – applying enhanced reporting criteria ²	788	791	3,903	5,550	5,587	791
Total Scope 2 (market-based)	12,647	17,190	15,553	12,134	12,826	8,358[®]
Scope 1 and 2 – operational control boundary (full authority)	103,518	107,425	95,752	88,482	87,028	81,872
Scope 1 and 2 – applying enhanced reporting criteria ²	20,651	31,547	50,857	57,979	60,268	63,406
Total Scope 1 and 2 (location-based)	124,169	138,972	146,609	146,461	147,296	145,278
Scope 1 and 2 – operational control boundary (full authority)	102,709	106,579	95,106	84,439	78,485	80,832
Scope 1 and 2 – applying enhanced reporting criteria ²	20,905	31,563	52,126	60,286	65,220	59,550
Total Scope 1 and 2 (market-based)	123,614	138,142	147,232	144,725	143,705	140,382
UK Emissions as % of global total³	70%	69%	76%	79%	81%	79%
Intensity (tCO2e/£m revenue³)						
Scope 1 and 2 – operational control boundary (full authority)	11.9	14.2	11.7	12.3	10.2	8.5
Scope 1 and 2 – applying enhanced reporting criteria ²	64.8	99.8	50.4	20.7	22.8	28.1
Total Scope 1 and 2 intensity (location-based)	13.8	17.6	16.0	15.2	13.1	12.2[®]
Scope 1 and 2 – operational control boundary (full authority)	11.8	14.1	11.7	11.8	9.2	8.49
Scope 1 and 2 – applying enhanced reporting criteria ²	65.6	99.8	51.7	21.5	24.7	26.4
Total Scope 1 and 2 intensity (market-based)	13.8	17.5	16.1	15.0	12.8	11.8[®]

1 The Group's Greenhouse Gas operational control boundary, metrics and descriptions can be found in the Balfour Beatty Sustainability Reporting Guidance: www.balfourbeatty.com/sustainabilityreporting

2 All emissions of certain joint operations and unincorporated joint ventures where neither party has operational control over the joint operation, but Balfour Beatty has a considerable influence over its operating policies and purchasing decisions, have been included in the Group's consolidated Scope 1 and 2 emissions (including intensity calculations) in line with enhanced reporting criteria. This is in addition to the emissions for Group entities for which Balfour Beatty has full authority in line with the GHG Protocol operational control approach. For more detail, please refer to the decision-making process diagram in our sustainability reporting criteria: www.balfourbeatty.com/sustainabilityreporting.

3 UK Emissions as percentage of global total are calculated using the Scope 2 market-based accounting methodology.

4 To calculate the carbon intensity of the Group's Scope 1 and 2 total emissions, an adjustment to the final revenue has been made from £10,766,956,841 to £11,934,999,662. This includes intercompany revenue and the revenue of certain joint operations and unincorporated joint ventures over which the Group has a considerable influence over their operating policies and purchasing decisions in line with enhanced reporting criteria and in addition to the revenue of entities which align fully to the GHG Protocol operational control approach. To calculate the carbon intensity of the Group's Scope 1 and 2 emissions from entities which align fully to the GHG Protocol operational control approach an adjustment to the final revenue has been made from £10,766,956,841 to £9,679,792,135.

SUSTAINABILITY CONTINUED

CLIMATE CHANGE CONTINUED

Scope 3 emissions

Scope 3 emissions arise across Balfour Beatty's broader value chain and from its investments, including Gammon, and therefore fall outside the Group's direct operational control or enhanced reporting criteria boundary. As outlined in the 'Approach for Group carbon reporting' on page 44, the Group has assessed all categories against the GHG Protocol and determined that 13 of the 15 Scope 3 categories are relevant. Only Category 10 (Processing of sold products) and Category 14 (Franchises) are not applicable, as the Group does not manufacture intermediate products for downstream processing or operate franchise models. All relevant categories are included in the Group's Scope 3 inventory.

Scope 3 emissions are calculated using the Corporate Value Chain (Scope 3) Standard of the GHG Protocol. The table presented on the right shows emissions from the 2020 baseline year through to 2025. In preparing emissions data aligned to the Group's SBTi validated targets, Balfour Beatty has applied the most appropriate methodologies available for each category, incorporating updated factors and information as datasets mature.

Scope 3 methodology

In 2023, Balfour Beatty reported its full Scope 3 emissions inventory for the first time. For 2025 reporting, we continued to refine our methodology, improving data quality and strengthening the accuracy of our value chain assessments. Much of our Scope 3 reporting still relies on spend-based estimation, as industry-wide availability of primary data remains limited. While this approach provides full coverage, it does not yet reflect the embodied carbon of specific materials and services, which limits the ability to track performance year-on-year.

Throughout 2024 and into 2025, we have focused on maturing our data sources, moving towards higher-quality and more granular information as it becomes available. This includes enhanced internal reviews of purchased goods and services (Category 1) and investments (Category 15), which remain our most material categories. Improvements in primary data will allow the Group to prioritise the areas where we can have the greatest impact and support more effective emissions-reduction interventions.

To support this transition, Balfour Beatty has been working with CausewayOne Carbon to support development of a digital platform that enables suppliers to report embodied carbon data in a consistent and verifiable way. This collaboration is helping to strengthen our value chain data flows and will enable us to incorporate more supplier-specific information into our 2026 Scope 3 dataset.

Scope 3 GHG emissions, baseline year (2020) to 2025

Scope 3 emissions (tCO ₂ e)	Assessment status	Baseline year 2020	2021	2022	2023	2024	2025
Cat 1: Purchased goods and services	Relevant, Calculated	2,836,477	3,076,315	3,023,913	3,432,952	5,326,854	3,683,745
Cat 2: Capital goods	Relevant, Calculated	13,184	19,954	17,330	35,866	14,794	21,743
Cat 3: Fuel- and energy-related activities (not included in Scope 1 and 2)	Relevant, Calculated	28,082	35,846	36,796	36,912	37,461	36,494
Cat 4: Upstream transportation and distribution	Relevant, Calculated	164,572	154,240	62,013	110,016	121,096	98,443
Cat 5: Waste generated in operations	Relevant, Calculated	2,538	5,228	1,551	2,460	1,829	1,020
Cat 6: Business travel	Relevant, Calculated	2,023	2,589	2,628	7,072	5,653	5,204
Cat 7: Employee commuting	Relevant, Calculated	1,055	2,110	2,137	2,091	2,225	2,237
Cat 8: Upstream leased assets	Relevant, Calculated			Included in Scope 1 and 2 ¹			
Cat 9: Downstream transportation and distribution	Relevant, Calculated			Included in Cat: 4			
Cat 11: Use of sold products	Relevant, Calculated	118	137	235	244	156	239
Cat 12: End-of-life treatment of sold products	Relevant, Calculated	16	18	16	17	10	16
Cat 15: Investments	Relevant, Calculated	236,527	251,715	263,492	217,535	190,457	138,159
Total Scope 3		3,284,592	3,548,152	3,410,111	3,845,165	5,700,535	3,987,300
Total Scope 3 intensity tCO ₂ e/£m revenue	Relevant, Calculated	329	408	333	317	465	325
Biogenic emissions	Relevant, Calculated	12,527	3,828	5,838	8,263	8,554	7,439
FLAG emissions	Relevant, Calculated	646,198	859,158	390,158	1,079,492	274,904	319,765

1 Based on the application of the operational control consolidation approach augmented by enhanced reporting criteria, the Group accounts for emissions arising from building assets leased in Scopes 1 and 2 and not Category 8: Upstream Leased Assets on the basis of this consolidation criterion aligned to parameters contained within the GHG Protocol.

2 In alignment with GHG Protocol technical guidance, adjustments to Scope 3 totals have been made in the reporting year and for prior years back to baseline year across Categories 13 and 15 to reflect Group disposals and Category 2 for prior year based off more granular data that became available during the reporting year. Based off Group disposals in the reporting year, Category 13 is no longer relevant to the Group's operations.

3 To calculate the carbon intensity of the Group's Scope 3 total emissions, an adjustment to the final revenue has been made from £10,766,956,841 to £12,187,887,723. In addition to the revenue figure of £11,934,999,662 used for the Group's Scope 1 and 2 total emissions (see Note 4 to the table on page 45) and in line with enhanced reporting criteria, this includes the Group's proportional share of the revenue of: (i) incorporated joint ventures and (ii) certain joint operations and unincorporated joint ventures where the Group does not have considerable influence over their operating policies or purchasing decisions.

Energy

In 2025, Balfour Beatty maintained its focus on improving energy efficiency across its operations, implementing targeted measures to manage consumption and reduce associated emissions. Against a backdrop of business growth, total energy use remained stable at 623,756 MWh, demonstrating increasing decoupling of energy demand from operational activity.

During the year, the Group maintained its programme of efficiency interventions, including expanded deployment of EcoNet systems to reduce out-of-hours energy demand, increased use of EcoSense energy-efficient cabins, and additional battery-hybrid generator configurations to minimise fuel use and enable quieter operation on sites. Renewable energy generation on projects also continued to grow, with on-site solutions including solar and green hydrogen contributing 698 MWh during 2025, an increase of 89% compared to 2024.

In 2025, Balfour Beatty's UK business procured zero-carbon electricity through Renewable Energy Guarantees of Origin (REGO)-backed tariffs. We increased the proportion of renewable electricity used across our UK operations, procuring 38,621 MWh of REGO-certified electricity.

As part of the ongoing commitment to energy reduction, our Energy Management Unit (EMU) continued to deliver audits across UK assets, identifying opportunities for further improvement.

These findings support the Group's energy action plans and have informed ongoing development of digital tools, including the Site Energy Efficiency Dashboard, automated demand-management systems for modular accommodation, and additional minimum standards and digital performance evaluation models for site power and lighting technologies.

Fuel MWh (global)

	Baseline year 2020	2021	2022	2023	2024	2025
Electricity purchased – green tariff	12,536	15,812	16,096	26,627	34,474	38,621
Electricity purchased – other	35,258	48,846	46,423	34,877	35,247	23,463
Electricity (generated from solar renewables)	27	49	161	7	231	289
Electricity (generated from green hydrogen)	–	–	413	109	138	409
Total electricity	47,821	64,707	63,093	61,620	70,090	62,782
Diesel B7	143,687	131,719	348,137	419,783	422,947	384,129
Unleaded petrol	57,642	72,369	77,298	74,161	75,149	105,773
Gas oil (Red diesel)	236,750	268,115	100,515	48,181	30,878	26,691
Natural gas	8,147	14,861	13,106	12,341	12,329	21,621
Industrial gases	2,990	2,592	3,021	3,500	2,764	15,043
GTL	–	3,320	3,612	3,794	5,085	4,448
E85 petrol	166	125	268	173	0	1,644
Biodiesel (1st generation)	–	27	–	–	17	1,413
100% mineral diesel	534	340	438	129	143	92
Boiler fuel	410	426	380	497	737	57
Diesel B20	55	–	–	7	0	37
HVO	–	32	82	15	178	24
LPG	64	64	65	166	8,057	2
100% mineral petrol	2	6	–	–	0	0
Total fuels	450,447	493,996	546,922	562,747	558,284	560,974
Global total	498,268	558,703	610,015	624,367	628,374	623,756
UK energy use % of global total	73%	72%	77%	80%	82%	80%
Energy intensity (MWh/£m revenue)	55.4	70.8	66.6	64.8	56.1	52.3

1 The figures in this table include energy from the Group's consolidated boundary aligned to the methodology referred to in Note 1 to the Scope 1 and 2 GHG emissions table on page 45.

2 The MWh per £m revenue is calculated using the adjusted revenue figure disclosed in Note 4 to the Scope 1 and 2 GHG emissions table on page 45.

SUSTAINABILITY CONTINUED

NATURE POSITIVE

Addressing the nature crisis is essential for mitigating climate change. Balfour Beatty is dedicated to supporting a net positive future, delivering both net zero emissions and nature positive outcomes.

In 2024, we signed the Nature Positive Business Pledge, a UK initiative aimed at halting and reversing nature loss by 2030, and achieving complete recovery by 2050 (using a 2020 baseline). This commitment aligns with the Kunming-Montreal Global Biodiversity Framework, to which the UK is a signatory.

Nature positive principles

In 2025, we released our nature positive principles which underpin the setting of our annually evolving targets:

Understand our impacts

Balfour Beatty has adopted a holistic definition of nature, which includes all realms – land, ocean, freshwater, atmosphere and biosphere.

Our nature positive actions are targeted to deliver multiple benefits across these realms and avoid unintended consequences or trade-offs between people, nature, and climate.

We look to harness opportunities to achieve positive outcomes for climate, people and nature through integrated initiatives, such as investing in local economies, nature-based carbon projects or implementing sustainable procurement practices (e.g. utilising circular economy principles to reduce extractive pressures and use of virgin materials).

Focus on outcomes

Our nature positive actions are prioritised and informed by the best available data. Through the identification and assessment of our upstream, downstream, and direct interaction with nature using established frameworks, we can determine our material impacts and dependencies.

This enables the identification and prioritisation of nature-related risks and opportunities (e.g. high-impact activities and critical geographical locations).

Follow the mitigation hierarchy

To ensure consistency, Balfour Beatty adheres to the mitigation hierarchy for nature, an established framework designed to guide businesses and organisations to manage environmental impact. It consists of a sequence of steps that prioritise actions to avoid, then minimise and, as a last resort, compensate for negative impacts on natural systems.

Collaborate relentlessly

We work with supply chain partners, stakeholders and industry to address complex environmental challenges through collaborative problem-solving contributing to an overall net gain for nature.

Balfour Beatty supports appropriate industry-wide initiatives, partnerships and cooperation opportunities for advancing nature positive policy and practices.

Measure success

We review and report against SMART objectives to measure and advance delivery of nature positive interventions and processes.

Reporting our performance against SMART targets is integral to an improvement-focused culture. This approach incentivises consideration and embeds accountability for nature positive decision-making processes across our business.

2025 nature positive objectives

2025 marked the inaugural full year of Balfour Beatty's nature positive journey. Accordingly, the primary focus was on readying the business by equipping us with the necessary knowledge, tools, and processes to successfully progress this agenda.

Below: Peatland at Craig Murrail in Scotland



INNOVATIVE PEATLAND MANAGEMENT AT CRAIG MURRAIL, SCOTLAND

Over 20% of Scotland is covered by peat, which holds the equivalent of 140 years' worth of Scotland's total annual greenhouse gas emissions. The Craig Murrail substation site, part of the Argyll and Kintyre 275 kV Substations Upgrade, is located on deep peat. The project required a focus on minimising impact and maximising ecological value.

Balfour Beatty embedded best practices and innovative solutions into peat management. The project team collaborated on developing access track designs to avoid deep peat where possible, used existing tracks, oriented infrastructure to minimise disturbance and targeted training for plant operators. Best

practice included early engagement with regulators, adherence to the mitigation hierarchy (avoid, minimise, compensate) and the use of the IUCN Peatland Code.

The project featured careful site selection and innovative engineering to minimise peat disturbance. Excavated peat was relocated to nearby restoration areas, with careful handling and bund construction to promote revegetation. Over the next three to five years, restoration areas will continue to be monitored for sphagnum seeding and establishment. Lessons learned are being used in planning for a similar peat management area on the Transport Scotland A9 Tomatin to Moy project.

Focus areas

The 2025 SMART objectives are grounded in four key focus areas, with each specific objective designed to support and facilitate progress in embedding the mitigation hierarchy, fostering a nature positive mindset, managing risk and opportunity, and developing robust measurement tools.

Example

Embedding the mitigation hierarchy

Promote the mitigation hierarchy for nature to ensure we consistently avoid, minimise, compensate our impacts on nature.

We have updated 'Setting to Work' documents within our internal Business Management System (BMS) to include hold points for consideration of the mitigation hierarchy for nature to prompt and incorporate opportunities to avoid, minimise and compensate for all site operations.

Nature positive mindset

Adopt a nature positive mindset to embed considerations for the natural environment into every decision, fostering a culture of awareness and responsibility.

Bitesize 'Nature Positive' training has been developed and released on our internal e-learning portal as a series of five modules: 'Biodiversity', 'Our Nature Positive Business Pledge', 'The Mitigation Hierarchy', 'Wildlife On Site' and 'Nature-based Solutions'. These raise awareness of the significance of the nature crisis for our business and promote nature positive interventions.

Risk and opportunity

Focus on risk and opportunity to proactively manage potential threats while seeking out areas where we can deliver real benefits for nature and business.

A digital EcoPermit has been developed for use on our projects which will provide consistent and efficient risk management for ecology and biodiversity receptors. The permit is hosted on the digital platform SiteAssist and is currently being tested on live projects for full release in 2026.

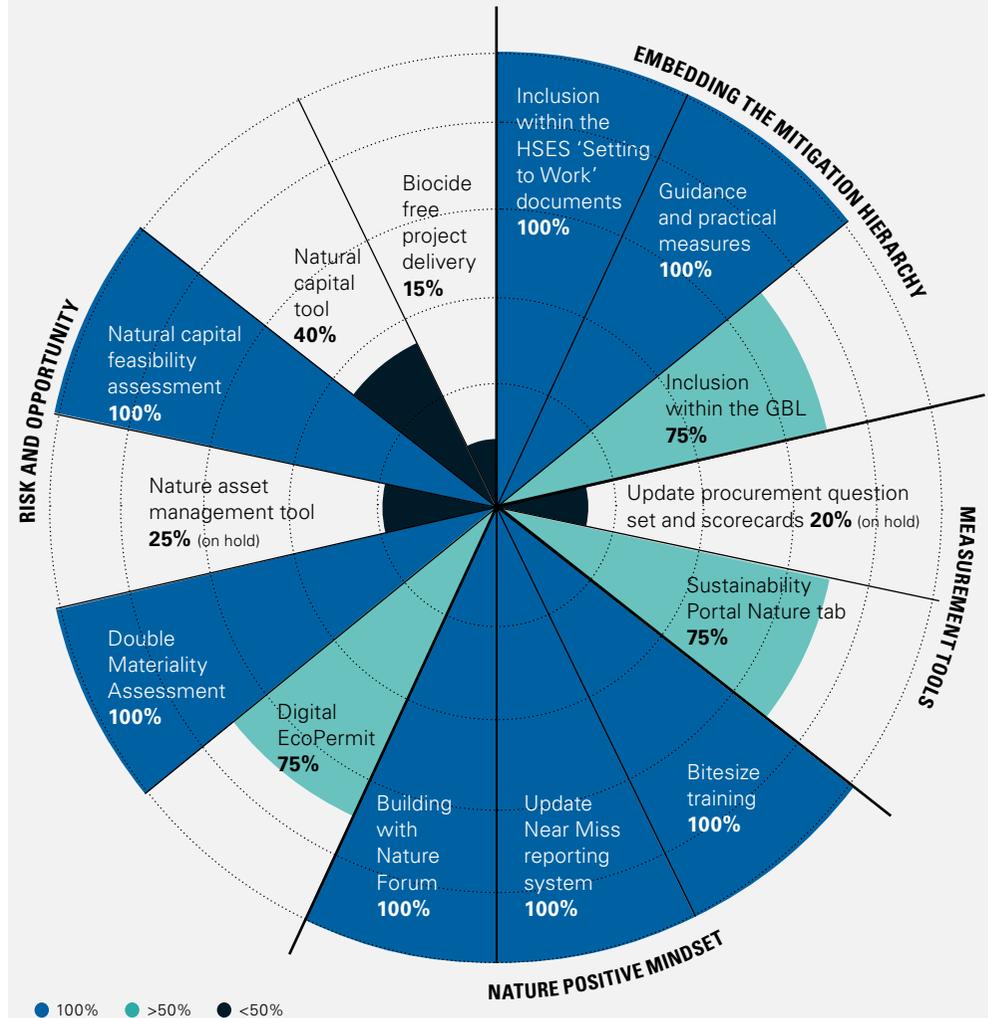
Measurement tools

Develop robust measurement processes and tools to allow us to track progress, demonstrate accountability, and continually improve.

We have created a new nature tab within the sustainability portal used by projects. This will enable the aggregation of habitat clearance, creation and enhancement data across the UK business. It also records proximity to designated sites and the presence of Invasive Non-Native Species (INNS). This will provide a mechanism for enhanced disclosure and business management.

Nature Positive SMART Tracker

The Nature Positive SMART Tracker demonstrates progress made against actions supporting the four Nature Positive objectives.



SUSTAINABILITY CONTINUED

RESOURCE EFFICIENCY

Zero avoidable waste

As part of our renewed approach to resource efficiency, Balfour Beatty is embedding the Construction Leadership Council's zero avoidable waste routemap across the business. This reflects our shift from managing waste after it occurs to designing our projects and processes to prevent waste from being created in the first place.

Each business unit continues to implement targeted actions through its Bridging the Gap sustainability plans, informed by its specific waste profile and performance trends. Following the UK business achieving its 2030 waste intensity reduction target seven years early, our baseline was reset to 2023 to reflect the maturity of our approach and to align future reporting with the principles of zero avoidable waste.

Waste reporting methodology

Balfour Beatty's waste reporting covers UK operations and excludes Gammon, which is aligned to the Group's carbon reporting boundary, as the business sits outside Balfour Beatty's operational control. US waste data is also not included at this stage, as datasets and reporting structures are not yet comparable with those of the UK.

To strengthen consistency, transparency and alignment with industry practice, Balfour Beatty's waste reporting now follows the Supply Chain Sustainability School's Measuring and Reporting Waste in the Built Environment: A Practical Guide (2025). The Group contributed to the development of this guidance and has adopted its definitions, categorisation principles and reporting boundaries to support improved comparability across the sector. This approach has enabled clearer reporting of waste arising

from construction, demolition, excavation and premises activities, based on verified data supplied by our waste management partners.

This alignment enhances the quality and robustness of our resource efficiency reporting and supports our long-term ambition to move towards zero avoidable waste across our operations.

Waste performance

In 2025, Balfour Beatty continued to embed its zero avoidable waste approach across UK operations, with increasing focus on preventing waste through improved planning, design and

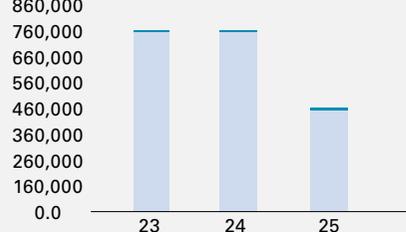
procurement. Waste arisings reflect the scale and nature of project activity during the year, including a higher proportion of complex construction, demolition and excavation works.

Diversion from landfill remained consistently high across all major waste streams, demonstrating the strength of our waste management practices and supply chain collaboration. Following the reset of our waste baseline to 2023 after early achievement of our previous target, 2025 provides a robust foundation for driving future reductions as we shift from managing waste to eliminating avoidable waste.

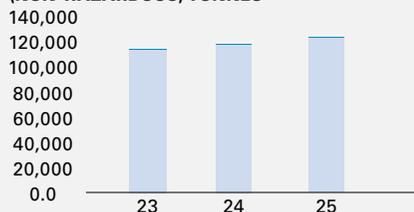
CONSTRUCTION WASTE (NON-HAZARDOUS) TONNES



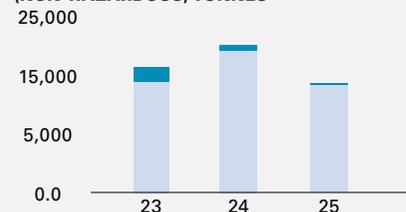
EXCAVATION WASTE (NON-HAZARDOUS) TONNES



DEMOLITION WASTE (NON-HAZARDOUS) TONNES



PREMISES WASTE (NON-HAZARDOUS) TONNES



● Diverted from landfill ● Landfilled — Tonnes/£m revenue

1 The Group's waste disclosure metrics and descriptions can be found in the Global Reporting Guidance at: www.balfourbeatty.com/sustainabilityreporting
 2 Waste and revenue from certain joint operations and unincorporated joint ventures where Balfour Beatty uses enhanced reporting criteria is included to align with Balfour Beatty's approach to GHG reporting (in line with Note 2 to the Scope 1 and 2 table on page 45).

Below: Example of sustainable Arco workwear.



SUSTAINABLE WORKWEAR WITH ARCO

Balfour Beatty's Responsible Sourcing team identified the need to make Personal Protective Equipment (PPE) and workwear more sustainable, addressing carbon reduction, ethical sourcing, and garment longevity.

Working with Arco, our PPE and workplace safety partner, the team transitioned all navy workwear garments to the Arco Responsible Workwear range in July 2025. This followed Arco's 2024 event highlighting the importance of sustainable PPE.

The new range includes polo shirts, t-shirts, sweatshirts, jackets, and cargo trousers, manufactured from certified recycled fabrics and Better Cotton Initiative (BCI) cotton.



Scan or click to read more about how Balfour Beatty is working with Arco.



SUPPLY CHAIN INTEGRITY

Resilient supply chain, responsible growth

The expectations placed on construction supply chains have grown sharply in recent years. Suppliers are operating in a landscape shaped by new legislation, rising carbon requirements, tightening scrutiny on labour practices and an increasing demand for transparency across long and complex supply chains. The Procurement Act, which was implemented in 2024 and came fully into force in 2025, has further raised the bar, placing greater emphasis on value, integrity and accountability throughout public procurement.

Against this backdrop, building a resilient supply chain is essential to our long-term success. In 2025 we focused on setting clear expectations for the supply chain, strengthening our assurance processes and supporting suppliers to meet growing regulatory and client demands. Our work this year reflects a deliberate shift, moving from compliance to proactive partnership, capability building and shared progress across carbon and materials, inclusive procurement and human rights. Collaboration remains central to how we deliver this.

Inclusive procurement

Inclusive procurement plays a vital role in strengthening local economies and widening the opportunities available within our supply chain. By creating space for diverse, local and smaller organisations to participate, we generate social economic value, improve resilience and ensure our projects reflect the communities we serve. As expectations grow across both client requirements and legislation, supporting these suppliers to succeed has become increasingly important.

We recognise that many SMEs face capability and capacity barriers as these demands increase. To address this, we launched EDGE: Empowering Development for Growth and Excellence.

Originating from a My Contribution idea, EDGE is a structured programme offering resources and tools designed to help suppliers improve their knowledge, strengthen their resilience and grow their businesses. It builds a stronger, more capable supply chain. It helps smaller suppliers meet rising expectations, improves the consistency and quality of delivery on our projects and creates lasting social and economic benefit. The pilot launched in 2025, with a full rollout planned for 2026.

Carbon and materials

Decarbonising construction materials remains one of the sector's biggest challenges. With steel and concrete responsible for a significant share of embodied carbon, meaningful progress depends on a coordinated approach across the

supply chain. In 2025, we have been collaborating with the supply chain to set key milestones for decarbonisation, improving data quality and preparing for new carbon related regulation, ensuring that both our business and our suppliers are ready for the shift ahead.

Building on our work in 2024 to reduce the carbon impact of steel and concrete, we convened suppliers from across the sector, including large corporates, SMEs and specialist subcontractors. Together we developed a practical roadmap for lower carbon materials, setting out shared milestones and expectations for delivery over the coming years. The roadmap is informed by the Construction Leadership Council's five carbon commitments and will be published externally in 2026. It provides a clear, collaborative pathway for suppliers and supports a more consistent approach across the industry.



Scan or click to read more about our supply chain decarbonisation roundtables.

Over £2bn

SPEND WITH SMEs

£708m

SPEND WITH LOCAL SUPPLIERS (20 MILES)

£2.5m

SPEND WITH VOLUNTARY, COMMUNITY, AND SOCIAL ENTERPRISE (VCSEs)



BUILDING SUPPLY CHAIN RESILIENCE THROUGH THE EDGE ACADEMY

As Balfour Beatty continues to grow its portfolio of large-scale infrastructure projects across the UK, including in sectors such as nuclear and defence, the strength of our supply chain is critical to delivering trusted,

expert and sustainable outcomes. With 73% of our partners being small and medium enterprises, many face barriers in procurement, compliance and training. Supporting these partners is essential to reducing risks and enabling them to thrive alongside us.

To address this, we have developed the EDGE Academy: a free programme of micro video series, online modules, resources and assessments designed with our experts and delivered through the Supply Chain Sustainability School's online platform.

The Academy covers a wide range of topics including quality assurance, cybersecurity, contract management, sustainability and nuclear safety.

Content is intentionally low resource and flexible, allowing suppliers to engage with the modules most relevant to them and to track their progress through pre and post learning self assessments.

The programme has already seen strong engagement, with 148 suppliers enrolled and 95% of participants being SMEs. More than 10 hours of training have been delivered, helping partners to strengthen their knowledge and reduce risks.



Scan or click to read more about the EDGE Academy.

SUSTAINABILITY CONTINUED

SUPPLY CHAIN INTEGRITY CONTINUED

Carbon and materials continued

Accurate Scope 3 reporting remains a critical challenge for the sector. Throughout 2025 we continued to work with industry peers and supply chain partners to shape a more consistent, industry-wide approach to Scope 3 data requirements. This aims to reduce the administrative burden on suppliers and improve the quality of the data we collect. Within the business, we continued to mature our approach, moving from a solely spend based method to a hybrid model that improves accuracy and strengthens our understanding of material impacts. Find out more about our Scope 3 emissions on page 46.

The UK Carbon Border Adjustment Mechanism (CBAM) is due to take effect from January 2027. Although implementation is still ahead, the impact on materials procurement is significant, particularly for steel, aluminium and cement. With many of our projects already tendering and planning beyond 2027, understanding future carbon related tax liabilities has become essential. In 2025 we developed a CBAM liabilities estimator tool to support early decision making. Without visibility of these costs early in a project, there is a risk that quotations appear competitive while carrying hidden tax liabilities. Our tool helps identify these liabilities and enables fairer comparisons of globally sourced materials, supporting more informed procurement choices and reducing commercial risk.

Human rights

Protecting people in our supply chain remains central to how we operate. In 2025 we strengthened our approach through clearer governance, deeper insight into high-risk labour models and a more structured set of assurance tools. This helped us identify risks earlier, address issues with suppliers and raise standards in the parts of the supply chain most vulnerable to exploitation.

Our Supply Chain Modern Slavery Maturity Assessment is now in its third year, giving us a clearer picture of where risk sits across our Tier 1 suppliers and where support or intervention is needed. Over the last three years we have completed 405 assessments; prioritising high-risk suppliers while taking a measured, risk-based approach across medium and low categories. In 2025, 37% of our overall spend was placed with suppliers assessed within this three-year cycle. Across the total spend with suppliers identified at higher risk of modern slavery, this increased to 46% of spend with a supplier who had been assessed, giving us greater visibility of the suppliers we work with most and strengthening the evidence base that informs our due diligence and decision making.

During the three-year programme, we have re-assessed 45 suppliers, on average their maturity had improved by 20%.

We continued to expand our due diligence of labour agencies, reflecting the elevated risk of exploitation within complex labour supply chains. Working with Nutral Solutions Ltd, we undertook a forensic review of blue-collar labour agencies which included a further 42 labour agency audits.

This involved office visits, checks on contracts and payslips, reviews of management systems and clearer visibility of sub-tier arrangements, including the use of umbrella companies. The review highlighted several improvement opportunities, such as more consistent issue of key information documents and stronger sub-tier due diligence.

In 2025 we deepened our insight by incorporating lived experience into how we design and improve our human rights work. In collaboration with Align Ltd, we hosted a workshop on a live project bringing together consultants with lived experience of modern slavery, operational teams and supply chain partners. Their insights shaped several practical outputs which will inform the activities we undertake in 2026 to improve our approach.



Scan or click to find out more about the modern slavery lived experience workshop.

We reinforced our governance framework through a new group policy, improved data processes and a more consistent way of reviewing labour agencies. This provides a stronger foundation for managing risk and supporting supplier improvement. Our work this year was recognised externally, with our Procurement team receiving a Highly Commended award at the Chartered Institute of Procurement & Supply Awards for their approach to ethical sourcing and modern slavery risk management.



Scan or click to read our latest Modern Slavery Statement.

PROGRESS AGAINST TARGETS

11.4% TARGET: 10%

OF HIGH-RISK SUPPLY CHAIN PARTNERS SUBJECT TO A MODERN SLAVERY ASSESSMENT

6.2% TARGET: 5%

OF MEDIUM-RISK SUPPLIER CHAIN PARTNERS SUBJECT TO A MODERN SLAVERY ASSESSMENT

2.8% TARGET: 1%

OF LOW-RISK SUPPLY CHAIN PARTNERS SUBJECT TO A MODERN SLAVERY ASSESSMENT

COMMUNITY ENGAGEMENT

Resilient business, thriving communities

At Balfour Beatty, resilience is the foundation of our long-term performance. The work we do connects people and places, and our work in communities deepens our impact for those who live and work around our projects. We build trust, local understanding and partnerships that enable us to deliver better outcomes that continue to make a difference long after we leave site.

In 2025 we set new targets, to create £6 billion of social value and deliver 60,000 hours of education engagement by 2030 in the UK. These targets give Balfour Beatty a clear identity and purpose for delivering social impact beyond our clients' requirements. They demonstrate what matters to us as a business and align our commitments with a critical industry challenge: the construction skills gap. By focusing on education, skills, training and pathways into employment, we're converting a national workforce issue into an opportunity to build capability, support social mobility and strengthen the communities where we work.

To support this, we refined our definition of local to within 20 miles. This gives us a consistent and focused way to plan, deliver and measure our impact across the UK. It ensures our efforts are targeted where they will have the greatest benefit for communities. This approach is reflected in the projects we deliver.

£1.012bn^A
SOCIAL VALUE DELIVERED IN THE UK

Engaging with education

Our target of delivering 60,000 hours of education engagement by 2030 reflects our commitment to helping young people in the UK understand the opportunities our industry offers. These hours are generated through Balfour Beatty employees investing their time with schools, colleges and universities across the UK. In 2025 we had 77,761 student interactions and engaged with 383 educational institutions.

6,787
HOURS SUPPORT TO EDUCATIONAL INSTITUTIONS AND STUDENTS

Our approach to educational engagement focuses on sustained presence in key locations, supporting students throughout their school years and showcasing the variety of careers



Above: Early Careers colleagues on our Net Zero Teesside Northern Endurance Partnership project.



→ Scan or click to find out more how we've been engaging with education.

available in construction and engineering. We're building confidence, widening horizons and showing that our industry is open to everyone, whatever their background or starting point.

In 2025 we strengthened this through a new partnership with STEM Learning. Their specialist support helps teachers bring real-world Science, Technology, Engineering and Mathematics (STEM) concepts into the classroom and provides mentoring and career guidance for students. The partnership also creates summer placement opportunities for young people who may face barriers to entering the industry, supporting social mobility and broadening access to future careers.

A central part of this work is our Industry Insights programme, which offers a hybrid model of virtual learning and on-site experience accredited by Industrial Cadets. It helps young people develop skills, understand real project environments and explore future career paths. This year we've supported 391 students.



Above: London South East Colleges (LSEC) students taking part in Industry Insights, our hybrid work experience programme.



→ Scan or click to find out more about our Industry Insights programme.

Employment and skills

While our education engagement target focuses on the time our employees give to schools, colleges and universities, our employment and skills work is centred on how our business creates opportunities and pathways into the industry. These pathways help people develop the confidence, skills and support needed to move into meaningful work, while also helping to address the construction skills gap.

In 2025, we provided 996 weeks of work experience, which included year-out placements, T Level industry placements, summer placements and work experience, as well as 28,518 weeks of apprenticeships and 20,401 hours of internal skills training.

In 2025 we also continued to strengthen our Breaking Barriers programme, which focuses on supporting people who may face challenges entering or re-entering the workforce. This includes our pathway for prison leavers, which we expanded through closer work with specialist partners and improved employer support on site. We also enhanced our military talent pathway, making it easier for service leavers to translate their skills into roles across our business.

Recognising the barriers faced by young people with experience of the care system, we progressed work to support care leavers and signed the Care Leaver Covenant. We also started a more focused programme to engage young people not in education, employment or training, providing routes into work through targeted placements and local partnerships.

Together, these pathways help widen access to stable employment, support social mobility and strengthen the long-term resilience of our workforce.

SUSTAINABILITY CONTINUED

COMMUNITY ENGAGEMENT CONTINUED

Employees in the community

Our people play a crucial role in strengthening the communities where we work. In 2025 Balfour Beatty invested 21,355 hours to local causes, charities and community organisations across the UK through employee volunteering and social impact activities. Their contributions ranged from mentoring young people and supporting environmental projects to helping small businesses and community groups through expert volunteering.

We also continued to support charity partners, donating £636,799, alongside local fundraising efforts where employees raised £110,023, reflecting the interests and priorities of our people and the places where we operate. These activities help build strong local relationships, support community resilience and showcase the commitment of our people beyond the workplace.



→ Scan or click to read more about our volunteering activities.

Social value

Social value is how we monetise social impact. It translates real-world activities such as local spend, local employment and community engagement into a common measure, enabling us to track our impact consistently and transparently. At Balfour Beatty we use the TOM System to measure our social value, and in 2025, we transitioned to the latest version (2024).

Our social value performance this year has exceeded expectations for three key reasons. The combination of updated proxy values, improved data quality and more consistent reporting has provided a clearer and more accurate reflection of the value our projects generate across the UK.

As part of this, we refined our definition of local, reducing the radius from 30 miles to 20 miles to better reflect where our projects have the most immediate economic and social impact. The updated TOM System also introduced revised proxy values, and many of the geographical areas in which we currently operate receive higher values under this new methodology.

We have also enhanced the way we capture and report local employment and apprenticeship data, which has increased the quality of our data. This has helped to ensure our social value performance reflects a more complete and accurate account of the employment opportunities we create.

Enhanced completeness in employment and community focused reporting means that local spend accounted for a smaller proportion of the total social value. This reflects a more complete and transparent assessment of the full range of benefits our projects deliver, providing a stronger foundation as we work towards our 2030 targets.

KPMG LLP was engaged to undertake an independent limited assurance engagement of the social value generated in the UK, reporting to Balfour Beatty plc, using the assurance standard ISAE 3000 (Revised) on the social value data that has been highlighted in this report with the symbol [®]. KPMG's full statement is available at: www.balfourbeatty.com/ILA_2025

The limited assurance statement should be read in the context of the reporting criteria (including definitions, boundaries and data sources) as set out in Balfour Beatty's Global Sustainability Reporting Guidance available at: www.balfourbeatty.com/sustainabilityreporting

The guidance outlines the non-financial KPIs measured by the Group, their definitions and evidence requirements.

Below: The newly built Nottingham Footbridge.



BRIDGING COMMUNITIES ACROSS THE RIVER TRENT

The Nottingham Footbridge demonstrates how our projects bring communities together while creating a legacy. Built for pedestrians and cyclists, the bridge connects neighbourhoods, improves access to local spaces and shows our commitment to sustainable, people-first solutions. Through local employment, expert volunteering and partnerships with small businesses and social enterprises, we ensure the impact of our work lasts: strengthening communities while Building New Futures.



→ Scan or click to find out more about this project and to watch the video.

EMPLOYEE DIVERSITY, EQUITY AND INCLUSION

Balfour Beatty continues to drive progress on diversity, equity and inclusion (DE&I) through the Building New Futures sustainability strategy. Attracting and retaining a diverse workforce requires embracing different perspectives and experiences to drive fresh thinking, innovation and better ways of working.

Find out how we are driving an inclusive culture, read Our People section on pages 56 to 60.

Early engagement is key to addressing the industry's skill shortage – within our Early Careers population, 2025 saw strong progress on gender and ethnic diversity, with a notable increase in gender diversity in Hong Kong, achieving 40% females within the Early Careers population. Increasing the diversity of experience and thinking within our teams, to ensure they reflect the communities that we work within, remains a focus across the Group.

For the UK we remain committed to the UK 2030 DE&I targets set in 2022, consistently monitoring our steady progress and reporting internally and externally at key points against these commitments. We also report our progress as part of the FTSE Women Leaders Review and as required by the UK Parker Review. In 2024 we set a 6% target for senior leadership ethnic diversity. Our progress towards this target as of 2025 is 4.1%.

As part of the launch of the United Ambitions Sustainability strategy, targets were set in Hong Kong in 2024 to enhance gender diversity at all levels by attracting more female talent to join the organisation, and by attracting and developing female leaders.

Hong Kong progress against targets:

- external female hiring for all levels % by 2025 = 30% (target = 20%).
- female junior executives and above % by 2026 = 17.5% (target = 22%).

In 2025, the UK's Gender Affinity Network introduced Gender Circles – local site and office-based groups designed to connect existing gender-focused initiatives and create a two-way channel for collaboration, insight, and feedback. These circles provide a safe space for open discussion on barriers faced by women, share resources, and engage more people in driving gender equity.

Launched alongside International Women in Engineering Day, Gender Circles quickly scaled to 24 sessions across 24 locations, engaging over 230 participants. Five key themes emerged – career development, flexible working, workplace culture, facilities, and psychological safety – with members voting to prioritise career development. A second round of circles during National Inclusion Week generated actionable ideas now embedded in the 2026 network plans. This initiative has strengthened connectivity, amplified voices, and accelerated progress towards a more inclusive workplace.

Below: Irene Cheung, Technician Apprentice, Gammon.



Progress towards diversity targets in three key areas:

FEMALE EMPLOYEES ACROSS THE WORKFORCE %



UK ETHNIC MINORITY EMPLOYEES %



UK BLACK EMPLOYEES %



Gender breakdown

At 31 December 2025	Male	Female	Total	% Male	% Female
Board	5	4	9	55.56%	44.44%
Senior managers ¹	64	29	93	68.82%	31.18%
Directors and subsidiaries not included above ²	33	15	48	68.75%	31.25%
Employees ³	19,904	5,763	25,667	77.55%	22.45%

¹ Senior managers are employees of the Company, its subsidiaries and Gammon, who have responsibility for planning, directing or controlling the activities of the Group, or a strategically significant part of it, excluding Directors of Balfour Beatty plc.

² Directors of all subsidiaries have not been included as senior managers as this would not accurately reflect the Group's executive pipeline.

³ All employees of the Company and its subsidiaries, together with employees of Gammon, the Group's 50:50 joint venture with Jardine Matheson based in Hong Kong.

BREAKING GENDER STEREOTYPES: THE SISTERS TAKING THE CONSTRUCTION INDUSTRY BY A STORM

In 2023, Irene Cheung made a decisive move from healthcare into construction, inspired by her sister's journey into engineering. She joined Gammon as a Technician Apprentice through the VTC Earn and Learn Scheme and gained hands-on site experience while studying for a Higher Diploma in Civil Engineering.

Her determination and performance quickly stood out – earning her the Outstanding Apprentice Award from Hong Kong's VTC, one of only two winners in the construction sector. Irene credits Gammon's clear career pathways and supportive mentorship for helping her thrive in a traditionally male-dominated field.

"What drew me to construction was the opportunity to collaborate with diverse teams and apply theoretical knowledge to real-world challenges." Irene shares.

OUR PEOPLE

Shaping our future through talent and skills development

During 2025, we have continued to focus on the four pillars of our Group people strategy – Attract, Retain, Grow and Thrive – empowering colleagues to excel and build rewarding careers.

From early careers to experienced hires, and throughout the employee lifecycle, we are investing in the skills we need, supported by inclusive leadership, data-led learning and creating a consistent, high-quality employee experience. Across the UK, US and Hong Kong, our approach is locally tuned but globally aligned, ensuring we have the capacity, capability and culture to deliver for our customers – safely, ethically and with pride.

2025 highlights

- › 5,082 employees onboarded across the Group, building capacity and capability across all markets, supported by improved systems and processes to enhance the employee experience.
- › Market-leading levels of employee engagement maintained across the Group.
- › Strong focus on project management capability, launching new development programmes.
- › Achievement of Platinum membership of The 5% Club.
- › Balfour Beatty received 'Best Place to Work' recognition by five business publications across California and Texas.

2026 priorities:

- › Attraction and retention of key skills and talent remains a priority.
- › Continued development of our people to deliver for our customers, through high-quality leadership, technical and professional development.
- › Continued creation of a great culture and environment, where people want to work, collaborate and grow their careers.

ATTRACT

Attracting and recruiting the skilled individuals we need now, and for the future.

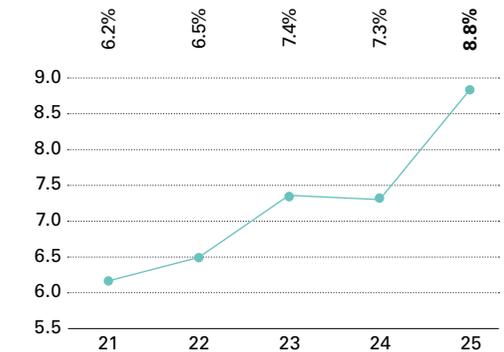
We attract and recruit high-calibre people who strengthen our capability and deliver excellence for our customers. Our targeted attraction strategies engage both early careers and experienced professionals, positioning us as a 'Great Place to Work' and a career destination of choice. Through targeted strategies and creative partnerships, we attract top talent from a variety of backgrounds including those taking non-traditional routes into construction and individuals with scarce skills, to build robust talent pipelines for the future.

As part of our ambitious, multi-year programme to digitise and enhance our key HR processes, July 2025 marked the successful launch of our new Onboarding Portal in the UK. Underpinned by significant investment in our digital infrastructure, the portal simplifies the onboarding process into five clear steps, ensuring all essential pre-employment checks are completed efficiently.

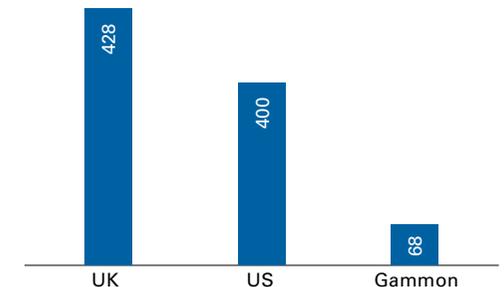
For new starters, this means a streamlined, intuitive journey from offer to first day. For hiring managers and recruiters, it means real-time visibility and direct access to the portal, with instant updates on key milestones, such as contract acceptance and start-date countdowns, making the hiring experience more connected than ever.

This allows our HR teams to focus on what matters most – delivering an exceptional experience for every new joiner. The portal's design reflects the voice of our people, more than 500 ideas from our My Contribution (MyC) employee-led ideas programme helped shape its development. Read more in our MyC section on page 61.

% OF OUR UK WORKFORCE IN EARN AND LEARN POSITIONS



2025 EARLY CAREERS HIRES: GRADUATES, APPRENTICES, TRAINEES, INTERNS AND INDUSTRIAL PLACEMENTS



In Hong Kong, we engage and inspire the next generation of talented professionals through the graduate orientation camp, which immerses newcomers in our culture through team building, technical visits and leadership engagement.

Launched in 2024, the camp has achieved retention rates of almost 90% giving outstanding feedback. Complemented by company visits, school talks, career fairs, and partnerships across Hong Kong and China, these efforts drove a 40% increase in Graduate Engineer applications, reinforcing our commitment to attracting and developing top talent. Feedback has been overwhelmingly positive, with participants praising the camp's engaging format, real-world insights and lasting impact.

40%

INCREASE IN GRADUATE ENGINEER APPLICATIONS AT GAMMON

Below: US Buildings and Civils interns gaining hands-on experience on site.



SETTING PEOPLE UP FOR SUCCESS

Our internship programmes across our US Buildings and Civils business are more than summer jobs – they are immersive experiences that build confidence, foster collaboration, and ignite passion for the construction and infrastructure sector.

In 2025, we welcomed 197 interns from college campuses across the country, providing hands-on experience at every stage of construction. The interns spent the summer

in an environment that champions innovation, collaboration and personal growth, helping them feel part of something bigger and gain a deep understanding of Balfour Beatty's broader impact.

A summer intern social media competition showcased their creativity through shared experience, with winners announced on National Intern Day in July 2025.

With a high success ratio from intern to permanent hire, our programme is helping shape the next generation of industry leaders.

RETAIN

Creating the right environment to ensure our great people want to stay in the business.

We are committed to delivering a great employee experience at each touch point of the employee lifecycle. We believe employee experience is the key to retaining talented individuals who continue to be engaged and committed to Balfour Beatty. By fostering an inclusive culture, providing opportunities for development, and ensuring employees feel valued, we create an environment where people choose to stay and thrive.

To measure our progress, the Group's annual employee engagement survey is our key metric. In 2025, our engagement index score remained industry-leading at 83%, c. 8% higher than benchmark engagement scores for organisations in our sector.

Nurturing success for under-represented talent

In 2025, we strengthened our long-standing career development offer for under-represented groups in the UK through our refreshed programme, Evolve. In the last year, 77 delegates have taken part in a three-day experience focused on self-reflection, confidence-building and challenging limiting beliefs. Over the last three years, the impact has been meaningful: 98% of participants have continued to develop their careers with us, 94% have moved into new roles and 63% have been promoted, demonstrating the programme's role as a catalyst for career progression and retention. Mohamed Mahgoub, Assistant Project Manager, shared: "It felt less like a course and more like a therapeutic space – a chance to pause, reflect and better understand myself and others. These are the kinds of lessons you don't get taught at school, yet they're so fundamental to growth, confidence and long-term success."

OUR PEOPLE CONTINUED

RETAIN CONTINUED

HIGHLIGHTS FROM THE EMPLOYEE ENGAGEMENT SURVEY (UK AND US)

76%

feel there are opportunities to develop a career within Balfour Beatty, up 8% from 2024 and 18% above the industry benchmark

82%

of our people would recommend Balfour Beatty as a great place to work

90%

of our people can see themselves working here in 12 months' time

95%

'I feel cared for' continues to be our highest score



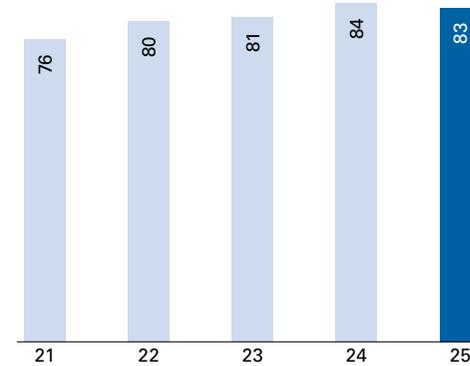
Above: Artwork from our employee engagement campaign.

Across the Group, a similar focus has been placed on improving visibility of career pathways and supporting employees seeking new opportunities. In our US Investments business, employee engagement results in recent years have identified career mobility as a critical development area and a key factor influencing whether employees see a long-term future with Balfour Beatty. In response, we have increased visibility of internal vacancies, linked careers information directly from internal webpages and refined regional talent processes to identify colleagues with high-potential and offer short-term stretch assignments that build leadership capability.

These changes have resulted in year-on-year improvement in internal hiring, with internal moves rising from 10% in 2024 to nearly 20% in 2025 – a total of 160 employees stepping into new roles. This progress reflects our ongoing commitment to supporting career development while strengthening retention of critical talent.

In Hong Kong, immersive development opportunities have also strengthened early careers retention. The Young Professionals Group (YPG) Study Tour to Sydney in April 2025 exposed participants to advanced engineering, sustainability and safety practices across six leading organisations, including Sydney Metro and Atlassian Central. Alongside insight into tunnelling, smart construction and mass timber innovation, the tour fostered global networking, collaboration and cultural exchange, encouraging young professionals to broaden their horizons and bring future-ready thinking back into the business – further reinforcing Gammon's commitment to developing the next generation of talent.

EMPLOYEE ENGAGEMENT SURVEY SCORES %



83%

Group employee engagement index score
8% above industry benchmark

19,900

Colleagues completed the annual survey
up 2% from the 2024 response rate



Above: Gammon's Young Professionals Group Study Tour visiting sites in Sydney.

GROW

Growing our own talent, empowering our people to build exceptional careers that drive business success.

'Grow our Own' is at the heart of our talent philosophy. We empower employees to develop their skills and build fulfilling careers through meaningful opportunities and targeted talent programmes. In 2025, we strengthened our focus on career development and succession planning, ensuring our people have the capability to deliver the projects of the future. These efforts were reflected in employee feedback, with 76% of our people across the UK and US feeling that there are opportunities to develop their careers within Balfour Beatty, an increase of 8% from 2024 and 18% higher in comparison to other companies within the sector.

Supporting growth from entry-level to senior leadership

In 2025, we demonstrated that 'Grow our Own' is more than a strapline through the appointment of Phil Clifton to the Executive Committee. Having started his career with the business as a 'year out' student in 1991, Phil's appointment demonstrates how our early careers programme continues to build the leadership of tomorrow. His progression and the fact that he now joins fellow former graduate Stephen Tarr at the most senior level, illustrates the depth of our internal talent pipeline. Phil shares, "My journey from a year out student to Divisional CEO reflects Balfour Beatty's long-term commitment to growing its own talent. Building a strong, visible pipeline is critical – not only for our business, but for attracting and retaining the next generation of leaders across the industry."

Another example in 2025 that demonstrates our commitment is Dipa Patel: "My progression to Group Head of Tax reflects a journey of continuous

development, guided by a manager-led and Company-supported succession roadmap that included broadening my role, widening my network, work shadowing, and participating in the Future Leaders programme, complemented by personalised coaching. I continue the leadership journey with a well-supported, tailored executive development programme.”

‘Grow our Own’ is not just focused on linear progression – it is about creating broad and varied career paths for talented experts across the Group. We proactively encourage movement across disciplines and projects to accelerate growth, build organisational versatility and ensure we have experienced Balfour Beatty talent ready to lead on new ventures.

Our focus on project leadership extends across the Group, with the US Buildings business piloting a project leadership workshop in 2025 to strengthen project execution, cross-functional collaboration, and leadership capability of key operational teams. Leadership and management development has also remained a key focus, with the Foundational Management programme rolling out across all US business areas over the last few years. Introduced originally in the US Investments business, this is a core management curriculum, designed to build essential people-leadership skills, reinforce Company standards, and prepare emerging leaders for expanded responsibilities. In partnership with external experts and internal learning and development strategists, the programme was launched in US Buildings in 2024 and then US Civils in 2025 and is now a critical development programme for all managers.

13,562

employees have attended training and development courses across the Group

Below: Members of The Nexus community.



THE NEXUS – A LEADERSHIP JOURNEY IN COMPLEX INFRASTRUCTURE

As we deliver some of the UK’s most complex infrastructure projects, we identified that technical expertise alone wasn’t enough. Our success depends on leaders who can navigate uncertainty, foster collaboration and drive innovation. This inspired the creation of The Nexus – a community designed to strengthen the resilience and strategic leadership capability of our senior project directors. Participants come together from across the business to build a peer network where they share experiences, learn from each other, and challenge themselves to grow.

Within this environment, leaders have undergone tailored assessments, mapped career pathways with mentor support and engaged with industry experts for fresh perspectives on mega-project delivery. The result is a vibrant community of senior project directors and a strong pipeline of leaders ready to shape the future of infrastructure delivery. Plans are now in place to diversify membership, sustain long-term engagement and embed The Nexus culture as a lasting legacy across Balfour Beatty.

Below: Gammon colleagues collecting the CTgoodjobs award for excellence in talent management.



TALENT DEVELOPMENT AND SUCCESSION PLANNING PROGRAMME

To future-proof leadership and strengthen succession planning, we introduced the award-winning Talent Development and Succession Planning Programme, recognised by CTgoodjobs for excellence in talent management. Using a data-driven approach – including psychometric assessments, stakeholder interviews, and on-site observations – the programme identifies high-potential talent aligned with our Gammon Leader DNA, centred on five key qualities: ambition, commercial mindset, agile learning, humility with influence and emotional resilience.

Built on the 3E framework of Experience, Exposure and Education, the programme emphasises challenging assignments, developmental relationships and targeted learning, with 90% of growth coming from experiential and informal development. By engaging external experts and industry best practice, it sets a new benchmark for leadership development, fostering innovation, adaptability and resilience and ensuring a strong pipeline of future-ready leaders.

OUR PEOPLE CONTINUED

THRIVE

Building an ethical and inclusive culture where people can bring their whole self to work and perform to their highest ability.

We continue to foster an ethical and inclusive culture where all employees feel valued and respected, creating an environment where the business and our customers benefit from the diverse thinking and experiences of our employees. Employee diversity, equity and inclusion (DE&I) is a core part of our Building New Futures sustainability strategy. Learn more about the progress made against our UK diversity targets set out in the Value Everyone UK DE&I strategy, on page 55.

Across the UK, US and Hong Kong, we continue to build understanding of all areas of diversity, equity and inclusion, through our 17 Affinity and Allies networks and specialist groups in the UK and US, and employee-led networks in Hong Kong. These networks and support groups play a vital role in shaping action plans and promoting a culture of collaboration, understanding and belonging.

We also demonstrate our commitment to an inclusive and ethical culture through:

- › UK accreditations including Clear Assured Silver, Disability Confident Employer and Menopause Friendly Employer.

- › Launching inclusive leadership workshops and eLearning and joining The Women's Foundation Male Allies Programme in Hong Kong.
- › Promoting multicultural inclusion in Hong Kong through awareness campaigns, Science, Technology, Engineering and Maths (STEM) engagement, cultural dialogue sessions and community outreach.

Our Right to Respect programme continues to embed across many parts of the Group, including the UK and the US Construction businesses. Through ongoing discussion groups across our projects, colleagues are supported to explore what respectful behaviour looks like on our sites and in our offices, reinforcing our commitment to support our Value Everyone ethos.

Across the UK and the US Buildings and Civils businesses, engagement remains strong: 73.35% and 90% of line managers, respectively, have been engaged with the roll-out. By creating a safe space where people can explore differences in opinion, challenge assumptions, and stay curious, we're ensuring people understand the impact they have and embrace respectful interactions. We are proud to continue this journey – ensuring that respect remains at the heart of everything we do. In the UK, we received a Highly Commended Award for our Right to Respect programme at the Inspiring Women in Construction and Engineering Awards.

SCAN OR CLICK TO FIND OUT MORE ABOUT OUR GROUP'S AFFINITY NETWORKS:



UK



US



Gammon

Proud to be a Relentless Ally

Balfour Beatty

#IAmARelentlessAlly

RELENTLESS ALLY: A CULTURAL CORNERSTONE

In 2025, Balfour Beatty's US Buildings and Civils businesses reaffirmed the Relentless Ally mission – an operating philosophy that defines how we lead projects, engage stakeholders and deliver success. This commitment reflects our core promise: achieving exceptional results and investing fully in every stakeholder with dependability, dedication and resolve.

Relentless Ally is a cultural cornerstone built on behaviours and mindsets that guide how we work, covering areas such as collaboration, innovation and continuous improvement.

The sixth annual Together Allies Summit, held in October 2025, spotlighted the Relentless Ally philosophy as its central theme. The event reinforced how these mindsets strengthen trust, resilience and excellence by differentiating our business and driving success for employees, clients and partners. Leading with purpose means building projects, relationships and communities that endure.



Scan or click to meet Balfour Beatty's Relentless Allies in the US.

MY CONTRIBUTION (MYC)

Driving positive change

At Balfour Beatty, our employees are our experts. Every day, they bring fresh perspectives and smart solutions that make us stronger, safer and more productive.

My Contribution (MyC) is a critical driver for employee-led business change, connecting employees to our strategic priorities, harnessing the power of their expertise and using collaboration to drive innovation and a culture of continuous improvement.

In 2025, over 500 ideas became a reality, these included:

- an innovative new project delivery platform leveraged through MyC realised US\$20 million in value engineering solutions on the Sacramento Airport Pedestrian Walkway project.
- in North Carolina a fresh pair of eyes reaped benefits for workflow efficiency, schedule, cost and even material sustainability.
- MyC provided the framework for site supervisors in our Southampton Living Places team to save £30,000 annually and upskill our workforce.
- in our Balfour Beatty Kilpatrick offsite solutions business, challenging a way of working resulted in a safer solution that is saving time and delivering Right First Time results.



➔ Scan or click to read more about these MyC ideas.

Translating insights into impact

Demonstrating the power of MyC as a listening channel, read about how our UK HR team used insights from over 500 colleague ideas to shape a new digitised onboarding experience.

➔ Find out more on page 56.

Learn how ideas contributed to the development of our new wellbeing framework.

➔ Find out more on page 37.

Read about the contribution to inclusive procurement of EDGE, an innovative idea to support diverse, local and smaller suppliers.

➔ Find out more on page 51.



Unlocking digital potential

In September 2025, teammates from our US business gathered at Microsoft headquarters outside Dallas, Texas, to hack six real-world challenges crowd-sourced from colleagues, laying the foundation for innovation and accelerating AI adoption.



➔ Scan or click to watch how colleagues turn bold ideas into real impact.



Aligning with project priorities

Building on the success of our 2024 pilot on Old Oak Common, we expanded the programme to all 1,500 colleagues on the project, including our supply chain partners. Focused on ideas that will help us deliver value for taxpayers' money, deliver safely and deliver on time, 18 ideas have now been implemented, with one idea alone, 'smart sockets', estimated to enable £30,000 of savings annually and reduce energy usage by 50%.



2025 UK AND US PERFORMANCE

ENGAGING OUR WORKFORCE

1,718
ideas shared

21%
of employees collaborating on ideas

DRIVING CHANGE

526
ideas delivered

440
team MyC volunteers

CREATING VALUE

£2.6m
estimated cost savings

£1.4m
estimated cash in

GREAT PLACE TO WORK

63,378
estimated hours saved

361
great place to work ideas delivered

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

This section of the Strategic report constitutes the Group's Non-financial and sustainability information statement, produced to comply with Sections 414CA and 414CB of the Companies Act. The non-financial information is contained within the various sections of the Strategic report and is cross-referenced in the table to help stakeholders find relevant information.

Reporting requirement	Policies and standards which govern our approach	Additional information necessary to understand impact	Page
Anti-corruption and bribery matters	Code of Ethics	Ethics and compliance	p40
	Supplier standards		
Human rights	Modern Slavery Statement	Ethics and compliance	p40
	Code of Ethics		
Employees	Code of Ethics	Health, safety and wellbeing	p35
	Health and Safety policy	Our people	p56
		Stakeholder value: employees	p22
		Ethics and compliance	p40
Climate-related risks and opportunities	Task Force on Climate-related Financial Disclosures (TCFD)	Climate change and Task Force on Climate-related Financial Disclosures (TCFD)	p91
Environmental matters	Our sustainability strategy – Building New Futures	GHG reporting	www.balfourbeatty.com/ILA_2025
	Sustainability policy	Sustainability: Climate change	p44
	Sustainable Procurement policy	Carbon Reduction Plan (PPN 006)	www.balfourbeatty.com/carbonreductionplan
	Environmental policy		
	ISO 14001:2015 and ISO 20400:2017		
Social and community matters	Our sustainability strategy – Building New Futures	Social value reporting	www.balfourbeatty.com/ILA_2025
	Social Value policy	Ethics and compliance	p40
	Code of Ethics	Stakeholder value: Communities	p23
		Sustainability: Community engagement	p53

POLICIES



Scan or click to read the Group's policies.

MEASURING OUR FINANCIAL PERFORMANCE

Providing clarity on the Group's alternative performance measures

The Group includes this section in its Annual Report and Accounts with the aim of providing transparency and clarity on the measures adopted internally to assess performance.

Readers of the Annual Report and Accounts are encouraged to review the financial statements in their entirety.

Following the issuance of the Guidelines on Alternative Performance Measures (APMs) by the European Securities and Markets Authority (ESMA) in June 2015, the Group has included this section in its Annual Report and Accounts with the aim of providing transparency and clarity on the measures adopted internally to assess performance.

Throughout this report, the Group has presented financial performance measures which are considered most relevant to Balfour Beatty and are used to manage the Group's performance.

These financial performance measures are chosen to provide a balanced view of the Group's operations and are considered useful to investors as these measures provide relevant information on the Group's past or future performance, position or cash flows.

The APMs adopted by the Group are also commonly used in the sectors it operates in and therefore serve as a useful aid for investors to compare Balfour Beatty's performance to its peers.

The Board believes that disclosing these performance measures enhances investors' ability to evaluate and assess the underlying financial performance of the Group's operations and the related key business drivers.

These financial performance measures are also aligned to measures used internally to assess business performance in the Group's budgeting process and when determining compensation.

Equivalent information cannot be presented by using financial measures defined in the financial reporting framework alone.

Performance measures used to assess the Group's operations

Underlying profit from operations (PFO)

Underlying PFO is presented before non-underlying items, finance costs and investment income and is the key measure used to assess the Group's performance in the Construction Services and Support Services segments. This is also a common measure used by the Group's peers operating in these sectors.

This measure reflects the returns to the Group from services provided in these operations that are generated from activities that are not financing in nature and therefore an underlying pre-finance cost measure is more suited to assessing underlying performance.

Underlying profit before tax (PBT)

The Group assesses performance in its Infrastructure Investments segment using an underlying PBT measure. This differs from the underlying PFO measure used to measure the Group's Construction Services and Support Services segments because in addition to margins generated from operations, there are returns to the Investments business which are generated from the financing element of its projects.

These returns take the form of subordinated debt interest receivable, interest receivable on PPP financial assets and fair value gains on certain investment assets, which are included in the Group's income statement in investment income. These are then offset by the finance cost incurred on the non-recourse debt associated with the underlying projects, fair value losses on certain investment assets and any impairment of subordinated debt and accrued interest receivable, which are included in the Group's income statement in finance costs.

Operating cash flow (OCF)

The Group uses an internally defined measure of OCF to measure the performance of its earnings-based businesses and subsequently to determine the amount of incentive awarded to employees in these businesses under the Group's Annual Incentive Plan (AIP). This measure also aligns to one of the vesting conditions attributable to the Group's PSP awards. Refer to page 151.

MEASURING OUR FINANCIAL PERFORMANCE CONTINUED

Measuring the Group's performance

The following measures are referred to in this Annual Report and Accounts when reporting performance, both in absolute terms and also in comparison to earlier years.

Statutory measures

Statutory measures are derived from the Group's reported financial statements, which have been prepared in accordance with UK-adopted international accounting standards (IFRS) and in conformity with the requirements of the Companies Act 2006.

Where a standard allows certain interpretations to be adopted, the Group has applied its accounting policies consistently. These accounting policies can be found on pages 185 to 192.

The Group's statutory measures take into account all of the factors, including those that it cannot influence (principally foreign currency fluctuations) and also non-recurring items which do not reflect the ongoing underlying performance of the Group.

Performance measures

In assessing its performance, the Group has adopted certain non-statutory measures because, unlike its statutory measures, these cannot be derived directly from its financial statements.

The Group commonly uses the following measures to assess its performance:

a) Order book

The Group's disclosure of its order book is aimed to provide insight into its pipeline of work and future performance. The Group's order book is not a measure of past performance and therefore cannot be derived from its financial statements.

The Group's order book comprises the unexecuted element of orders on contracts that have been secured. Where contracts are subject to variations, only secured contract variations are included in the reported order book.

Where contracts fall under framework agreements, an estimate is made of orders to be secured under that framework agreement. This is based on historical trends from similar framework agreements delivered in the past and the estimate of orders included in the order book is that which is probable to be secured.

In accordance with IFRS 15 Revenue from Contracts with Customers, the Group is required to disclose the remaining transaction price allocated to performance obligations not yet delivered. This can be found in Note 4.3. This is similar to the Group's order book disclosure, however it differs for the following reasons:

- the Group's order book includes its share of orders that are reported within its joint ventures and associates. In line with section (e), the Board believes that including orders that are within the pipeline of its joint ventures and associates better reflects the size of the business and the volume of work to be carried out in the future. This differs from the statutory measure of transaction price to be allocated to remaining performance obligations which is only inclusive of secured revenue from the Group's subsidiaries;
- as stated above, for contracts that fall under framework agreements, the Group includes in its order book an estimate of what the orders under these agreements will be worth. Under IFRS 15, each instruction under the framework agreement is viewed as a separate performance obligation and is included in the statutory measure of the remaining transaction price when received but estimates for future instructions are not; and
- the Group's order book does not include revenue to be earned in its Infrastructure Investments segment as the value of this part of the business is driven by the Directors' valuation of the Investments portfolio. Refer to section (i).

b) Underlying performance

The Group adjusts for certain non-underlying items which the Board believes assists in understanding the performance achieved by the Group. These items include:

- gains and losses on the disposal of businesses and investments, unless this is part of a programme of releasing value from the disposal of similar businesses or investments such as infrastructure concessions;
- costs of major restructuring and reorganisation of existing businesses;
- costs of integrating newly acquired businesses;
- acquisition and similar costs related to business combinations such as transaction costs;

- impairment and amortisation charges on intangible assets arising on business combinations (amortisation of acquired intangible assets); and

- impairment of goodwill.

These non-underlying costs are excluded from the Group's measure of profit to enable comparability of the Group's performance from its ongoing normal day-to-day trading activities.

From time to time, it may be appropriate to exclude further items that are considered distortive in size and nature to aid comparability of the Group's performance.

Further details of non-underlying items are provided in Note 10.

A reconciliation has been provided on page 65 to show how the Group's statutory results are adjusted to exclude non-underlying items and their impact on its statutory financial information, both as a whole and in respect of specific line items.

Reconciliation of order book to transaction price to be allocated to remaining performance obligations

	2025 £m	2024 £m
Order book (performance measure)	22,678	18,443
Less: Share of orders included within the Group's joint ventures and associates	(2,664)	(2,322)
Less: Estimated orders under framework agreements included in the order book disclosure	(370)	–
Add: Transaction price allocated to remaining performance obligations in Infrastructure Investments*	2,533	2,616
Transaction price allocated to remaining performance obligations for the Group* (statutory measure)	22,177	18,737

* Refer to Note 4.3.



Reconciliation of 2025 statutory results to performance measures

	2025 statutory results £m	Non-underlying items				2025 performance measures £m	2024 statutory results £m	Non-underlying items					2024 performance measures £m
		Intangible amortisation £m	Net release of provisions claim on legacy project in Texas £m	Provision recognised for BSA claims £m	Gain on disposal of Omnicom Balfour Beatty £m			Intangible amortisation £m	Net release of provisions relating to Rail Germany £m	Recognition of insurance for rectification works in London £m	Provision recognised for BSA claims £m	Recognition of charge for claim on legacy project in Texas £m	
Revenue including share of joint ventures and associates (performance)	10,767	–	–	–	–	10,767	10,015	–	–	–	–	–	10,015
Share of revenue of joint ventures and associates	(1,278)	–	–	–	–	(1,278)	(1,781)	–	–	–	–	–	(1,781)
Group revenue (statutory)	9,489	–	–	–	–	9,489	8,234	–	–	–	–	–	8,234
Cost of sales	(9,021)	–	(49)	37	–	(9,033)	(7,883)	–	(26)	(43)	83	52	(7,817)
Gross profit	468	–	(49)	37	–	456	351	–	(26)	(43)	83	52	417
Gain on disposals of interests in investments	32	–	–	–	–	32	43	–	–	–	–	–	43
Amortisation of acquired intangible assets	(3)	3	–	–	–	–	(4)	4	–	–	–	–	–
Other operating expenses	(277)	–	–	–	(23)	(300)	(276)	–	5	–	–	–	(271)
Group operating profit	220	3	(49)	37	(23)	188	114	4	(21)	(43)	83	52	189
Share of results of joint ventures and associates	64	–	–	–	–	64	59	–	–	–	–	–	59
Profit from operations	284	3	(49)	37	(23)	252	173	4	(21)	(43)	83	52	248
Investment income	80	–	–	–	–	80	82	–	–	–	–	–	82
Finance costs	(41)	–	–	–	–	(41)	(41)	–	–	–	–	–	(41)
Profit before taxation	323	3	(49)	37	(23)	291	214	4	(21)	(43)	83	52	289
Taxation	(59)	(2)	12	(9)	6	(52)	(36)	(1)	(2)	11	(21)	(13)	(62)
Profit for the year	264	1	(37)	28	(17)	239	178	3	(23)	(32)	62	39	227

Reconciliation of 2025 statutory results to performance measures by segment

	2025 statutory results £m	Non-underlying items				2025 performance measures £m	2024 statutory results £m	Non-underlying items					2024 performance measures £m
		Intangible amortisation £m	Net release of provisions claim on legacy project in Texas £m	Provision recognised for BSA claims £m	Gain on disposal of Omnicom Balfour Beatty £m			Intangible amortisation £m	Net release of provisions relating to Rail Germany £m	Recognition of insurance for rectification works in London £m	Provision recognised for BSA claims £m	Recognition of charge for claim on legacy project in Texas £m	
Profit/(loss) from operations													
Segment													
Construction Services	182	1	(49)	37	–	171	87	1	(21)	(43)	83	52	159
Support Services	145	–	–	–	(23)	122	93	–	–	–	–	–	93
Infrastructure Investments	3	2	–	–	–	5	32	3	–	–	–	–	35
Corporate activities	(46)	–	–	–	–	(46)	(39)	–	–	–	–	–	(39)
Total	284	3	(49)	37	(23)	252	173	4	(21)	(43)	83	52	248

MEASURING OUR FINANCIAL PERFORMANCE CONTINUED

Measuring the Group's performance continued

Performance measures continued

c) Underlying profit before tax

As mentioned on page 63, the Group's Infrastructure Investments segment is assessed on an underlying profit before tax (PBT) measure. This is calculated as follows:

	2025 £m	2024 £m
Underlying profit from operations (section (b) and Note 5)	5	35
Add: Subordinated debt interest receivable*	26	17
Add: Interest receivable on PPP financial assets*	–	2
Add: Interest receivable on other infrastructure concession assets*	1	–
Less: Fair value loss on investment asset*	–	(2)
Less: Non-recourse borrowings finance cost*	(14)	(12)
Add/(Less): Net (impairment)/impairment reversal of subordinated debt and accrued interest receivable*	(2)	14
Underlying profit before tax (performance)	16	54
Non-underlying items (section (b) and Note 5)	(2)	(3)
Statutory profit before tax	14	51

* Refer to Note 8 and Note 9.

d) Underlying earnings per share

In line with the Group's measurement of underlying performance, the Group also presents its earnings per share (EPS) on an underlying basis. The table below reconciles this to the statutory earnings per share.

Reconciliation from statutory basic EPS to performance EPS

	2025 Pence	2024 Pence
Statutory basic earnings per ordinary share	52.6	34.2
Amortisation of acquired intangible assets after tax	0.3	0.6
Other non-underlying items after tax	(5.3)	8.8
Underlying basic earnings per ordinary share (performance)	47.6	43.6

e) Revenue including share of joint ventures and associates (JVAs)

The Group uses a revenue measure which is inclusive of its share of revenue generated from its JVAs. As the Group uses revenue as a measure of the level of activity performed by the Group, the Board believes that including revenue that is earned from its JVAs better reflects the size of the business and the volume of work carried out and more appropriately compares to PFO.

This differs from the statutory measure of revenue which presents Group revenue from its subsidiaries.

A reconciliation of the statutory measure of revenue to the Group's performance measure is shown in the tables in section (b). A comparison of the growth rates in statutory and performance revenue can be found in section (j).

f) Operating cash flow (OCF)

The table below reconciles the Group's internal performance measure of OCF to the statutory measure of cash generated from operating activities as reported in the Group statement of cash flows (page 182).

Reconciliation from statutory cash generated from operations to OCF

	2025 £m	2024 £m
Cash generated from operating activities (statutory)	656	265
Add back: Pension payments including deficit funding (Note 31.2)	10	30
Less: Repayment of lease liabilities (including lease interest payments) (Note 29)	(77)	(66)
Add: Operational dividends received from joint ventures and associates (Note 20.5)	59	71
Add back: Cash flow movements relating to non-operating items	33	13
Less: Operating cash flows relating to non-recourse activities	(25)	(24)
Operating cash flow (OCF) (performance)	656	289

The Group includes/excludes the following items to provide a view of cash flows that aligns with management's internal measure of operating cash flow performance:

Pension payments including deficit funding (£10 million): the Group has excluded pension payments which are included in the Group's statutory measure of cash flows from operating activities from its internal OCF measure as these primarily relate to deficit funding of the Group's main pension fund, Balfour Beatty Pension Fund (BBPF). The payments made for deficit funding are in accordance with an agreed journey plan with the trustees of the BBPF and are not directly linked to the operational performance of the Group.

Repayment of lease liabilities (including lease interest payments) (£77 million outflow): the payments made for the Group's leasing arrangements are included in the Group's OCF measure as these payments are made to third-party suppliers for the lease of assets that are used to deliver services to the Group's customers, and hence to generate revenue. Under IFRS, these payments are excluded from the Group's statutory measure of cash flows from operating activities as these are considered debt in nature under accounting standards.

Operational dividends received from joint ventures and associates (£59 million inflow): dividends received from joint ventures and associates which are generated from non-disposal activities are included in the Group's OCF measure as these are cash returns to the Group from cash flows generated from operating activities within joint ventures and associates. Under IFRS, these returns are classified as investing activities.

Cash flow movements relating to non-operating items (£33 million): the Group's OCF measure excludes certain working capital movements that are not directly attributable to the Group's operating activities.

Operating cash flows relating to non-recourse activities (£25 million): the Group's OCF measure is specifically targeted to drive performance improvement in the Group's earnings-based businesses and therefore any operating cash flows relating to non-recourse activities are removed from this measure. Under IFRS, there is no distinction between recourse and non-recourse cash flows.

g) Recourse net cash/borrowings

The Group also measures its performance based on its net cash/borrowings position at the year end. This is analysed by excluding elements that are non-recourse to the Group as well as lease liabilities.

Non-recourse elements are cash and debt that are ring-fenced within certain infrastructure concession project companies and are excluded from the definition of net debt set out in the Group's borrowing facilities. In addition, lease liabilities which are deemed to be debt in nature under statutory measures are also excluded from the Group's definition of net cash/borrowings as these are viewed to be operational in nature reflecting payments made in exchange for use of assets.

Net cash/borrowings reconciliation

	2025 statutory £m	Adjustment £m	2025 performance £m	2024 statutory £m	Adjustment £m	2024 performance £m
Total cash within the Group	1,860	(193)	1,667	1,558	(265)	1,293
Cash and cash equivalents						
– infrastructure concessions	193	(193)	–	265	(265)	–
– other	1,667	–	1,667	1,293	–	1,293
Total debt within the Group	(1,023)	802	(221)	(1,112)	762	(350)
Borrowings						
– non-recourse loans	(604)	604	–	(600)	600	–
– other	(221)	–	(221)	(350)	–	(350)
Lease liabilities	(198)	198	–	(162)	162	–
Net cash	837	609	1,446	446	497	943

h) Average net cash/borrowings

The Group uses an average net cash/borrowings measure as this reflects its financing requirements throughout the year. The Group calculates its average net cash/borrowings based on the average opening and closing figures for each month through the year.

The average net cash/borrowings measure excludes non-recourse cash and debt and lease liabilities, and this performance measure shows average net cash of £1,212 million for 2025 (2024: £766 million).

Using a statutory measure (inclusive of non-recourse elements and the lease liabilities recognised) gives average net cash of £642 million for 2025 (2024: £441 million).

i) Directors' valuation of the Investments portfolio

The Group uses a different methodology to assess the value of its Investments portfolio. As described on pages 33 and 34, the Directors' valuation for most of the investments in the portfolio has been undertaken using forecast cash flows for each project on an asset by asset basis, based on progress to date and market expectations of future performance. These cash flows have been discounted using different discount rates depending on project risk and maturity, reflecting secondary market transaction experience. As such, the Board believes that this measure better reflects the potential returns to the Group from those investments.

The Directors have valued the Investments portfolio at £1.07 billion at year end (2024: £1.25 billion).

The Directors' valuation will differ from the statutory carrying value of these investments, which are accounted for using the relevant standards in accordance with IFRS rather than a discounted cash flow approach.

Reconciliation of the net assets of the Infrastructure Investments segment to the comparable statutory measure of the Investments portfolio included in the Directors' valuation

	2025 £m	2024 £m
Net assets of the Infrastructure Investments segment (refer to Note 5.1)	568	626
Less: Net assets not included within the Directors' valuation – Housing division	(42)	(60)
Comparable statutory measure of the Investments portfolio under IFRS	526	566

Comparison of the statutory measure of the Investments portfolio to its performance measure

	2025 £m	2024 £m
Statutory measure of the Investments portfolio (as above)	526	566
Difference arising from the Directors' valuation being measured on a discounted cash flow basis compared to the statutory measure primarily derived using a combination of the following IFRS bases:		
– historical cost		
– amortised cost		
– fair value	543	688
Directors' valuation (performance measure)	1,069	1,254

The difference between the statutory measure and the Directors' valuation (performance measure) of the Group's Investments portfolio is not equal to the gain on disposal that would result if the portfolio was fully disposed at the Directors' valuation. This is because the gain/loss on disposal would be affected by the recycling of items which were previously recognised directly within reserves, which are material and can alter the resulting gain/loss on disposal.

The statutory measure and the Directors' valuation are fundamentally different due to the different methodologies used to derive the valuation of these assets within the Investments portfolio.

MEASURING OUR FINANCIAL PERFORMANCE CONTINUED

Measuring the Group's performance continued

Performance measures continued

i) Directors' valuation of the Investments portfolio continued

As referred to in the Strategic report on pages 33 and 34, the Directors' valuation for most investments is calculated using discounted cash flows. In deriving these cash flows, assumptions have been made and different discount rates used which are updated at each valuation date.

Unlike the Directors' valuation, the assets measured under statutory measures using the appropriate IFRS accounting standards are valued using a combination of the following methods:

- › historical cost;
- › amortised cost; and
- › fair value for certain assets and liabilities within the PPP portfolio, for which some assumptions are set at inception and some are updated at each valuation date.

There is also an element of the Directors' valuation that is not represented by an asset in the Group's balance sheet. This relates to the management services contracts within the Investments business that are valued in the Directors' valuation based on the future income stream expected from these contracts.

j) Constant exchange rates (CER)

The Group operates across a variety of geographic locations and in its statutory results, the results of its overseas entities are translated into the Group's presentational currency at average rates of exchange for the year. The Group's key exchange rates applied in deriving its statutory results are shown in Note 3.

To measure changes in the Group's performance compared with the previous year without the effects of foreign currency fluctuations, the Group provides growth rates on a CER basis. These measures remove the effects of currency movements by retranslating the prior year's figures at the current year's exchange rates, using average rates for revenue and closing rates for order book. A comparison of the Group's statutory growth rate to the CER growth rate is provided in the table below:

2025 statutory growth compared to performance growth

	Construction Services				Support Services	Infrastructure Investments	Total
	UK	US	Gammon	Total			
Revenue (£m)							
2025 statutory	3,112	4,477	–	7,589	1,427	473	9,489
2024 statutory	3,011	3,619	–	6,630	1,210	394	8,234
Statutory growth	3%	24%	–	14%	18%	20%	15%
2025 performance*	3,112	4,509	1,090	8,711	1,427	629	10,767
2024 performance retranslated*	3,011	3,536	1,508	8,055	1,210	594	9,859
Performance CER growth	3%	28%	(28)%	8%	18%	6%	9%
Order book (£bn)							
2025	8.9	7.8	2.0	18.7	4.0	–	22.7
2024	6.2	7.1	1.9	15.2	3.2	–	18.4
Growth	44%	10%	5%	23%	25%	–	23%
2025	8.9	7.8	2.0	18.7	4.0	–	22.7
2024 retranslated	6.2	6.6	1.7	14.5	3.2	–	17.7
CER growth	44%	18%	18%	29%	25%	–	28%

* Performance revenue is underlying revenue including share of revenue from joint ventures and associates as set out in section (e).

CHIEF FINANCIAL OFFICER'S REVIEW

Philip Harrison
Chief Financial Officer

Profitable growth from earnings-based businesses

GROUP FINANCIAL SUMMARY

Balfour Beatty's underlying results in 2025 show further progress at a Group level. Revenue increased by 8% (9% at constant exchange rate (CER)) to £10,767 million (2024: £10,015 million) driven by increases in US Construction and Support Services, partially offset by lower Gammon volumes. Statutory revenue, which excludes joint ventures and associates, was £9,489 million (2024: £8,234 million).

The underlying profit from operations for the year increased to £252 million (2024: £248 million) driven by an increase in PFO from the earnings-based businesses, partially offset by a reduction in Infrastructure Investments. Statutory profit from operations was £284 million (2024: £173 million).

Net finance income of £39 million (2024: £41 million) reduced as a result of lower interest rates and a 2024 impairment write back of subordinated debt not being repeated. Underlying pre-tax profit was £291 million (2024: £289 million). The taxation charge on underlying profits decreased to £52 million (2024: £62 million), primarily reflecting the recognition of previously unrecognised brought-forward trading losses and a lower tax charge on the

2025 PERFORMANCE

2025 delivered profitable growth

- > Full year expectations delivered with profitable growth and increased cash
- > 9% EPS growth

Outlook for profitable growth

- > Record £23 billion order book
- > Momentum in chosen growth markets

Consistent shareholder returns

- > Attractive and sustainable shareholder returns
- > £200 million share buyback

Strong performance and confident outlook

2025 disposals. The 2025 disposals, mainly UK assets, benefited from additional tax reliefs that were not available on the 2024 disposal, which related to a US asset. This resulted in underlying profit after tax of £239 million (2024: £227 million). Total statutory profit after tax for the year was £264 million (2024: £178 million), as a result of the net effect of non-underlying items.

Underlying basic earnings per share were 47.6 pence (2024: 43.6 pence), which, along with non-underlying earnings per share of 5.0 pence (2024: loss of 9.4 pence), gave a total basic earnings per share of 52.6 pence (2024: 34.2 pence). This included the benefit from the basic weighted average number of ordinary shares reducing to 499 million (2024: 521 million) as a result of the Group's share buyback programme.

Underlying profit/(loss) from operations²

	2025 £m	2024 £m
UK Construction	110	81
US Construction	25	40
Gammon	36	38
Construction Services	171	159
Support Services	122	93
Earnings-based businesses	293	252
Infrastructure Investments pre-disposals operating (loss)/profit	(31)	(8)
Infrastructure Investments gain on disposals	36	43
Corporate activities	(46)	(39)
Total underlying profit from operations	252	248

² Before non-underlying items (Note 9).

Throughout this report, the Group has presented financial performance measures which are considered most relevant to Balfour Beatty and are used to manage the Group's performance. These financial performance measures are chosen to provide a balanced view of the Group's operations and are considered useful to investors as these measures provide relevant information on the Group's past or future performance, position or cash flows. These financial performance measures are also aligned to measures used internally to assess business performance in the Group's budgeting process and when determining compensation. An explanation of the Group's financial performance measures and appropriate reconciliations to its statutory measures are provided in the Measuring Our Financial Performance section. Non-underlying items are the cause of the differences between underlying and statutory profitability. Additionally, revenue includes the Group's share of revenue of joint ventures and associates.

CHIEF FINANCIAL OFFICER'S REVIEW CONTINUED

Non-underlying items

The Board believes non-underlying items should be separately identified on the face of the income statement to assist in understanding the underlying financial performance achieved by the Group. Non-underlying items after taxation were a net credit of £25 million for the period (2024: net charge of £49 million). This included three significant items.

Firstly, the Group has recognised a £49 million credit in relation to a US Civils project completed in 2012. In 2024, the Group recognised a provision of £52 million for a claim received from the North Texas Tollway Authority (NTTA) on a project to provide design and build services in relation to the extension of NTTA's President George Bush Turnpike Highway (SH161 in Texas) through a joint operation formed with Fluor Enterprise Inc. in which the Group owned a 40% share. This project completed in 2012.

This provision, net of insurance recoveries, represented damages awarded to NTTA through a jury verdict in November 2024, and also included pre-judgment interest and legal costs. This charge was recognised in the Construction Services segment in 2024 and included within the Group's non-underlying results due to the size of the provision. The Group maintained the view that these damages are a result of design elements of the contract, which were performed by subcontractors to the joint operation. In June 2025, an all-party settlement was reached between NTTA, the joint operation, as well as its design subcontractors. The Group's share of the settlement was fully funded by its insurers resulting in no cost to the Group. As such, the Group has released this provision in full after taking into account legal costs incurred.

Secondly, a charge of £37 million has been recognised in the year in relation to the Group's obligations under the UK Building Safety Act (BSA). In 2024, following further developments and clarifications in the legal landscape of the Building Safety Act (BSA), introduced in 2022, progression of the Group's investigation and due diligence as well as adjudications on claims received to date, the Group reassessed its provision for BSA claims which resulted in an increase in the provision of £83 million. The provision did not include potential recoveries from third parties. The increase was recognised in non-underlying due to its size and the nature of the cost, which arose from a change in legislation. In 2025, the Group increased its provision by £37 million as a result of new claims received in the period, settlements and reassessments to previously provided claims together with legal costs incurred. Consistent with the treatment adopted in 2024, this charge was recognised within non-underlying items and in the Construction Services segment.

Finally, during 2025, the Group completed the disposal of Omnicom Balfour Beatty, its specialist rail measurement hardware and intelligent software business, for a consideration of £24 million to Hitachi Rail. After deducting cost of disposal, the Group recorded a gain on disposal of £23 million within its non-underlying results in the year.

Further detail is provided in Note 10.

Cash flow performance

The Group's net cash increased by £503 million in the year (2024: £101 million), resulting in a year end net cash position of £1,446 million (2024: £943 million), excluding non-recourse net borrowings and lease liabilities. Cash from operations, which included a large working capital inflow, was partially offset by increased shareholder returns. Capital expenditure also increased in 2025, due in part to further investment in the Power business in the UK and the US Civils business, where new equipment was purchased to support the Texas division's strategy to contract outside of joint ventures.

Cash flow performance

	2025 £m	2024 £m
Operating cash flows before working capital movements and pension deficit payments	297	208
Working capital inflow / (outflow)	408	99
Pension deficit payments*	(10)	(30)
Cash from operations	695	277
Lease payments (including interest paid)	(77)	(66)
Dividends from joint ventures and associates**	59	71
Capital expenditure	(49)	(28)
Share buybacks	(126)	(101)
Dividends paid	(64)	(61)
Infrastructure Investments		
– disposal proceeds	120	43
– new investments	(29)	(28)
Other	(26)	(6)
Net cash movement	503	101
Opening net cash*	943	842
Closing net cash*	1,446	943

* Excluding infrastructure investments (non-recourse) net borrowings and lease liabilities.

+ Including £2 million (2024: £2 million) of regular funding.

Working capital

A £408 million working capital inflow (2024: £99 million) was driven by increased revenue and, advanced receipts on several new projects in US Construction and Support Services, and by working capital timing in UK Construction.

Working capital flows ^A	2025 £m	2024 £m
Inventories	2	(34)
Net contract assets	376	165
Trade and other receivables	(217)	(225)
Trade and other payables	264	(6)
Provisions	(17)	199
Working capital inflow ^A	408	99

^A Excluding impact of foreign exchange.

Including the impact of foreign exchange and non-operating items, negative (i.e. favourable) current working capital increased to £1,639 million (2024: £1,228 million), equating to 17.3% (2024: 14.9%) of revenue. Working capital continues to be dependent on contract mix and the timing of project starts and completions, and in the medium term, the Group expects negative working capital as a percentage of revenue to be in the range of 15-18%.

Net cash/borrowings

The Group's average net cash increased to £1,212 million in 2025 (2024: £766 million). The Group's year end net cash position, excluding non-recourse net borrowings and lease liabilities, was £1,446 million (2024: £943 million).

Non-recourse net borrowings, held in Infrastructure Investments entities consolidated by the Group, were £411 million (2024: £335 million). The balance sheet also included £198 million for lease liabilities (2024: £162 million). Statutory net cash at 31 December 2025 was £837 million (2024 £446 million).

Share buyback

On 6 January 2025, Balfour Beatty commenced an initial £50 million tranche of its 2025 share buyback programme, which was subsequently increased following the release of its 2024 full year results to £125 million on 12 March 2025. The Group completed the 2025 share buyback programme on 12 December 2025 having purchased 24.2 million shares, which were held in treasury. These shares were subsequently cancelled on 24 December 2025. The Group commenced the initial £50 million tranche of its 2026 share buyback programme on 5 January 2026. As announced today, the Group intends to buy back a total of £200 million of shares during the 2026 phase of its multi-year share buyback programme.

Banking facilities

The Group's £450 million core revolving credit facility (RCF) extends to June 2028. The RCF remains a Sustainability Linked Loan, and the Group continues to be incentivised to deliver annual measurable performance improvement in three key areas: Carbon Emissions, Social Value generation and an

independent Environment, Social and Governance (ESG) rating score. The RCF remained undrawn at 31 December 2025.

The Group retains an additional £30 million bilateral committed facility on similar terms to the core RCF. This facility has a maturity of December 2027. At 31 December 2025 the bilateral committed facility remained undrawn.

Going concern

The Directors have considered the Group's medium-term cash forecasts and conducted stress-test analysis on these projections in order to assess the Group's ability to continue as a going concern. Having also made appropriate enquiries, the Directors consider it reasonable to assume that the Group has adequate resources to continue for the period of at least 12 months from the date of approval of the financial statements and, for this reason, have continued to adopt the going concern basis in preparing the full year Group financial statements. Further detail is provided in Note 1.3 Going Concern.

Pensions

In early 2026, the Group reached agreement with the trustees of the Balfour Beatty Pension Fund (BBPF) over the triennial valuation of the Defined Benefit section of the BBPF as at 31 March 2025. As a result of the collaborative working between the company and the trustees and the substantial financial commitments made by the Company over many years, the BBPF is in a strong position. Consistent with prior valuations the Group have agreed a journey plan approach to managing the BBPF. The Group made a one-off contribution of £30 million in February 2026, as stipulated in the recent agreement, and no further contributions are expected to be made.

The Company and the trustees have agreed that once the Defined Benefit section moves into surplus, as measured on an agreed set of parameters, further surplus can be used by the

Company to meet its existing obligations to the Defined Contribution section of the BBPF. Given the current strong position of the BBPF, the Group is expecting to start receiving a cash benefit from the surplus by 2027. In certain circumstances, were the funding level in the Defined Benefit section to fall below certain pre-agreed thresholds, surplus offset in this way would need to be repaid to the Defined Benefit section by the Company.

The Company and trustees of the Railways Pension Scheme (RPS) agreed the 31 December 2022 formal valuation in the first half of 2024 and, as a result, Balfour Beatty agreed to continue making deficit contributions of £6 million per annum until February 2025. The next formal triennial funding valuation of the RPS is due with effect from 31 December 2025. Discussions between the Group and the trustees to agree this triennial valuation are ongoing.

The Group's balance sheet includes net retirement benefit liabilities of £48 million (2024: net assets of £2 million) as measured on an IAS 19 basis, comprising the BBPF (£9 million), RPS (£7 million) and other schemes (£32 million).

Dividend

The Board is committed to a sustainable ordinary dividend that is expected to grow over time, targeted at a pay-out ratio of 40% of underlying profit after tax excluding gains on disposal of Investments assets.

Following the 4.2 pence per ordinary share interim dividend declared at the half year, the Board is recommending a final dividend of 9.8 pence per share, giving a total recommended dividend for the year of 14 pence per share (2024: 12.5 pence per share).

Philip Harrison
Chief Financial Officer

10 March 2026

RISK MANAGEMENT

Navigating the future

Introduction

The Group's Enterprise Risk Management (ERM) framework remains key in providing a consistent platform for monitoring and responding to the potential exposures faced by the business. As the Group focuses on growth and a continuing shift into new markets, undertaking more complex and significant infrastructure projects, the way in which key risk themes are monitored across the business and the consistent identification in how these manifest at an Operational level is essential to ensure the organisation has certainty in meeting its objectives.

In 2025, a more formalised approach to linking Strategic Business Unit (SBU) level risks to related Group (and Principal) risks has supported more accurate reporting of business-level trends and how they influence the Group risk assessment. This reporting ensures that risk

across each of the business sectors and geographies is more clearly understood and reflected through the lens of the Group risk profile.

This further supports improvements made in 2024 to the biannual risk reporting process that ensure specific responses on how risks are assessed at SBU level for the Group key risk themes, and any movements, trends or change in conditions as reflected through business-level risk registers.

The Group's risk process continues to provide a consistent approach and taxonomy across the organisation. As the integration of the ERM framework evolves, and risk management maturity within the business improves, the central Group Risk Management function maintains oversight to ensure processes remain effective and continues to ensure Group adherence to regulatory requirements and good practice in its approach to identifying, assessing, responding to and monitoring risk.

OUR RISK MANAGEMENT PROCESS

Balfour Beatty's simple four-step process ensures the consistent identification, assessment, response to, and monitoring of risk across the organisation. Utilising this standard process from project operations up to Group level ensures risks are captured, assessed and communicated concisely at each level of the organisation. Embedding this process into operational and business environments ensures the consideration of risk and opportunity remains central to making decisions.

BALFOUR BEATTY'S RISK MANAGEMENT PROCESS

Simple and consistent application of the risk management process across the Group.

1. Identify

- › Objective-focused risk identification linked to operational, business and Group objectives
- › Identification of core drivers (causes) and anticipated outcomes (consequences)
- › Captures current control environment and its effectiveness

2. Assess

- › Assessment of the impact of the risk and the probability of it occurring, using the Group Probability Impact (PI) Matrix
- › Assessment is based on the effectiveness of current controls
- › Consistent assessment utilising Group PI Matrix allows risks and opportunities to be prioritised

4. Monitor

- › Risk environment monitored to identify change in, or emergence of, causes and consequences
- › Risk response is reviewed in line with current risk assessment
- › Completion of actions and their effect on reducing exposure

3. Respond

- › Response type 'Accept' or 'Manage Further' is assigned to each risk and opportunity based on current assessment and appetite
- › Response of 'Manage Further' drives identification of actions
- › Actions are assigned ownership and due dates and are tracked for completion alongside risk exposure

CIRCLES OF RISK

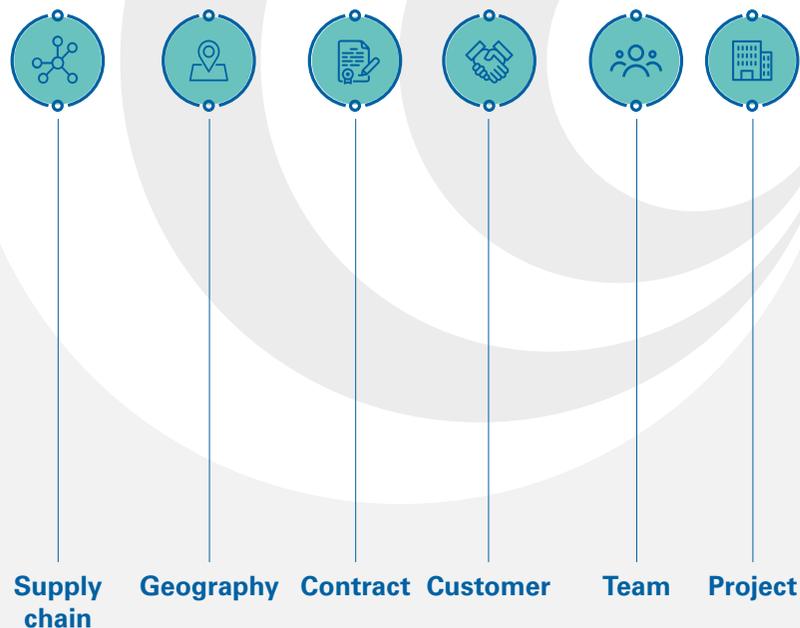
Balfour Beatty's Circles of Risk remain an essential control in supporting early risk-based discussions on new pursuits the Group undertakes, driving teams to consider the key risks and set out response types to such risks as the opportunity evolves through approval gates.

The guidance reflects experience from past delivery and lessons learnt across a diverse customer base, with proposed controls aligned to the Group's operating and commercial principles.

This approach allows Balfour Beatty to make decisions in the context of its risk appetite and stay ahead of potential exposures by ensuring:

- › the opportunity aligns to Group objectives, business growth strategies and defined risk tolerances;
- › all pursuits are assessed consistently so that potential opportunities that do not fit with approved business objectives are qualified out; and
- › appropriate mitigation strategies are developed in order to pursue the opportunity whilst protecting the Group's operating and commercial principles.

BALFOUR BEATTY'S CIRCLES OF RISK

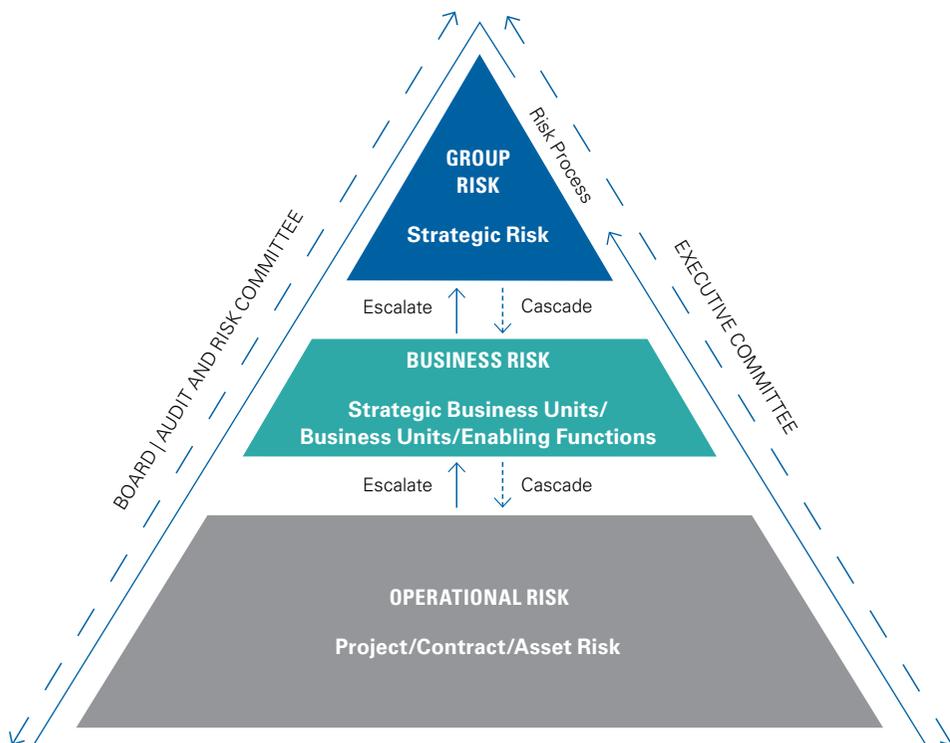


“Balfour Beatty's Circles of Risk remain an essential control in supporting early risk-based discussions on new pursuits the Group undertakes.”

RISK MANAGEMENT CONTINUED

THE BALFOUR BEATTY RISK MANAGEMENT FRAMEWORK

Ensuring risk management is embedded at each level of the organisation.



Governance and oversight

The Board maintains overall responsibility for risk management and reviews the Group risk profile at half and full year including those risks identified as Principal to Balfour Beatty, as well as the Emerging Risks identified for the Group. The Board also ultimately determines the nature and extent of the risk the Company is willing to take in the pursuit of its longer-term strategic objectives. The Directors continue to review the overall effectiveness of the risk management framework and internal control systems, including the financial, operational and compliance processes and controls that are in place to prevent the occurrence or limit the impacts of risks. Since 2024, the Group has been implementing a revised approach to improve the consistency in how internal controls are documented, and how each business reviews effectiveness of internal controls, with the Audit and Risk Committee ultimately providing independent oversight of the effectiveness of the Group's risk management and associated internal control environment. In response to requirements of Provision 29 of the Corporate Governance Code, the Audit and Risk Committee (ARC) will receive an overview from selected business leaders on how their business complies with the requirements of the ERM framework and ensures management review and discussion on business-level risk profiles, supporting the ARC in their review of risk management effectiveness.



Group risk management

The Group's risk management framework allows the Group Chief Executive, alongside the Executive Committee (ExCom), to monitor the risk profile of the business, supported by the half year and full year review processes held with businesses and Enabling Functions, and validated through the Executive Risk Steering Group (ERSG).

Executive sponsorship for risk management is provided by the ERSG, which provides valuable input to Group risk themes based on profiles within their respective businesses and functions and seeks to collectively validate any material changes to the Group risk profile. Visibility of core and common themes identified through the Operational and Business levels of the Group inform half and full year reviews. Enhancements made in 2024 to the half year and full year risk reporting process enabled more formal tracking and sought specific business unit updates on core risk themes. This has continued in 2025, with formalised reporting of Group-linked risks facilitating ease of review for Group Risk Owners.



Business risk management

A consistent approach to the management of risk in both UK and US-based businesses is essential to gaining insight into business risk and how it rolls up to Group level. The tracking of specific key risk trends at the half year and full year risk process ensures the linkage between Strategic Business Unit (SBU) risk profiles and the Group risk profile is well understood. This includes the tracking of Enabling Function risk profiles and how they inform related Group and Principal Risks.



Operational risk

Alignment of risk management requirements to the Gated Business Lifecycle remains essential in ensuring early sight of risk profiles at tender stage, and to monitor and respond to risks throughout delivery phases. Risk reporting continued to evolve in 2025, enabling category-based insight across the operational portfolio for relevant subject matter experts who own related Functional or Group risks to gain insight into trends, aiding timely escalation of project risk to business leadership. The capture and analysis of realised risk data remains a focus to ensure risks can be better anticipated and assessment in the future and to feed into risk libraries where appropriate. The drive to improve data quality remains continuous, supported by internal and operational audit activities and championed by senior leadership manifested through clear expectations on 'management responsibility' by the Risk function and ExCom.

GROUP RISK APPETITE

The Group risk appetite was reviewed and refreshed with the Board in 2025, reflecting the amount of risk the Group is willing to take through in pursuit of its objectives. The approach for setting risk appetite has shifted from linking to the Build to Last strategy; risk appetite, across four different levels has been set against each of the Principal Risks identified for the Group. This better supports discussions around the risk response type the business undertakes in its management of Principal Risks and to set 'guardrails' around the review of risk assessment in line with appetite.

EMERGING RISKS

Each Strategic Business Unit (SBU) and Enabling Function (EF) is requested to highlight any new Emerging Risks as part of the Group's biannual half year and full year risk submissions. The functionality in the Group's ERM system IRIS to flag Emerging Risks enables greater visibility, allowing SBUs and EFs to monitor Emerging Risks as part of their existing review process of their risk profiles. This is used to inform where Emerging Risks are relevant at Group level and can be tracked alongside Group-level risks.

Balfour Beatty considers Emerging Risks in relation to their longer-term impact and shorter-term risk velocity and examines them in the context of its viability statement. The Group has defined Emerging Risks as those risks faced by the business that:

- are likely to be of significant scale beyond a three-year timeframe;
- have the velocity to significantly increase in severity within the three-year period; and/or

- are not sufficiently defined or if there is not enough information developed to enable an informed assessment to be made of their impact and whether they pose a threat or an opportunity to the Group.

The discussion and review of Emerging Risks includes 'horizon scanning' activities around potential uncertainties that are not sufficiently defined or developed to enable an informed assessment to be made of their impact on the ongoing viability of the Group and whether they pose a threat or an opportunity.

CONSISTENT ASSESSMENT OF RISK

The Group-wide Probability Impact Matrix continues to support a consistent assessment of all risks identified in the business in terms of their impact across delivery, financial, and health, safety and sustainability impact categories. This impact is assessed alongside the likelihood of occurrence, providing an overall risk rating that supports the prioritisation and comparison of risk and opportunity events at Operational, Business and Group level. This overall rating is assessed as the current risk rating, which is based on controls that are in place and effective for managing the risk. Response to risks is determined based on the current risk exposure, the anticipated effect that any additional actions to manage the risk may have, which at Group is then considered in line with risk appetite.

RISK MANAGEMENT CONTINUED

CONSISTENT ASSESSMENT OF RISK CONTINUED

The revision of risk assessments and associated risk ratings for Group risks remains subject to robust review, with careful consideration of internal and external factors, and current control environments to inform any change in overall risk assessment. Reduction of an overall risk rating will only be made following a continued period of certainty whereby movements of internal and external factors are less volatile, and controls are known to be well-established and effective. The work undertaken in 2025 on the Group's Internal Control framework continues to provide improved validation of current risk assessments – ensuring that controls that are embedded and operating effectively are used to inform assessment made by risk owners.

The Group continues to be prudent in ensuring any exposure presented through economic uncertainty and ongoing political and societal factors are well understood and well managed. Reviews of the Group risk profile have continued to monitor where these drivers manifested within existing Group risks, and the half year and full year process undertaken with each business area has evolved to track movements and drivers associated with specific Group risk themes, aligning to Principal Risks.

OUR PRINCIPAL RISKS

Identifying risks that could impact on the achievement of business and strategic objectives, and consistently assessing and responding to these, remains essential to how the Group balances risk-taking with risk appetite. Decision making for the business is based on a detailed understanding of the exposures faced by the organisation, carried out through Business-level and Group-level reviews. Linking Business-level risks that relate to the Group's Principal Risks ensures a comprehensive view is taken to inform the current exposure and any trends in risk movement. The Board is able to undertake an assessment of the overall profile and considers whether this represents new, increased or decreased threats and the level of response required to manage them. The risk profile is informed by both interconnected and discrete risks at strategic, business and operational level and focuses on understanding the worst-case scenarios that could threaten the Group's strategy, business model and ongoing viability; see pages 8, 9 and 90. The Principal Risks faced by the Group are described on pages 77 to 89.

Principal Risks

1	Health and safety	p77
2	Contracting terms and conditions	p78
3	Project delivery	p79
4	Joint ventures and alliances	p80
5	Cybersecurity	p81
6	People and talent	p82
7	Sustaining focus on Build to Last strategy	p83
8	Financial strength	p84
9	Supply chain	p85
10	Code of Ethics compliance	p86
11	Legal and regulatory	p87
12	Legacy pension liabilities	p87
13	Economic uncertainty	p88
14	Delivering sustainability commitments	p89

1 HEALTH AND SAFETY

Description and impact	Causes	Mitigation	Owner
<p>The Group works on and delivers complex and at times, hazardous projects which require continuous monitoring and management of safety risks, and as well as ensuring the health and wellbeing of its employees and those it works with.</p> <p>What impact it might have Failure to effectively manage these risks presents the potential for significant injury, or impact on the health and wellbeing of employees, subcontractor staff, third parties or members of the public. It also presents the threat of potential criminal prosecutions, significant fines, debarring from contract bidding and reputational damage.</p> <p>→ For more information, please see 'Health, safety and wellbeing' on pages 35 to 39.</p>	<p>Common drivers which may trigger health, safety and wellbeing risks include:</p> <ul style="list-style-type: none"> › inadequate risk identification/assessment undertaken; › failure to communicate and follow health and safety procedures; › insufficient competence; › failure to eliminate or mitigate risk through design and planning; › failure of established control measures; › lack of clear Zero Harm leadership, impacting broader safety culture; › ineffective management and/or oversight of subcontractors, JV partners and other third parties; and/or › lack of focus on the wellbeing and mental health of staff faced by daily work and life pressures. 	<p>Annual review of the Group's Zero Harm strategy focuses on priorities and business plans as key controls in managing the risks presented in the industry and across the Group's operations.</p> <p>External certification coupled with health and safety audits verify business compliance with established systems. Strategies and associated action plans are additionally reviewed and monitored regularly by management and external accreditation bodies.</p> <p>Zero Harm by Design training and processes are in place across the business, including regular review of lessons learned and digital rehearsals.</p> <p>Experienced and competent health and safety professionals monitor onsite compliance, provide advice to operations, and support continuing strengthening of a Zero Harm culture.</p> <p>The Safety and Sustainability Committee of the Board and business health and safety executive leadership teams meet regularly through the year to capture learning and innovation and promote a consistent approach to health and safety best practice, with leading KPIs reported and closely monitored.</p> <p>Introduction of a consistent Group-wide methodology for classifying level 4 and 5 high potential (HiPo) incidents.</p> <p>Training programmes, including behavioural training and mental health awareness, remain in operation across the business.</p> <p>Operational ownership of fatal risks through well-established working groups with managing director leadership.</p>	<p>Owner Safety and Sustainability Committee</p> <p>Risk trend</p> <p></p> <p>Stable The Zero Harm strategy remains essential in maintaining the health and safety focused culture within the operational DNA of the business. This risk continues to be managed by well-established controls and processes throughout the Group, providing a stable control environment. Digital enhancements continue to provide greater control across the business. Group-wide working groups established in 2025 to strengthen how best practice is identified and its consistent application organisation-wide.</p> <p>Multiple contemporaneous failures within this environment would be required for the risk to be realised.</p>

RISK MANAGEMENT CONTINUED

OUR PRINCIPAL RISKS CONTINUED

2 CONTRACTING TERMS AND CONDITIONS

Description and impact	Causes	Mitigation	Owner
<p>The Group delivers high-profile, and increasingly complex, large-scale projects that carry specialised deliverables combined with multifaceted, and sometimes stringent, commercial terms. Establishing the right contractual model and delivering customer obligations within agreed terms hand-in-hand with technical complexity can pose a risk if poorly managed and executed. Maintaining a balance that protects the interests of all parties – which includes our supply chain partners – whilst maintaining a profitable and sustainable order book alongside delivering stakeholder value requires competency, skill and, increasingly, greater collaboration with clients.</p> <p>What impact it might have</p> <p>Failure to fully understand or manage complex delivery in line with commercial terms across the portfolio could potentially result in disputes, leading to cost and time to resolve, as well as potential losses or reduction in profitability and damage to relationships with key customers, supply chain or JV and/or Alliance partners.</p> <p>Failure to effectively engage and collaborate with customers and supply chain partners in agreeing a suitable and sustainable commercial model from the outset could result in choosing not to pursue certain works, limiting access to certain target markets in the future, impacting on future order book and ultimately, on achieving growth targets.</p>	<p>Key causes that could drive this risk include:</p> <ul style="list-style-type: none"> › lack of early identification of a clearly defined engagements plan and a bid and contracting strategy between all parties; › misalignment between Balfour Beatty and client approach; › working with new or unknown customers and partners, with no previously established relationship; › entering into new markets or use of new, unfamiliar technology; › lack of supply chain capacity to accept and manage back-to-back terms, resulting in increased risk carried by Balfour Beatty; › failure to engage in an early collaborative approach with the customer to fully understand requirements; and/ or › some clients taking a greater 'risk transfer' approach, driven by their own financial or market pressures, resulting in a less-balanced model to allocation or share of risk; 	<p>The Group Tender and Investment Committee (GTIC) remains an essential control in the review and challenge of proposals in line with minimum commercial expectations and the Circles of Risk guidance.</p> <p>Clear, defined delegated levels of authority are in place for approving all tender and infrastructure investment decisions.</p> <p>Customer adoption of the UK Government Construction Playbook steers an approach towards increased collaboration, which results in reduced risk, and an increased focus on quality of bid rather than being solely cost driven.</p> <p>A proactive attitude adopted prior to the procurement process enables influence over contracting and procurement model. A shift to a 'two-stage' tender approach supports an early collaborative, solution-based approach with customers and minimises risk on both sides – especially in new markets or 'first-of-a-kind' initiatives.</p> <p>Ongoing work winning initiatives continue across the Group to drive increased commercial and customer awareness and further embed an understanding of expectations on margins and cost.</p> <p>The Gated Business Lifecycle (GBL) review process highlights key commercial risks closely aligned to Circles of Risk to ensure adequate challenge and qualification of terms, and early mitigation of key exposures.</p> <p>Monthly business reviews identify early indicators with potential for disputes arising on contracts, including across the subcontractor base.</p>	<p>Owner Group Tender and Investment Committee</p> <p>Risk trend</p> <p></p> <p>Upward trend</p> <p>As the business continues into new markets, works with new clients and partners, and monitors how customers respond to continued market pressures, it is essential this risk remains closely monitored, particularly with public sector clients given fiscal constraints. GTIC and Circles of Risk continue to ensure the business does not proceed with unacceptable terms, such as accepting process risk.</p> <p>Continuing to maintain a collaborative approach with customers and the supply chain is crucial in seeking fair terms commensurate with risk profiles, particularly with new, complex and, in some cases, unfamiliar work scopes.</p> <p>Key controls remain in place to challenge and scrutinise decision making, designed to prevent the Group from bidding for unsustainable work, limit potential exposure and lead to a more risk-balanced portfolio. Regular reporting of risk profiles and associated mitigation strategies throughout delivery and close examination of commercial positions on high-profile contracts allows the Group to monitor this risk.</p>

3 PROJECT DELIVERY

Description and impact	Causes	Mitigation	Owner Group management
<p>Failure to deliver projects consistent with customer expectations and required specifications and/or quality, in line with schedule and budget, and to minimise the risk of increased costs, delay-related damages and defect liabilities.</p> <p>What impact it might have Failure to manage/or deliver against customer expectations, scope specifications and key deliverables to time and budget could result in exposures such as design issues, contract disputes, liquidated damages, cost overruns and failure to achieve anticipated customer outcomes, which could in turn reduce the Group's profitability and damage its reputation.</p> <p>The Group may also be at risk of longer-term exposures including litigation and costs to rectify defective or unsafe work, particularly given increased liabilities under the Building Safety Act 2022.</p> <p>Significant delivery failure on a project could result in substantial reputational damage, and potentially debarment under the Procurement Act 2023.</p>	<p>Failure to implement, maintain and challenge operational and commercial controls could result in:</p> <ul style="list-style-type: none"> ➤ lack of comprehensive understanding of contractual and technical obligations; ➤ inadequate resource (people, plant and materials as well as capable supply chain partners) or competency verification of resource; ➤ unrealistic project schedules; ➤ unrealistic progress assessments and cost to complete judgements which could arise due to poor training, lack of supervision, or lack of accountability; ➤ overly optimistic claim recovery assumptions with potential for increased commercial disputes; ➤ incomplete visibility and appreciation of scale of commercial judgements; ➤ failings in administering the contract terms to safeguard or protect future claims, change orders and extensions of time (EOTs); ➤ inability to meet environmental or sustainability commitments; ➤ poor management, selection and governance of subcontractors and supply chain partners; and/or ➤ lack of robust quality assurance processes and systems. <p>Customer intervention and additional pressure to complete could also be a driver to this risk.</p>	<p>The Group's GBL process continues to ensure identification and reporting of key execution risks relevant to project deliverables, including planning, programme accuracy, cost and cash forecasting and resource reviews which remain the focus of project governance and management oversight.</p> <p>Early engagement to integrate work winning and project delivery teams across the GBL process ensures customer expectations are understood and realistic early on in the bidding process and challenges are communicated and discussed between parties.</p> <p>Deployment and ongoing monitoring of strong commercial management and contract administration processes are embedded through the project lifecycle and closely reviewed by management.</p> <p>Optimal scheduling of key staff and associated competency verification within project delivery and senior management teams, with ongoing and focused training and development.</p> <p>The site mobilisation hub facilitates early and effective start-up on site.</p> <p>The drive for Right First Time delivery including digital progressive assurance on projects continues to be championed by UK Quality Leadership team with improvement projects identified in 2025 around three core themes – knowledge sharing, competence and digital adoption.</p> <p>Pre-qualification and competency/capacity verification of supply chain partners, and close monitoring of subcontractor and supplier performance throughout the project lifecycle.</p> <p>Professional indemnity cover in place to provide further financial safeguards to the business.</p>	<p>Risk trend</p>  <p>Stable</p> <p>Project delivery risk remains a key focus for the business as it undertakes more complex work and partners both internally between SBUs and externally via alliances and with key supply chain partners. The consistent application of operational reporting systems and diligent use of short interval control processes across all stages of project delivery, provides greater oversight for management and certainty of operational outcomes. Close monitoring of this risk continues as the business enters new markets and works with new technology, ensuring early collaboration with customers in understanding technical requirements and development of solutions remains a core control.</p> <p>The UK Quality Leadership team focuses on a consistent approach, improving quality awareness and driving the organisation's Right First Time 'mantra' to project delivery, with executive oversight and sponsorship at its core.</p>

RISK MANAGEMENT CONTINUED

OUR PRINCIPAL RISKS CONTINUED

4 JOINT VENTURES AND ALLIANCES

Description and impact	Causes	Mitigation	
<p>Failure to implement adequate and effective controls around the selection of joint venture (JV) partners, and/or to define a clear governance structure to monitor delivery or establish a 'one team' culture may result in failure to deliver expected returns and/or minimise the risk of unexpected liabilities.</p> <p>What impact it might have Inability to select the right JV partner, and establish an effective way of working aligned to Balfour Beatty's culture and values, could result in a mismatch of partner objectives and overall delivery approach, and risks driving a knock-on impact on the effective execution of contract requirements, resulting in a negative impact to profitability and reputational damage.</p> <p>Any potential failure of a JV or Alliance partner could expose the Group to increased resourcing costs, and warranty risks, as well as increased liabilities under the Procurement Act 2023.</p> <p>Disputes with JV partners could also have the potential to impact on the Group's ability to operate and/or expand within its chosen markets.</p> <p>Failure to align and integrate with the Group's health and safety management expectations and culture could present increased potential for injury and/or fatality.</p>	<p>The risk could arise from:</p> <ul style="list-style-type: none"> ➤ ineffective assessment or due diligence of JV partners including liquidity, capacity and capability; ➤ failure to ensure 'fit for purpose' terms with the right JV or Alliance partner; ➤ lack of clarity on the delegated levels of authority between partners; ➤ delayed and fettered decision making between partners; ➤ misalignment of operating cultures and failing to establish a 'one team' approach; ➤ segregation from central management systems (financial and operational); ➤ lack of aligned understanding of contract requirements and expectations; and/or ➤ lack of oversight of JV or alliance reporting and application of processes implemented across the project. 	<p>Whilst the Group has broad capability to self-deliver projects, it recognises that establishing the right partnership can be an opportunity to deliver work and leverage capabilities to operate in new markets.</p> <p>The GTIC process applies equally to all joint ventures and Alliances, ensuring approval and oversight, with the GBL process providing governance over JV partner selection, which highlights partner-related risks as they align to the related Circles of Risk around capacity, capability, and previous experience with the Group and its clients. Financial health checks and monitoring of overall financial security is also in place.</p> <p>Appointment of an appropriately constituted JV board, with appropriate business representation, acts as the main governance vehicle for the Group.</p> <p>Experienced project directors are appointed to manage JVs and Alliances and provide an ongoing assessment, and proposed mitigation of, operational delivery risk.</p> <p>Good practice, including the use of joint reporting systems (where appropriate), is shared between partners to embed the Group's expectations and culture across delivery teams.</p>	<p>Owner Group Tender and Investment Committee</p> <p>Risk trend</p> <p></p> <p>Stable The business continues to focus on ensuring adequate and robust governance controls that support decision making on entering into Alliances and aid early partner selection on JVs are in place. Ongoing monitoring of the performance of existing JVs and establishing the right governance forums for new JV's and Alliances in new markets and on complex projects, remains essential in how the Group maintains control of this risk.</p> <p>Monitoring of health and safety progress and overall project health of existing key and high-profile JVs and Alliances continues.</p>

5 CYBERSECURITY

Description and impact	Causes	Mitigation	Owner Group management
<p>Failure to protect the Group from a critical cybersecurity event that causes a breach of system security resulting in significant disruption to, or loss of, operational delivery and/or a loss of employee data and other confidential information.</p> <p>What impact it might have</p> <ul style="list-style-type: none"> › operational disruption impacting on project delivery and restricting ability to carry out business-critical activities (disruption to business as usual); › loss of data, resulting in possible investigation, and potential exposure to fines and prosecution; › reputational harm, including a significant loss of market and customer confidence; and/or › loss of intellectual property and competitive advantage. 	<p>There are several internal and external factors that could contribute to this risk occurring, including:</p> <ul style="list-style-type: none"> › poor internal governance and control across the Groups widespread systems and personnel; › lack of, or inadequate, staff training and awareness of social engineering techniques; › failure to embed a preventative culture; › increased exposure to phishing attacks and ransomware due to new and emerging techniques to bypass preventative controls, with remote working and the emergence of AI amplifying the sophistication of attacks; › inadequate controls, systems and resources to prevent and detect malicious activity; › inability to meet obligations to ensure good cyberhealth of existing and new supply chain partners; › inconsistent approach to data security with joint venture, alliance or other external partners; › increased use of cloud services without equivalent investment in modern threat prevention; and/or › the increasing pace required to patch or mitigate vulnerabilities in the Group's systems. 	<p>The risk is managed via the following controls:</p> <ul style="list-style-type: none"> › well-established technology controls including network and endpoint protection, encryption, patching, penetration testing and data back-up; › awareness training and internal testing programme, with mandated annual refresher in place for all users; › data governance framework regularly reviewed, and supported by Group-wide policies, processes and certifications; › incident management feedback mechanism (embeds lessons learnt); › partner and supplier controls including vendor risk management assessments and established relationships with external security authorities; › systems are subject to 24/7 cybersecurity monitoring with review of core controls to provide additional protection in areas that are potential new attack paths, and remediation where necessary; › established relationships and collaboration in working groups with both external security authorities and sector-specific groups to share best practice across construction; › increased focus on supply chain partners to ensure control environments are resilient to fraud and cyber-attacks; › knowledge-sharing initiatives with supply chain partners and wider industry; › cybersecurity maturity assessment providing assurance and oversight of the operation and effectiveness of cyber controls; and › Regular audits of our supply chain and third-party providers alongside increasing the amount of these that hold recognised cyber security certifications. 	<p>Risk trend</p> <p></p> <p>Increased</p> <p>The Group acknowledges the increased exposure organisations face, both within and beyond the construction sector, with threat actors targeting critical infrastructure, coupled with the evolution of AI and the increase in the sophistication of cyber-attacks. This presents an ever-evolving external environment, which requires constant monitoring to ensure the Group and its supply chain partners keep pace with maintaining a robust system of controls. Wider collaboration across the industry including knowledge sharing and the promotion of key Government initiatives around cyber resilience is key to businesses remaining vigilant in their response to protecting themselves from the impacts of the increasing threat of cyber-attacks.</p>

RISK MANAGEMENT CONTINUED

OUR PRINCIPAL RISKS CONTINUED

6 PEOPLE AND TALENT

Description and impact	Causes	Mitigation	Owner
<p>The Group's ability to forecast resource requirements and attract and retain the right level of skilled and competent people, including developing and growing expert skills and capacity, is essential in effectively delivering both the Group's current portfolio of work and positioning the business for future growth.</p> <p>What impact it might have Failure to recruit and retain appropriately skilled people (both operatives and leadership) or grow in-house talent could harm the Group's ability to win or successfully perform specific contracts, manage project cost increases, grow the business and/or meet strategic objectives, including securing future order book.</p> <p>A high level of staff turnover or low employee engagement could result in a loss of skills, knowledge and experience which would potentially present increased health, safety and wellbeing risk as well as risks to operational delivery and reputational damage.</p> <p>Not having the right capability and capacity can reduce business confidence within the market, lose stakeholder confidence and restrict the ability to drive business growth or improvements.</p> <p>→ For more information, please see 'Our people' on pages 56 to 60.</p>	<p>Failure to effectively mitigate the Group's people risks may arise through:</p> <ul style="list-style-type: none"> › overbidding and/or ineffective resource forecasting in line with workload scheduling; › market conditions causing significant increase in demand/competition for people in certain sectors and regions, and hotspots for specific skillsets; › difficulty in accessing talent pools in remote project locations; › lack of visibility of long-term prospects and/or mismanagement of redeployment opportunities prompts existing workforce to leave the Company; › failure to maintain a culture of pride and advocacy across the workforce; › lack of investment/ poor decisions in development of existing skills and capabilities; › labour supply issues including increasing cost and complexity of recruiting; › cost of living pressures and other economic factors driving increase in attrition and people movement; and/or › pressure from wage inflation and failure to keep pace with other employment offerings – both inside and outside the Group's areas of operation. 	<p>Providing a positive working environment to support the development of employees has been central to Build to Last</p> <p>Specific controls to mitigate this risk include:</p> <ul style="list-style-type: none"> › annual HR planning that identifies strategic people priorities, headcount forecasts and key risk areas. Progress is overseen by the HR Leadership Team and monitored through KPIs and regular performance reviews; › at bid stage, leaders ensure people requirements are adequately included within bid documentation. Decisions are taken as to whether requirements are achievable based on adequately identifying risks and opportunities; › in-house recruitment teams, (supported where needed by external supply chain) utilise a range of systems and suppliers to directly support attraction, assessment, compliance and onboarding; › annual Organisational People Reviews, providing visibility of near term and longer term succession plans across the Group, with consolidated outcomes reported to the Board; › annual PDR process (Performance and Development Review) ensures conversations with employees to review performance and discuss development needs. A suite of internal and external learning and development offerings support professional and personal development in line with role requirements; › structured Early Careers programmes, with annual intakes of apprentices, graduates, interns and placement students are set in line with workforce forecasts. These programmes are supported by dedicated recruitment and development teams, ensuring high quality training and a consistent pipeline of future talent; and › annual Employee Survey across the Group provides leadership teams with an indication of engagement and areas requiring management action with survey results reported at each level within the organisation including the Board. Action plans are implemented following each survey to address any areas for improvement. 	<p>Owner The Board</p> <p>Risk trend</p> <p></p> <p>Stable Whilst robust controls are in place, there is no change to the existing risk assessment. This reflects the continued importance of effective resource forecasting for key geographies and markets. Strengthening senior management succession and developing future talent pipelines remain key areas of focus.</p> <p>The 2025 employee survey again showed high levels of engagement, providing a positive indicator of organisational culture and the Group's ability to retain talent.</p>

7 SUSTAINING FOCUS ON BUILD TO LAST STRATEGY

Description and impact	Causes	Mitigation	
<p>Failure by the Group to sustain and build upon the strong foundation and culture created through its Build to Last strategy, and supporting Cultural Framework.</p> <p>What impact it might have Inconsistency in working practices and siloed cultures across the business could drive inefficiencies, increased costs and operational errors which impact the Group's ability to deliver on its purpose of Building New Futures, and impact on its ability to deliver sustainable and managed profitable growth, resulting in negative business impact and reputational damage.</p> <p>Delivering against the Group's core values of Lean, Expert, Trusted, Safe and Sustainable is integral to its ongoing success and purpose.</p> <p> For more information, please see 'Our strategy: Build to Last' on page 9.</p>	<p>Failure to deliver and/or demonstrate sustained focus and momentum could arise from:</p> <ul style="list-style-type: none"> ➤ complacency and/or localised adaptations within core disciplines or siloed cultures; ➤ ineffective communication and/or reinforcement of messaging through a lack of leadership; ➤ inadequate resourcing (financial, physical assets and people) with the right level of skill and competency; ➤ lack of joined-up approach across our geographies, markets and business units; ➤ new systems and processes being used without appropriate controls being in place and/or tested; and/or ➤ new people joining the organisation (including in leadership roles). 	<p>Ensuring it's Build to Last strategy continues to drive business success has been a priority for the Group.</p> <p>Controls include:</p> <ul style="list-style-type: none"> ➤ continuous measurement and reporting of KPIs aligned to Lean (cash flow and profit from operations), Expert (employee engagement), Trusted (customer satisfaction), Safe (Zero Harm) and Sustainable (carbon emissions) within each business; ➤ a Cultural Framework, which is embedded in the Group's systems and processes, aligns the UK and US under one unified approach and reinforces expected values and behaviours; ➤ clear and frequent senior leadership engagement across the businesses and functions; ➤ upskilling, training, and business development initiatives at key levels throughout the business to reinforce Build to Last and the Cultural Framework for all employees and in key job families i.e. commercial, project management, engineering etc.; ➤ induction, recognition and PDR approach aligned to Build to Last strategy and Cultural Framework; ➤ Zero Harm provides a consistent approach for the Group for health, safety and wellbeing, and delivery against the Safe value; ➤ the Building New Futures sustainability strategy provides a consistent approach for the Group on the Sustainability agenda and delivery against the Sustainable value; and ➤ regular programme of communications to reinforce strategic priorities across the Group. 	<p>Owner The Board</p> <p>Risk trend</p> <p></p> <p>Stable The principles of the Build to Last strategy and the supporting Cultural Framework have underpinned operations across the Group. Work to ensure that this is consistently communicated across the business has been essential in managing the risk.</p> <p>Well established controls, processes and governance ensured the business remained focused on the Group's fundamental principles during the transition to a new Group Chief Executive.</p>

RISK MANAGEMENT CONTINUED

OUR PRINCIPAL RISKS CONTINUED

8 FINANCIAL STRENGTH

Description and impact	Causes	Mitigation	Owner The Board
<p>The Group's inability to maintain the financial strength required to operate its business and deliver its objectives.</p> <p>What impact it might have Failure to protect and effectively maintain the required financial strength could result in:</p> <ul style="list-style-type: none"> › failure to meet financial covenant tests, as set out in financing facility agreements, leading to a default event if not remedied within a specific grace period; › failure to pass required tests that allow continued use of the going concern basis of accounting in preparing financial statements; › the Group suffers a negative impact on profitability and loses the confidence of its chosen markets and/or shareholders; and/or › loss of ability to compete for key long-term contracts that are critical to ongoing viability of the Group and delivery of longer-term objectives. 	<p>Failure to manage financial risks (including forecasting material exposures) and the financial resources of the Group that underpin its ability to:</p> <ul style="list-style-type: none"> › meet ongoing liquidity obligations so that it remains a going concern; › inability to access capital markets on traditional commercial terms; and/or › meet financial covenants as set out in financing facility agreements. 	<p>Balfour Beatty operates with a centralised Treasury function, responsible for managing key financial risks, cash resources and the availability of liquidity and credit capacity.</p> <p>The Group continues to operate with a low level of financial risk as evidenced by its robust average net cash position.</p> <p>Significant undrawn term committed bank facilities with a banking group of high credit quality are maintained to underpin the liquidity requirements of the Group as well as significant bank and surety bonding facilities that remain in place to deliver trade finance requirements of the Group on an ongoing basis.</p> <p>The Group operates standardised reporting, forecasting and budgeting financial processes which supports monitoring of the impact of business decisions on financial performance over future time horizons.</p>	<p>Risk trend</p>  <p>Stable Well-established controls that continue to be implemented and monitored by the Group Finance and Treasury functions serve to effectively manage this risk, demonstrated by another strong liquidity position held throughout 2025.</p>

9 SUPPLY CHAIN

Description and impact	Causes	Mitigation	Owner	Risk trend
<p>Failure by supply chain partners to meet the Group's operational expectations and requirements in relation to capacity, competency, quality, financial stability, safety, sustainability, environmental, social and ethical values and legal and regulatory compliance.</p> <p>What impact it might have Failure to effectively manage and monitor subcontractors or supplier performance could impact on project delivery and may result in disputes for the Group and/or being forced to find alternative providers for undertaking/rectifying work. This could result in delays, business disruption, customer dissatisfaction, and associated additional costs to lack of expertise or competency.</p> <p>Mistreatment of suppliers, subcontractors and their staff, or poor ethical standards within the supply chain, could lead to disputes or even investigations and legal proceedings, resulting in business disruption, losses, fines/penalties, reputational damage and, in the worst case, debarment.</p> <p>Legislation such as the Procurement Act, Criminal Finance Act and Economic Crime and Corporate Transparency Act all place greater emphasis on Balfour Beatty to have growing levels of visibility of sub-tier suppliers. The ability of the supply chain to keep pace with changing regulations could also result in supply chain disruption.</p>	<p>Lack of capacity, competency, stability or poor behaviours within the Group's supply chain may arise through:</p> <ul style="list-style-type: none"> › failure to embed the Group's expectations and values within the procurement process; › inadequate assessment of supply chain partner capability, capacity and process (including liquidity, quality, safety, ethics, material management and governance over compliance with changing law and regulatory landscapes); › lack of supplier resilience arising from rising market pressures (e.g. global energy prices, inflation, shipping delays, natural disaster, global trade uncertainty, ongoing geopolitical instability, etc); › failure to accurately assess project resource requirements as well as broader market demands in line with capacity; › increased exposure to cyber risk, (with poor strength of supplier control) with potential to disrupt supply chain partners; › lack of adequate oversight, supervision or management during delivery; and/or › unethical treatment (and associated lack of adequate oversight) of the downstream supply chain. 	<p>The Group continues to maintain and develop long-term relationships with identified key supply chain partners, working closely to understand their operations and dependencies. Relationship mapping with strategic suppliers together with briefing on the Group's order book requirements helps support this.</p> <p>Well-established processes for risk management framework and the Groups GBL process ensures identification of potential risks and issues both pre-award and throughout delivery to assess suitability of resource allocation and dependencies and develop suitable procurement strategies in collaboration with SBUs.</p> <p>Robust pre-qualification and due diligence controls are in place, with centralised systems to track subcontractor assessment in relation to capacity, compliance, performance and financial health, with market trends and insights closely monitored.</p> <p>The Group obtains project retentions, bonds and/or letters of credit from subcontractors, where appropriate, to mitigate the impact of any insolvency.</p> <p>Group-wide Code of Ethics cascaded to supply chain, with targeted training programmes and related policies and procedures in place. Engagement with supply chain on cybersecurity and minimum standards required for operations.</p> <p>Detailed assessment process across the supply chain following any major natural disaster/political incident to identify any disruption or discontinuation of supply.</p>	<p>Group management</p>	<p>Increased</p> <p>Supply chain partners are essential in the delivery of the Groups work, with the business recognising the importance of maintaining subcontractor and supplier health oversight. As the Group operates in new markets against a backdrop of increasing legislative and regulatory requirements, as well as the potential for increased cyber threat, it acknowledges the increased risk environment this presents for the supply chain. Ensuring controls remain robust, and maintaining strong partnerships with open collaboration on risk mitigation, remains a key focus for the business.</p>





RISK MANAGEMENT CONTINUED

OUR PRINCIPAL RISKS CONTINUED

10 CODE OF ETHICS COMPLIANCE

Description and impact	Causes	Mitigation	
<p>Failure to maintain and track compliance with the Code of Ethics across the Group, including employees, joint venture and alliance partners, and within the broader supply chain.</p> <p>What impact it might have</p> <p>Failure to comply with the Code of Ethics and Balfour Beatty values could leave the Group exposed to:</p> <ul style="list-style-type: none"> › instances of bribery and corruption; › fraud, deception, false claims or false accounting; › unfair competition practices; › worker exploitation including child labour, illegal employment, human trafficking and modern slavery; › unethical treatment of and by the supply chain; › potential impact to staff morale and wellbeing; and/or › potential impact to health, safety and wellbeing. <p>Any of these failures could result in investigations legal disputes, with the potential to cause business disruption, fines and penalties, financial losses, reputational damage and even debarment.</p> <p>→ For more information, please see 'Ethics and compliance' on page 40.</p>	<p>Failure to comply with the Code of Ethics and Balfour Beatty values could arise from:</p> <ul style="list-style-type: none"> › failure to establish an appropriate and consistent corporate culture across the different businesses and geographical operations of the Group; › failure to embed the Group's values and behaviours across joint ventures, alliances and throughout its supply chain partners; › an ineffective training programme that reaches all layers of personnel across the business; › failure to implement a robust testing and compliance monitoring programme; › ethics and values being compromised as a result of commercial pressures; › lack of effective oversight and management of supply chain and its capacity to keep pace with growing legislative demand; › failure to ensure awareness of whistleblowing processes across the organisation and/or to engender a safe 'Speak Up' working culture; and/or › deliberate or reckless non-compliance. 	<p>Group-wide deployment of its Code of Ethics and associated training programme, with specific behaviours training deployed to targeted audiences. Related policies and procedures provide clear, actionable expectations for employees.</p> <p>An independent third-party whistle-blowing helpline remains in place and is actively promoted, with all in-scope complaints independently investigated by Internal Audit and Compliance teams to determine that appropriate action is taken, where necessary.</p> <p>Ethics and compliance updates provided to the Audit and Risk Committee biannually. Each business unit, supported by the Ethics and Compliance function, is responsible for sponsoring the Code of Ethics and embedding the Group's values and behaviours within its operations.</p> <p>The Group has a range of operational controls (commercial, including procurement, due diligence and risk assessment) that are designed to identify and manage risks internally and with third parties. The Fraud Working Group continued to operate throughout 2025 to ensure readiness for the coming into force of the Economic Corporate Crime and Transparency Act 2023.</p> <p>Balfour Beatty works with a limited number of agents, all of whom are, in addition to the Group's due diligence and approval process, subject to specific contractual clauses, policies and agreements.</p> <p>Centralised systems to track and permit enhanced supply chain assessment in relation to capacity, compliance and performance providing insight into supplier internal operating processes, governance and values.</p>	<p>Owner The Board</p> <p>Risk trend</p>  <p>Stable</p> <p>Controls deployed through both internal and external systems allow oversight of compliance with the Code of Ethics and enable the business to monitor and manage any potential breaches. Increased requirements from regulatory bodies for corporate compliance is driving focus on this agenda.</p> <p>The Group acknowledges the importance of ensuring supply chain oversight in preventing and detecting fraudulent activity and ensuring its supply chain has adequate controls to keep pace with changing legislative changes, achieved through collaboration with the central Procurement function.</p>

11 LEGAL AND REGULATORY

Description and impact	Causes	Mitigation	Owner	Risk trend
<p>Lack of effective response by the Group to any change in relevant legal, tax and regulatory requirements in a timely manner or failure to fully understand the implications of certain regulatory changes may result in a lack of business readiness and a potential breach.</p> <p>What impact it might have The Group could face legal proceedings, investigations or disputes resulting in business disruption, fines and penalties, significant financial losses, reputational damage and potentially even debarment.</p> <p>Such action could also impact the valuation of assets within the affected territory as well as have an impact on investor confidence.</p>	<p>Failure to recognise or adapt to potential impacts arising from changes in applicable laws affecting the Group's businesses may result from:</p> <ul style="list-style-type: none"> › lack of awareness of any changes in laws or regulations made across the geographies and jurisdictions within which the Group operates; › lack of effective oversight and management of supply chain and its capacity to keep pace with growing legislative demand; › ineffective communication of the requirements across relevant business units; and/or › entering into new markets and/ or sectors with limited expertise and due diligence. 	<p>The Group actively monitors and responds to legal, tax and regulatory developments and requirements in the territories in which it operates, with dedicated legal resource assigned to specific business areas.</p> <p>Changes in the law and the requirements arising from them are clearly cascaded to all affected businesses.</p> <p>Local legal and regulatory frameworks are considered as part of any decision to conduct business in a new territory, as well as addressed as part of wider governance checks.</p> <p>Appropriate and responsive policies, procedures, training and risk management processes are in place throughout the business.</p> <p>Engagement of third-party expertise where required on specific or localised legislation and policy.</p>	The Board	<p>Increased</p> <p>Whilst the Group maintains well-established controls embedded throughout the business to manage this risk, it acknowledges the landscape of changing legal and regulatory requirements and the pace of response required both across the Group and its supply chain to ensure operations remain effective in managing this risk.</p>

12 LEGACY PENSION LIABILITIES

Description and impact	Causes	Mitigation	Owner	Risk trend
<p>The Group is exposed to and must therefore effectively monitor and manage significant defined benefit pension risks.</p> <p>What impact it might have Failure to adequately manage these risks could lead to the Group being exposed to significant additional liabilities due to increased pension deficits.</p> <p>This has the potential to affect the longer-term viability of the Group as well as incur reputational harm.</p>	<p>The Group is unable to guarantee that the trustees of the pension funds react effectively to or manage:</p> <ul style="list-style-type: none"> › changes in interest rates or outlook for inflation; › an increase in life expectancies; › regulatory intervention or legislative change; › prudent funding assumptions; and/or › investment performance of the funds' assets. 	<p>The Group continues to constructively and regularly engage with the trustees of the pension funds, ensuring that appropriate advice is sought and implemented, and that the funds' assets and liabilities are being managed appropriately. This includes quarterly performance reporting and investment committee meetings in which the Company is represented.</p> <p>The funding and investment arrangements of the pension funds are subject to an in-depth triennial valuation and funding review with regular monitoring in years between.</p> <p>The assets in the funds have been de-risked over the last three years.</p> <p>The Group's two main UK funds have hedged in excess of 80% of their exposure to interest rate and inflation movements and the largest of the UK funds has hedged around 40% of its exposure to an increase in life expectancies.</p>	The Board	<p>Stable</p> <p>The trade-off between risk and cost remains subject to regular review as part of the actuarial valuations of the Group's two main UK funds, with some further asset de-risking continuing into 2025. The position will be reviewed again following the finalisation of the 2025 triennial reviews.</p>

RISK MANAGEMENT CONTINUED

OUR PRINCIPAL RISKS CONTINUED

13 ECONOMIC UNCERTAINTY

Description and impact	Causes	Mitigation	Owner The Board
<p>The effects of market trends, both nationally and internationally, including political, societal or regulatory changes may cause customers to re-evaluate current or future infrastructure spend and the procurement of services. It may also lead to changes in the price and availability of labour, products and services which could subsequently impact on the Group's operating model.</p> <p>What impact it might have Any significant delay or reduction in the level of customer spending could impact the Group's order book adversely which could reduce revenue or profitability in the near or medium term and ultimately have an impact on the longer-term viability of the Group.</p> <p>Restrictions on the availability of skilled labour and competitively priced materials could lead to increased operating costs, reduced margins, and hence potentially a devaluation of the business.</p> <p>Financial failure of a key customer, including any government or public sector body, as well as a key supply chain or joint venture partner could result in increased cost to the Group.</p>	<p>Potentially negative impacts could be related to the effects of:</p> <ul style="list-style-type: none"> ▶ customers postponing, reducing or changing expenditure plans including any delays associated with funding or planning constraints as well as change in approach to meet 'greener' solutions; ▶ the impact of inflation arising from a multitude of factors including rising global costs of energy, strained supply chains and global trade friction and geopolitical uncertainties; ▶ pressure on public finances caused by inflationary pressures and strained public finances more generally; ▶ increased competition e.g. in the UK from foreign investors acquiring competitors; ▶ political change or uncertainty, including potential change in priorities seen in UK and US Governments; ▶ recessionary pressures; and/or ▶ increased supply chain risks (e.g. solvency, people and materials). 	<p>The Group continues to focus operations primarily in three core geographies (UK, US and Hong Kong) across three core sectors (Construction Services, Support Services and Infrastructure Investments). This balanced portfolio of projects maintains resilience and stability as the Group is less exposed to a downturn in a single geography or sector.</p> <p>Market trends and any associated impacts are continuously monitored by the Group with ongoing activity to maintain involvement in Government affairs to keep pace with anticipated future direction of Government spend and collaborate with partners where possible.</p> <p>Controls assess the financial solvency and strength of counterparties and major supply chain partners as part of bid activities; assessments are updated and reviewed whenever possible during the project lifecycle to reflect changes in market pressures. The Group also seeks to ensure that it is not overly reliant on any one counterparty, whether customer, joint venture partner or supply chain partner.</p> <p>The annual review of market forecasts remains a core part of the Group's Budget and Planning processes, with a focus on medium-term market outlook considered and presented by each Strategic Business Unit.</p>	<p>Risk trend</p>  <p>Stable In the short term, economic risk to the business is considered stable compared with previous years given Government commitments to further infrastructure spend in the UK and US. However, the Group continues to acknowledge that economic headwinds remain in all its territories of operation. The longer-term outlook remains uncertain, with potential for future unpredictability presented by ongoing conflicts and international political unrest. Based on this, close monitoring of economic drivers continues at the Group level.</p>

14 DELIVERING SUSTAINABILITY COMMITMENTS

Description and impact	Causes	Mitigation	
<p>The Group's ability to deliver its sustainability commitments, as set out in the Building New Futures strategy, is critical to achieving long-term business resilience and adaptability to current and future disruptive social, economic and environmental headwinds.</p> <p>This includes meeting the Group's internal targets, responding effectively to evolving regulatory and reporting requirements, and aligning with increasing customer and market expectations across the geographies in which the Group operates.</p> <p>The risk relating to mitigating and adapting to climate change, as well as the related risk of biodiversity loss, is a component of this broader sustainability delivery risk, reflecting the need to understand and respond to climate related risks and opportunities impacting the Group's business model and future operations.</p> <p>What impact it might have Failure to meet the Group's sustainability commitments could adversely impact the delivery of strategic objectives and long-term value creation.</p> <p>Not fully understanding customer needs, or failing to collaborate effectively on sustainability solutions, could lead to inefficiencies in project delivery, supply chain vulnerabilities, reduced ability to meet agreed targets, damage to customer relationships, and a negative impact on the future pipeline of opportunities.</p> <p>Keeping pace with market demand while balancing the adoption of new and evolving technologies presents inherent delivery and investment risks that must be effectively managed to support informed decision making and maintain investor and shareholder confidence.</p>	<p>Not meeting target sustainability commitments or being unable to effectively transition the business may be due to:</p> <ul style="list-style-type: none"> › lack of sufficiently robust project level controls; › insufficient sustainability capability and skills across the Group; › challenges in sourcing, developing and assuring reliable sustainability data; › limited operational capacity to deliver projects to evolving standards and requirements (e.g. PAS 2080, BREEAM, Biodiversity Net Gain); › insufficient early engagement or collaboration with clients on sustainability outcomes; › reliance on emerging or evolving technologies that are not yet widely proven or available at scale; › supply chain capacity or capability constraints in responding to new legislation or disclosure requirements; › insufficient upskilling of internal teams, customers or supply chain partners; and › the need to maintain a consistent Group wide approach while managing different rates of regulatory and market change across geographies. 	<p>The Building New Futures strategy provides a clear, Group wide framework and targets for sustainability delivery.</p> <p>Bridging the Gap governance frameworks, alongside equivalent governance and performance oversight arrangements across the Group, provide transparency over business performance and progress against targets.</p> <p>A dedicated and competent Sustainability Enabling Function, with appropriate capability and capacity, including Sustainability Directors embedded across the business.</p> <p>Management systems and processes to identify, manage and report sustainability related risks and performance, supported by Group-wide data, assurance and reporting mechanisms.</p> <p>Early engagement with clients to understand sustainability requirements and align delivery methodologies accordingly.</p> <p>Active collaboration with the supply chain to support data collection, capability development and the achievement of shared sustainability objectives.</p> <p>A dedicated climate related risk working group to assess, model and respond to climate related risks and opportunities under different warming scenarios.</p>	<p>Owner The Board</p> <p>Newly disclosed as Principal in 2025 An existing Group risk, the business has defined this as a Principal Risk as part of the 2025 risk review process, acknowledging the importance of delivering against sustainability requirements and reflecting that accurately and competently managing the sustainability agenda and the ongoing transition of the business is a key aspect of the Group's strategy.</p>

VIABILITY STATEMENT

In accordance with the requirements of the Code, the Directors have assessed the Group's long-term prospects and its viability over a three-year period to 31 December 2028.

Assessing the Group's long-term prospects

The Group operates primarily in the UK, US and Hong Kong, specialising in multiple facets of the construction and services industry. The Group also maintains an Investments portfolio which provides a strong underpin to the Group's balance sheet.

The Group has many elements necessary for future business success – expertise in technology and innovation, strong customer relationships and a talented workforce. The Group seeks to build on these strong foundations with continued investment in technological advances, not only to ensure that projects are delivered on time and as efficiently as possible whilst maintaining the utmost focus on safety, but also to remain market leaders in the way construction is conducted and to push the boundaries of innovation in line with achieving industry-leading margins.

Assessing the Group's viability

The Directors have assessed the Group's viability over a three-year period and consider this to be appropriate because this is the period aligned to the current order book and for which there is a good visibility of the pipeline of potential new projects. This period also allows greater certainty over the forecasting assumptions used in labour and material pricing, skills and availability. There is inherently limited visibility of contract bidding opportunities beyond the three-year period, and the accuracy of any forecasting exercise is also impeded by uncertainties around the costs involved in delivering contracts. Consequently, the Group performs its medium-term planning over three years.

The Directors and the Executive Risk Steering Group continue to monitor the principal risks facing the Group, including those that would threaten the execution of its strategy, its business model, future performance, solvency and liquidity.

As part of assessing the Group's future viability, the Directors have considered these principal risks and the mitigations available to the Group. These principal risks and the consequent impact these might have on the Group as well as mitigations that are in place are detailed on pages 76 to 89.

In their assessment of the Group's viability, the Directors have also considered the need to be successful in focusing on the Group's values of Lean, Expert, Trusted, Safe and Sustainable detailed on page 9. The Group's progress in relation to Build to Last for continuous improvement remains critical to future success, although success is also dependent on the Group's ability to selectively win new contracts which could be partly impacted by political changes.

At 31 December 2025, the Group's only debt, other than non-recourse borrowings ring-fenced within certain concession companies, comprised \$208 million US private placement (USPP) notes.

The Group's £450 million committed sustainability linked bank facility remained undrawn at 31 December 2025 and is fully available to the Group until June 2028. The Group's £30 million bilateral committed facility also remained undrawn at 31 December and remains fully available to the Group until December 2027.

In modelling the Group's headroom, it has been assumed that the £450 million committed sustainability linked bank facility will be refinanced in full upon maturity in June 2028. The Directors have assumed that the £30 million bilateral committed facility will not be replaced with another facility upon maturity in December 2027.

The Group's projections indicate that the headroom provided by the Group's strong liquidity position, including its net cash position and the debt facilities currently in place, is adequate to support the Group over the next three years.

The Group's projections have been stress-tested against key sensitivities which could materialise as a result of crystallisation of one or a combination of the Group's principal risks with the aim of stress-testing the Group's future viability against severe but plausible scenarios. These scenarios include:

- ▶ failure to manage effectively any adverse economic impact;
- ▶ an operating event that damages the Group's reputation and results in significant penalty; and
- ▶ failure to maintain progress made in relation to Build to Last.

The above scenarios result in: a reduction in revenue; a reduction in margin; an increase in operating costs; a slowdown in the Group's investments asset disposal programme; and/or negative changes to working capital.

The Directors also assessed a 'perfect storm' scenario by combining multiple scenarios and modelling the resulting downside to stress-test the Group's viability if these cash flows were to immediately and simultaneously come under severe threat. This scenario is aimed to test the viability of the Group if it was to experience a catastrophic failure and to allow the Directors to assess the mitigations available to avoid this.

In assessing the Group's viability under these severe but plausible scenarios (including in the instance of a 'perfect storm'), the Directors have also considered the Group's projected cash position (which excludes cash that is not immediately available to the Group), bank facilities and their maturity profile and covenants, the borrowing powers allowed under the Company's

Articles of Association and the fact that the Group's PPP investments comprise reasonably realisable securities which could be sold to meet funding requirements if necessary.

It is unlikely, but not impossible, that the crystallisation of a single risk would test the future viability of the Group. However, it is possible to construct scenarios where either multiple occurrences of the same risk, or single occurrences of different principal risks, could put pressure on the Group's ability to meet its financial covenants. The Directors have considered the strength of the mitigations available and whether these are sufficient to avoid a catastrophic outcome to the Group's viability and believe that there are sufficient mitigations immediately available to minimise this risk.

Based on the assessment undertaken to stress-test the Group's viability against severe but plausible scenarios, and taking into account the strength of mitigations that are immediately available to the Group, the Directors have concluded that there is a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period to 31 December 2028.

Our 2025 Strategic report, from pages 1 to 98, was approved by the Board on 10 March 2026.

Philip Harrison
Chief Financial Officer

10 March 2026

CLIMATE CHANGE AND TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Climate-related risk and opportunity

Building resilience through climate-related risk and opportunity management

Climate change remains one of six focus areas within Balfour Beatty's Building New Futures sustainability strategy (for more information see page 42). This underlines the Group's understanding of the key role the construction and infrastructure sector is poised to play in this global challenge. Whilst climate change introduces escalating physical and operational risks for the construction and infrastructure sector and its supply chain, it simultaneously presents strategic opportunities to accelerate the energy transition and deliver resilient communities through adaptive design, innovation and future-ready infrastructure.

The Group's Climate-Risk Working Group (formerly TCFD Working Group) continues to provide a structured approach for the consideration and understanding of the effects that climate change may have on the business and the consequential risks and opportunities. Where possible, consideration has also been given to business response, in an effort to reflect how the Group both adapts to, and mitigates, risk and promotes opportunity through its business strategy.

The working group continues to develop supporting methodologies for financial quantification of defined risks and opportunities; however, the diverse nature of the Group's operational activities continues to represent a challenge for the development of robust and replicable methodologies that can be applied business-wide to accurately quantify the financial impact of climate-related risks and opportunities at an organisational level.

Throughout the reporting year, the working group has performed a reassessment of the defined top 10 highest-rated risks and opportunities. These have been revalidated and prioritised against the prior year's Vulnerability Advantage (VA) assessment by weighing up potential impacts and outcomes to the business against potential adaptation and mitigation strategies as well as the relevance to ongoing and future operations.

Pillar	TCFD recommendation	Section name	Page
Governance	a) Board oversight	Division of responsibilities	p111
	b) Management role	Audit, risk and internal control Sustainability	p124 p42
Strategy	a) Risks and opportunities	Division of responsibilities	p111
	b) Impact on organisation	Audit, risk and internal control	p124
	c) Resilience of strategy	Sustainability	p42
Risk management	a) Risk identification and assessment process	Risk management	p72
	b) Risk management process		
	c) Integration into overall risk management		
Metrics and targets	a) Climate-related metrics	Sustainability	p42
	b) Scope 1, 2 and 3 GHG emissions		
	c) Climate-related targets		

Compliance statement:

Balfour Beatty continues to set out its climate-related risk and opportunity disclosures aligned with the 11 core elements of the TCFD guidance using the pillars of governance, strategy, risk management, and metrics and targets. In doing so, it has considered Section C of the 2021 TCFD Annex entitled Guidance for All Sectors and Section E of the TCFD Annex entitled Supplemental Guidance for Non-Financial Groups. The Group remains compliant with Financial Conduct Authority (FCA) listing rule UKLR 6.6.6(8) R by applying the TCFD guidance; assessment of the climate-related impacts on the Group undertaken to date are largely qualitative and are yet to be fully integrated into the longer-term financial planning processes for the business. Development of methodologies to determine quantitative impacts has progressed for 2025; however, the Group remains consistent in only disclosing qualitative impacts. The Group's operational complexity continues to present a challenge for quantification considering the range of uncertainty in projections on the impacts of climate-related risks and opportunities. The table below outlines where elements of the TCFD disclosure requirements are addressed within the report.

CLIMATE CHANGE AND TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) CONTINUED

The working group has also sought to perform a validation of prospective quantification methodologies and expand these approaches out to other climate-related opportunities identified in the Top 10.

Governance

Balfour Beatty's governance structure and organisation hierarchy underpin all Group activities and ensure that the business is managed and operated effectively (see page 111) enabling the Board, its sub-committees and senior leadership to review operational and business-level risk profiles including climate-related risks and opportunities considered alongside other potential exposures.

Board oversight

The Board is responsible for setting the Cultural Framework of the business including its purpose, Build to Last strategy, values and behaviours. Together with its sub-committees, the Board provides leadership and oversight of the system of risk management which includes ensuring climate-related factors are being considered as part of identification of risk for the overall business.

The Safety and Sustainability Committee (SSC), comprising the Group Chief Executive and six Non-executive Directors, reviews the Group's Building New Futures sustainability strategy and monitors progress across its six focus areas. The Group Chief Executive holds overall responsibility for climate-related risks and issues, sustainability policy, and the management of ESG matters.

The SSC agenda is structured around health and safety and sustainability, allowing dedicated focus on climate-related matters. The Group Chief Executive and Chief Financial Officer also have ESG-related targets within their personal objectives, including measurable improvements in UK social value, carbon reporting quality, and performance against validated Science Based Targets.

The Board maintains oversight of all Group risks, including mitigating and adapting to climate change, and delivering sustainability commitments. The Board, through the Audit and Risk Committee, is appraised of the climate-related risks and opportunities on an annual basis, alongside an overview of the climate-related risk workstream carried out and disclosure summary.

Further information related to all Board meetings held and attended can be found in the Division of responsibilities section on page 111.

Management role

The Executive Committee's (ExCom) responsibilities include setting ambitions and targets in relation to climate-related matters under the Building New Futures sustainability strategy and supporting businesses in establishing and implementing Bridging the Gap sustainability action plans. ExCom members are also responsible for monitoring climate-related risks and opportunities identified as relevant to their respective businesses or functions alongside other operational and strategic risks.

The Group Sustainability function is responsible for understanding material sustainability considerations, setting related targets and ambitions, and enabling the development of operational action plans.

The ExCom has overall responsibility for agreeing the Group's sustainability ambitions and targets. Sustainability directors assigned across the Group (supported by individual business sustainability leads and project-based teams) are responsible for maintaining bespoke Bridging the Gap sustainability action plans aligned to the Group's Building New Futures sustainability strategy.

The senior leadership of each business is responsible for agreeing its Bridging the Gap action plan and ensuring it is delivered and adequately resourced. These plans detail how projects should deliver sustainability at a local level aligning to the Building New Futures six focus areas. Risks and opportunities (including where defined as Emerging Risks) are also identified and tracked on business risk registers where relevant.

KPMG LLP is engaged by Balfour Beatty to provide limited assurance over the reporting of selected sustainability data including the Group's Scope 1 and 2 greenhouse gas emissions, emissions intensity and social value.

The Climate Risk Working Group, sponsored by the Group Director of Sustainability, includes representation from Finance, Risk and Sustainability functions, and draws on functional support and expertise from the wider business. It engages with business and functional management across Balfour Beatty, ensuring climate-related risks and opportunities are adequately identified and incorporated into the Group's Enterprise Risk Management (ERM) system. The working group oversees the implementation of climate-related risk management processes and reporting.

The ExCom is updated by the Group Risk and Audit Director and Group Director of Sustainability as part of the ongoing assessment of risk management and internal control.

The key objectives of the working group are to grow the Group's understanding of climate-related risk and opportunity and align these efforts to evolving disclosure requirements, by:

- ▶ building awareness of climate-related risks and opportunities that could impact the Group;

- ▶ identifying, analysing and disclosing high-priority or potentially material climate-related risks and opportunities;
- ▶ delivering ongoing review of climate-related risks and considerations and support how these are integrated into risk management processes; and
- ▶ communicating the outputs and implications of these reviews to key stakeholders within the business.

Strategy

Risks and opportunities

The Group continues to evaluate climate-related risks and opportunities across the short, medium and long term (defined above).

Balfour Beatty's diverse operating portfolio and geographical spread mean that the likelihood of a number of climate-related risks materialising concurrently is low and they are unlikely to impact the Group's short-term financial viability or ability to operate in a business-as-usual state.

Given the inherent variability associated with forecasting low-carbon technologies, carbon pricing mechanisms and wider macroeconomic assumptions, the Group continues to enhance its analytical approach. Granular, business-specific insights are being developed to ensure that climate-related risks and opportunities are appropriately understood within the context of each division's market, operational model and growth strategy.

The Climate Risk Working Group is collaborating with Group Finance and wider internal stakeholders to refine definitions of financial and non-financial materiality in the context of climate-related risk. This work will continue to evolve, including engagement with Climate Risk Champions across business units to support deeper scenario-based analysis.

TIME HORIZONS

Short term (0–3 years)

- › Balfour Beatty's current operations and asset investments as well as near-term growth strategy.

Medium term (3–10 years)

- › Ongoing projects and contracts as well as growth strategy and asset investment decisions driven by government policy, infrastructure needs and market conditions.

Long term (10–30 years)

- › Factors that could impact Balfour Beatty's business plans and longer-term strategy and business resilience.

Impact on organisation

The Group has undertaken significant work to assess the potential financial implications of climate-related risks and opportunities. However, limitations in data availability and scenario modelling parameters mean that there remains insufficient confidence to disclose quantitative financial estimates at this stage. The Group will continue to report the categorised financial impacts and scenario-based likelihood assessments associated with identified climate-related events.

The diverse nature of the Group's activities, spanning both public and private sector clients, varied contractual arrangements and differing margin profiles, means that impacts will not be uniform across the organisation. The working group has built capacity to enhance

business-level assessments to ensure impacts are understood within the specific operating context of each division.

TCFD-aligned financial reporting considerations are supported by Group Finance. This assessment acknowledges climate-related risks but concludes that no material short-term impact on financial performance is anticipated. Climate factors continue to be incorporated into the Group's biannual going concern assessment and annual viability assessment, including the review of potential impairment of assets (see page 90).

Current analysis indicates that the Group's strategy remains fundamentally resilient. Existing mitigations significantly reduce potential negative impacts, and as the availability and quality of internal and external data improve, the Group will further refine its methodologies to strengthen future disclosures.

Resilience of strategy

The Build to Last strategy is fundamental to how the organisation shapes a resilient, market-leading Balfour Beatty for the next 100 years. Build to Last is a platform for sustainable growth and productivity and is well placed to enable Balfour Beatty to develop resilience against the impacts associated with climate change over the short, medium and long term.

The Sustainable value within Build to Last is delivered through the Building New Futures sustainability strategy, which sets out the Group's commitment to both mitigating and adapting to climate change. This includes our commitment as signatories of the business ambition to 1.5° C supported by SBTi-validated net zero targets of 2050 for Scopes 1, 2 and 3 and a near-term 42% reduction in Scope 1 and 2 GHG emissions. The roadmap to achieve these reductions is implemented through Bridging the Gap sustainability action plans which monitor progress against the Building New Futures strategy targets.

Climate scenario selection and strategic resilience

The Group has maintained the two scenarios identified in the initial disclosure year, as they have been determined by the working group as still the most relevant and appropriate scenarios aligned with the most recent climate science and the realities of the pace of sectoral decarbonisation, labelled Low Carbon, and Limited Action. 'Limited Action' was defined as more appropriate as the term 'business as usual' was not reflective of the Group's commitment to mitigating and adapting to climate change.

Under the Limited Action scenario, it is anticipated that the global mean temperature will increase by approximately 2.7°C, a mix of fossil fuels and renewables will be adopted as energy sources, carbon pricing will remain low, and legislation will be of a commensurate level of ambition in comparison to the present, resulting in a medium emissions future. A 1.5°C climate scenario was not selected to be applied for our forward-looking analysis as recent observations show that global temperatures have already exceeded this threshold on an annual basis above pre-industrial levels and is therefore a present-day operating condition.

For physical scenarios, the IPCC AR6 SSP 2–4.5 Middle of the Road (Limited Action) and SSP 1–2.6 Sustainable (Low Carbon) projections were utilised. For transition scenarios, the IEA World Energy Outlook 2021 Stated Policies Scenario (Limited Action) and Sustainable Development Scenario (Low Carbon) were utilised.

By understanding the impact of each risk and opportunity event in the context of specific business plans and growth strategies, the methodologies developed to financially assess impacts will be informed by more accurate, granular data on a business-by-business basis, making it more relevant to that area of operation.

Compartmentalising the impact of a particular event in this way will allow a more informed view to be presented at Group level.

It has been determined that the Group has an in-built resilience to the impacts of climate change in the short term, due to the current level of geographic and market diversity of its operations.

This enables the Group to pivot away from markets more exposed to climate risk and expand into existing and/or new markets presented by the global response to climate change.

The potential financial impacts of the Group's positive and negative exposure to climate risks and opportunities require many assumptions to be made in respect of factors such as low-carbon technology forecasts, energy consumption, carbon pricing forecasts, and others, which are subject to high variability.

The analysis conducted to date shows that the overarching business strategy would not be impacted, and importantly, mitigating actions are already in place for certain risks, which significantly reduces potential negative financial impacts. There will be opportunities to continue to iterate the analysis as the scope of relevant data and assumptions becomes available both internally and externally to support and inform further quantitative assessment.

Furthermore, to support future assessments of materiality in the context of climate-related impacts over the medium and longer term, the Group continues to engage with stakeholders and regulatory forums.

CLIMATE CHANGE AND TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) CONTINUED

Risk management

The integration of climate-related risk into business risk profiles continues to evolve as the business better understands the potential risks and opportunities associated with the climate change agenda. As outlined in the Risk management section on page 72, the ERM framework prompts consideration of risk at a Group, Business and Operational level. Mitigation of, and adaptation to, climate change continues to be monitored as a risk on the Group risk register and forms a sub-set of the Group Sustainability risk, now disclosed as Principal (see page 89). This risk is reviewed and updated by the Group Sustainability Director and team and monitored by ExCom and reported to the Board alongside all Group risks as part of the half and full year risk review process. At a Business level, SBU teams continue to be engaged via the Climate Risk Working Group and the dedicated Sustainability directors in identifying risks as they specifically relate to their business plans and strategies. As part of the work undertaken by the Climate Risk Working Group, the highest rated risks and opportunities

that form part of the disclosure are incorporated into the ERM system library to provide visibility to Business and Operational level teams. Current management plans remain largely focused on exploring and understanding the full impacts of risks to develop appropriate mitigation and adaptation strategies which, where possible and relevant, are incorporated as part of Bridging the Gap plans (see page 50).

The Balfour Beatty risk management process (outlined on page 72) remains relevant for application by the business to identify climate-related risks and opportunities alongside other risks they may face. Whilst this ensures a consistent process is applied when identifying and reviewing all risks, there continue to be specific additional considerations that differ for climate-related risk that should be considered, including differences in time horizons and, in some cases, limited information for which to fully assess the risk (which results in businesses tracking some elements of climate-related risk as Emerging).

Metrics and targets

Climate-related metrics and targets, including Scope 1, 2 and 3 emissions, are detailed in the Sustainability section on pages 42 to 55. Balfour Beatty's GHG abatement actions align with its Science Based Targets supported by a robust and credible GHG reduction pathway. Further information on commitments and progress on Science Based Targets is provided on page 42.

Reporting framework horizon

Balfour Beatty acknowledges publication of the UK Sustainability Reporting Standards (UK SRS) and awaits outputs on consideration of the introduction of requirements for certain UK entities to report against these standards. A gap analysis undertaken on the International Sustainability Standards Board (ISSB)'s first two standards, IFRS S1 and IFRS S2, which fully incorporate the TCFD's recommendations generating a roadmap integrating these into future reporting plans was updated in the current reporting year. The Group will continue to

monitor timelines of implementation pending outputs and integration with the Transition Plan Taskforce (TPT) final outputs, including a disclosure framework, implementation guidance and its proposed development of sector-specific guidance documents. The Group will work towards adopting the TPT disclosure framework guidance as it continues to integrate its own transition plan into the Group's strategic goals.

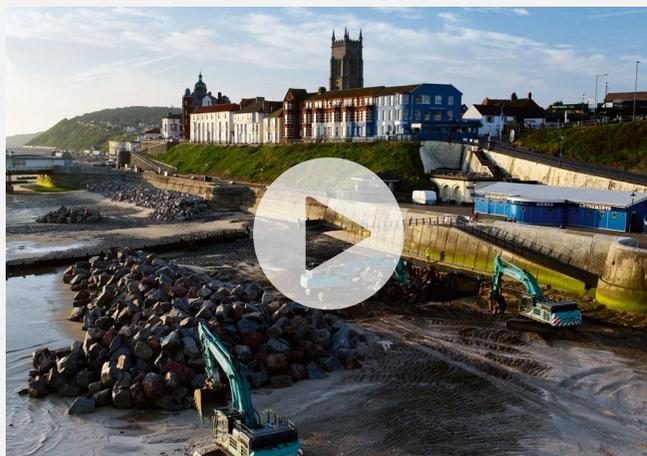
Physical risks and transition risks are considered alongside opportunities to be rated using single consequence and likelihood rating (consequence based on pre-population of the sensitive, exposure and adaptive ratings already being assigned). From a longer list, a top 10 were brought into focus, selected because there is a distinct threshold in the scoring on combined overall rating for these top 10 in comparison to the longer list.

Quantification methodologies were reviewed and updated in the reporting year for: Increase in demand for renewable and low-carbon energy generation, storage, transmission and distribution increases awarded contracts; Carbon pricing increases prices of energy and raw materials and transitioning of owned plant, fleet and equipment to lower-carbon options. New methodologies were explored for: Increase in demand for climate disaster adaptation/climate resilient infrastructure increases awarded contracts; and Resource efficiencies through energy and material use. The transition risk 'Establishment of/increased number of regulations on material use and activities in the long term' has been repositioned as 'Establishment of strengthened or new regulations on material use and activities' to reflect current policy ambitions in this context.

Climate scenarios

Scenario	Physical		Transition		Rationale for scenario
	Warming by 2100	Future emissions	Energy sources	Policy narrative	
Limited Action	~2.7°C	Medium	Mix of fossil fuels and renewable energy	Achievement of Nationality Determined Contributions (INDC) under Paris Agreement and other policy commitments	Represents possible future risks if there is minimal additional action Most significant impacts from physical risks
Low Carbon	<2°C	Low	Mostly renewables and low-carbon fuels	Ambitious policy agenda leading to transformation of the energy system Many advanced economies reach net zero emissions by 2050, with the rest of the world reaching net zero by 2070	Aligns with best-case scenario and current recommendation from the IPCC Most significant impacts from transition risks

TOP 10 HIGHEST RATED CLIMATE-RELATED RISKS AND OPPORTUNITIES



PROTECTING CROMER AND MUNDESLEY'S COASTLINE

We're collaborating with North Norfolk District Council to protect 600 homes and businesses from flood and coastal erosion.

On behalf of North Norfolk District Council, through the SCAPE Civil Engineering framework, we are addressing the impacts of coastal change along a significant stretch of coastline in Norfolk and Suffolk.

Sustainability is crucial for the coastal protection efforts at Cromer and Mundesley. These measures not only protect the environment but also ensure the long-term resilience of local communities against the harsh impacts of the sea.

Through these efforts, the schemes have not only enhanced coastal protection but also contributed significantly to the local economy and workforce. By involving local businesses and community members, the project ensures that its benefits are widely distributed, supporting the long-term resilience and prosperity of the area.



Scan or click to watch the video.

1 Increase in demand for renewable and low-carbon energy generation, storage, transmission and distribution increases awarded contracts

Type	Financial impact category	Anticipated time horizons
Opportunity	Increased revenue	S M L

Likelihood:

Limited Action: Almost certain

Low Carbon: Almost certain

Potential impacts and outcomes to business

- Increased revenue from a focused pursuit of opportunities related to nuclear, grid upgrades, net zero power generation and CCUS projects.
- Opportunity to expand business capability and skillsets.
- Collaboration with design partners to develop low-carbon solutions.
- Support transition to lower-carbon economy.
- Collaboration with new and sustainable customers.
- Positive impact on ESG scores.

Potential adaptation and promotion strategies

- Enhanced collaboration and dialogue with value chain members.
- Promotion of research and development in green infrastructure technologies.
- Creation of partnerships to promote new green infrastructure.
- Increased focus on climate-related opportunities through integration of climate-related opportunities into business growth strategies and work winning activities.

Relevance to operations and value chain

UK energy: The UK's energy system is undergoing a structural transformation as net zero ambitions accelerate across the market segments of grid modernisation, large-scale nuclear generation, small modular reactors and carbon capture usage and storage. For more information see page 15.

Investments: Balfour Beatty Investments is positioned for growth across high-demand energy markets for EV charging infrastructure and the UK's nascent energy transition. For more information see page 19.

Expanding business capability and skillsets: To develop the skills required to build the UK's energy transition, Balfour Beatty has established the Project Leaders Programme to address the evolving needs of the power sector and to meet the demands of significant growth.

Quantification methodology

Proposal reviewed and updated in the reporting year

2 Carbon pricing increases prices of energy and raw materials

Type	Financial impact category	Anticipated time horizons
Transition risk	Increased OPEX	S M

Likelihood:

Limited Action: Likely

Low Carbon: Almost certain

Potential impacts and outcomes to business

- Increased cost to the business, supply chain and to customers.
- Potential reduction in future projects horizon if major infrastructure projects become too costly to fund.

Potential adaptation and mitigation strategies

- Monitoring of current carbon pricing to determine impact on business and supply chain across geographies.
- Ensure, where possible, contractual protection from increased additional costs to the customer.
- Implementing efficient use of the products and services we procure.
- Avoiding, minimising or replacing carbon-intensive products and services for lower-carbon alternatives.

Relevance to operations and value chain

Increased project cost: Carbon pricing will affect both project delivery and the supply chain by increasing costs of essential goods and services fundamental to operational delivery, especially materials with a high embodied carbon, such as steel. This may result in increased operating costs on projects.

Power transmission and distribution (UK): The power transmission and distribution sector's reliance on materials with high embodied carbon such as concrete, steel, cement and aggregates has prompted the Group's client base to discuss carbon pricing at tender stage, resulting in a more complex, detailed and therefore demanding contract tender process. This increased pre-award upfront transparency exercise has resulted in greater early collaboration with the supply chain to increase visibility of environmental product declarations and availability of low-carbon materials.

Quantification methodology

Proposal reviewed and updated in the reporting year

CLIMATE CHANGE AND TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) CONTINUED

TOP 10 HIGHEST RATED CLIMATE-RELATED RISKS AND OPPORTUNITIES CONTINUED

3 Transitioning of owned plant, fleet and equipment to lower-carbon options

Type	Financial impact category	Anticipated time horizons
Transition risk	Increased CAPEX	S M L

Likelihood:**Limited Action:** Almost certain**Low Carbon:** Almost certain**Potential impacts and outcomes to business**

- Higher capital expenditures to purchase lower-carbon alternatives.
- Potential underutilisation of the asset due to low uptake (due to high cost, lack of infrastructure etc.) leading to lower return on investment.
- Failure to keep pace with customer demand.
- A disparity grows between geographies and regions with more robust EV charging or hydrogen supply infrastructure in comparison to lagging jurisdictions where this technology is not available to implement at all or at scale.

Potential adaptation and mitigation strategies

- Assess the viability of construction projects that utilise low-carbon emission technology.
- Enable capability by providing training for low-carbon design optioneering and use of new technologies.
- Strong collaboration with supply chain to ensure low-carbon asset requirements are met, implemented through the Asset and Technology Solutions team.

Relevance to operations and value chain

Asset and Technology Solutions: A specialist in-house team which provides comprehensive plant, vehicle and equipment services to Balfour Beatty across the UK. Strategic asset services include in-house solutions such as HGVs, tower and crawler cranes, piling equipment, fire and security services, suction excavation, modular buildings and driver risk. Across all these asset types the challenges of availability and commercial viability of low-carbon options for equipment and machinery, and the extent of EV charging infrastructure, have the potential to impact the Group's ability to fulfil customer climate-related ambitions.

Specialised equipment: To deliver the Group's complex construction and infrastructure activities, specialist equipment and larger plant assets are often required which do not, as yet, have low-carbon alternatives available in the market. In the Rail sector, low-carbon options are not available for on-track fleet. Where low-carbon alternatives do not yet exist, efficiencies for these assets will be pursued by the Group.

Quantification methodology

Proposal reviewed and updated in reporting year

4 Increase in demand for climate disaster adaptation/climate resilient infrastructure increases awarded contracts

Type	Financial impact category	Anticipated time horizons
Opportunity	Increased revenue	S M L

Likelihood:**Limited Action:** Almost certain**Low Carbon:** Almost certain**Potential impacts and outcomes to business**

- Increased revenue through a greater volume of awarded contracts in adaptation-focused markets.
- Higher revenue and margin potential due to specialised capability giving differentiated value-add track record for delivering climate resilient infrastructure.
- Diversified revenue base via new climate adaptation markets such as CCUS.
- Delivery of critical resilience infrastructure reduces community vulnerability and helps maintain economic continuity during climate-related shocks.

Potential adaptation and promotion strategies

- By leveraging its proven capability in complex infrastructure delivery, the Group would position itself competitively in climate-adaptation tenders, strengthening bid pipelines and converting rising demand for resilience infrastructure into sustained revenue growth.
- By providing critical assets that strengthen community resilience and support uninterrupted economic activity, the Group enhances its reputation as a trusted strategic partner to governments and clients, reinforcing future pipeline opportunities and long-term demand.

Relevance to operations and value chain

UK transport: The UK transport sector is evolving rapidly due to urbanisation, population growth and government policies on decarbonisation, resilience and modal shift. To find out more about our approach to infrastructure resilience in the strategic and local road network see page 16.

Flood and coastal defences: The Group's construction and build service capabilities are well positioned for flood and coastal defence infrastructure assets. To experience our story of protecting Cromer and Mundesley's coastline see page 95.

Quantification methodology

Proposal developed in the reporting year

5 Resource efficiencies through energy and material use

Type	Financial impact category	Anticipated time horizons
Opportunity	Reduced OPEX	S M

Likelihood:**Limited Action:** Almost certain**Low Carbon:** Almost certain**Potential impacts and outcomes to business**

- Contribution to lower-carbon economy.
- Reduced operating costs through reduced energy use.
- Reduced impact on natural resources, which extends to not only the reduced use of materials by using resources efficiently, but also the wider reduced impact on the environment from the transport of materials, mitigating the associated carbon emissions, air quality and traffic impacts of deliveries and end-of-life use of materials. Implementing a circular economy for natural resources reduces the associated impacts of waste processing, recycling and landfill.

Potential adaptation and promotion strategies

- Utilise machine telemetry data to drive efficiencies in plant and equipment, improving operational efficiencies.
- Upskilling our people through role-specific targeted training on climate change, resource efficiency and supply chain Building New Futures sustainability strategy pillars.
- Continued implementation of energy-demand side response reduction solutions in our property and project accommodation portfolio.
- Actionable project-level resource efficiency plans to avoid and minimise waste.

Relevance to operations and value chain

UK rail: Balfour Beatty's Rail team, working with Advanced Hydrogen Technologies, successfully trialled Engine Carbon Clean (ECC) technology; the first infrastructure company to apply this technology to rail-mounted plant. For more information see page 45.

Carbon and materials: Decarbonising construction materials remains one of the sector's biggest challenges; to see how Balfour Beatty is tackling this through supply chain integrity see page 51.

Zero avoidable waste: As part of our renewed approach to resource efficiency, Balfour Beatty is embedding the Construction Leadership Council's zero avoidable waste route map across the business; for more information see page 50.

Quantification methodology

Proposal developed in the reporting year



6 Extreme heat leads to damages to physical assets and disruption at own sites

Type Physical risk	Financial impact category Increased OPEX	Anticipated time horizons S M L
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Likelihood:

Limited Action: Almost certain

Low Carbon: Almost certain

Potential impacts and outcomes to business

- › Reduced revenues from decreased productivity and loss of working hours.
- › Impact on employee health for outdoor working due to increased risk of heat stress.
- › Increased expenses from increased maintenance costs for overheating equipment.
- › Increased expenses from increased energy usage for cooling.

Potential adaptation and mitigation strategies

- › Consideration of contractual clauses that provision for arrangements covering disruption when temperatures exceed a certain threshold for prolonged periods.
- › Utilisation of existing policies and procedures relating to heat stress; heat illness prevention plans with the ability to knowledge share and apply best practice from areas currently experiencing exposure to heat stress to areas that may become more affected under both climate scenarios.

Relevance to operations and value chain

US Buildings and Civils: In operations where the likelihood of prolonged extreme heat is more prevalent, the Group is proactive in managing the health, safety and wellbeing implications of outdoor work in construction on our people. Policies and procedures relating to heat stress are enacted on site and all sites operate a heat illness prevention plan which provisions for scheduled shade and water breaks. All employees who work in areas where heat illness is a potential hazard receive training on heat illness prevention in English and Spanish. All signage on site relating to identifying the signs of heat stress is bilingual.

7 Severe storms lead to damages to physical assets and disruption at own sites

Type Physical risk	Financial impact category Expected asset impact	Anticipated time horizons M L
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Likelihood:

Limited Action: Almost certain

Low Carbon: Almost certain

Potential impacts and outcomes to business

- › Increased expenses from asset damage.
- › Increased expenses from business disruption.
- › Severe storms lead to damages to physical assets and disruption at supply chain operations.
- › Increased expenses from business disruption to key suppliers due to higher costs due to ad-hoc procurement of raw materials at a higher price.
- › Delays in projects due to missing key raw materials leading to penalties for missing key delivery timelines.

Potential adaptation and mitigation strategies

- › Implementation of climate-resilient project design provisioning for enhanced site protection.
- › Integrate climate-scenario data into project planning to anticipate weather-related disruptions, enabling earlier procurement of at-risk materials, flexible scheduling, buffer inventories, and modular or off-site construction.
- › Reduce exposure to delay penalties by strengthening contractual provisions, adopting adaptive project-controls systems, and implementing early-warning mechanisms that trigger mitigation actions when supply chain or weather-related risks emerge.

Relevance to operations and value chain

Silt pollution: Increased rainfall can increase the likelihood and impact of silt runoff and landslides, disrupt site access and potentially create environmental incidents with enforcement risk. Pollution from silt is one of the more frequent environmental incidents, especially when working in rural and high elevation environments with significant annual rainfall in the UK. Overhead line construction and refurbishment projects delivered by the Power Transmission & Distribution business, the UK Construction Regional Scotland business and operations in the US Pacific Northwest are especially prone to these kind of events based on the locations where these project operations take place.

Supply chain disruption: Our supply chain is similarly exposed to the operational impacts of severe storms, which may disrupt their activities and consequently impair the Group's ability to deliver its own operations by restricting access to essential construction materials and diminishing subcontractor capacity.

8 High-speed wind leads to damage to physical assets and disruption at own sites

Type Physical risk	Financial impact category Expected asset impact	Anticipated time horizons M L
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Likelihood:

Limited Action: Possible

Low Carbon: Possible

Potential impacts and outcomes to business

- › Delays to project delivery from stand-down of sites and/or to rectify damage caused by high-speed winds.
- › Increased costs as extreme weather event classification may not be provisioned for within contractual clauses.

Potential adaptation and mitigation strategies

- › Close monitoring of weather forecasts to ensure employee safety and adequate preparation.
- › Utilising third-party expertise for support with climate modelling to understand physical risk impacts.
- › Increase resilience of sites to extreme weather events by implementing contingency plans.

Relevance to operations and value chain

Safe operation of equipment: High winds can disrupt onsite activity as machinery and equipment must be operated under safe wind speeds. Cranes, both tower crane and luffer type, which are vital to project delivery when building at height for our UK Construction, US Buildings, Major Projects and US Civils businesses, are most affected by this.

CLIMATE CHANGE AND TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) CONTINUED

TOP 10 HIGHEST RATED CLIMATE-RELATED RISKS AND OPPORTUNITIES CONTINUED

9 Insurance premiums increase/become unavailable due to higher cost of adaptation measures or more stringent insurance policies

Type	Financial impact category	Anticipated time horizons
Physical risk	Increased OPEX	M L

Likelihood:**Limited Action:** Unlikely**Low Carbon:** Unlikely**Potential impacts and outcomes to business**

- › Potential reduction in future projects horizon if major infrastructure projects become too costly to fund.
- › Diminished returns across Infrastructure Investments assets.
- › Increased cost to the business.

Potential adaptation and mitigation strategies

- › Review insurance arrangements.
- › Monitor insurance market shifts.
- › Engagement with broker and insurers.
- › Disclosure and transparency with insurers for any nascent or new project technology.

Relevance to operations and value chain

Insurance cost and availability for construction projects: An increase in the cost of insurance may result in operations not being sufficiently covered by insurance or insurance not being available across the full project lifecycle. Both scenarios would result in project start-up delays or increased operating cost. In some cases, clients may choose not to proceed with certain private sector opportunities should insurance costs be too high or unrecoverable, potentially impacting future horizon opportunities in this market segment in the longer term.

Insurance cost and availability for asset insurance and returns: The risk of Infrastructure Investments assets becoming uninsurable is considered minimal, however insurance premium increases could be seen for areas prone to severe weather events, specifically in the US such as California and Florida.

10 Establishment of strengthened or new regulations on material use and activities

Type	Financial impact category	Anticipated time horizons
Transition risk	Increased OPEX	S M L

Likelihood:**Limited Action:** Almost certain**Low Carbon:** Likely**Potential impacts and outcomes to business**

- › Increased expenses from complying with regulations.
- › Increased expenses from potential litigation fees for non-compliance for disclosure.
- › Tighter material use rules may reduce availability of certain materials or limit approved suppliers, creating supply bottlenecks and longer lead times. This can affect project schedules, increase the risk of delays, and potentially impact contractual performance.

Potential adaptation and promotion mitigation

- › Implement enhanced procurement frameworks that prioritise low-carbon, certified, and regulation-compliant materials, supported by robust supplier due diligence processes to ensure early alignment with emerging regulatory requirements.
- › Invest in research, trials and deployment of low-impact and circular economy materials, as well as modern methods of construction (MMC), to reduce exposure to restricted materials and maintain competitiveness under stricter regulatory environments.
- › Establish proactive regulatory horizon scanning and scenario planning processes to anticipate future requirements, integrating these into design, planning and delivery so that projects remain compliant, cost-effective and operationally resilient if regulations expand or are strengthened.

Relevance to operations and value chain

Supply chain: Strengthened regulatory requirements on material use illustrated by the UK Carbon Border Adjustment Mechanism (CBAM) significantly reshapes construction and infrastructure supply chains. For more information on how the Group is addressing this challenge see page 51.

BOARD LEADERSHIP AND COMPANY PURPOSE



Charles Allen
Lord Allen of Kensington, CBE
 Non-executive Group Chair

Group Chair's introduction

DEAR SHAREHOLDER

On behalf of the Board, I am delighted to present the 2025 Corporate Governance report. The report provides an overview of our governance framework, a summary of the Board's activities throughout the year, and sets out our priorities and focus for 2026.

The Board oversees the Group's purpose, values and strategy, ensuring that these are aligned to the culture of the business. Throughout 2025, the Board continued to focus on the delivery of our Build to Last strategy, which is underpinned by robust governance and internal controls.

Board activities

Substantial items that featured on the 2025 Board agenda included:

- › Board succession planning and recruitment, notably the appointment of a new Group Chief Executive, Philip Hoare;
- › ongoing oversight (through the Audit and Risk Committee) of a project to implement an enhanced Group-wide Internal Control Framework (ICF) in anticipation of compliance with Provision 29 of the 2024 UK Corporate Governance Code;
- › the internal Board performance review;
- › update of the Directors' Remuneration Policy;
- › updates on key projects; and
- › oversight of the compliance monitor's reports in respect of the US military housing business.

Changes to the Board's composition in 2025

Throughout 2025, the Board underwent a number of changes:

- › Leo Quinn, long-standing Group Chief Executive, stepped down from the Board in September after 10 years of service. He was succeeded by Philip Hoare. Philip's appointment followed an extensive search led by Odgers. Details about Philip's appointment process are set out in the Nomination Committee's report on page 119 and details of his induction process can be found on page 120.
- › At the 2025 AGM, Rudy Wynter was formally elected by shareholders as an Independent Non-executive Director, and Michael Lucki stood down from the Board as an Independent Non-executive Director.

Changes to the Board in 2026

As announced in February 2026, Myles Westcott will join the Company as Chief Financial Officer later this year. Philip Harrison will remain a Director of the Company and will continue to fulfil his current role until Myles joins, supporting the business through its 2025 full years results in March 2026. Following Myles' appointment to the Board, Philip will continue in an advisory capacity for four months to ensure a smooth transition. Myles's appointment is in accordance with the Board's succession plan which included an extensive search process supported by Odgers. Details about this process will be set out in the report of the Nomination Committee in 2026.

Diversity and inclusion: the Board and beyond

The Board has proudly continued to comply with the diversity targets set by both the FTSE Women Leaders Review and the Parker Review, and we continue to leverage our diversity to successfully lead the Group and support the delivery of workforce diversity, equity and inclusion initiatives.

Board performance review

In 2025, the Board underwent an internal Board performance review. The review concluded that the Board and its Committees continued to operate effectively throughout 2025. Please refer to pages 115 and 116 for more details on the scope and outcomes of the review.

Dividend

At the 2026 AGM, due to be held on 7 May 2026, the Board proposes a resolution, subject to shareholder approval, to pay a final dividend of 9.8 pence per share.

Our approach this year continues to strike a balance between investing in our business and providing returns for shareholders, with the aim of delivering against our Build to Last strategy and promoting the long-term sustainable success of the Group.

Charles Allen
Lord Allen of Kensington, CBE
 Non-executive Group Chair

10 March 2026



BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED

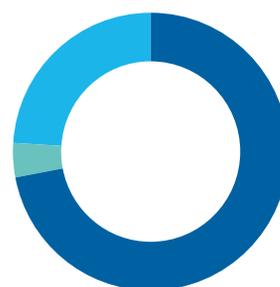
Governance at a glance

KEY ACTIONS FROM 2025

- Carried out a search for and recruited a new Group Chief Executive.
- Oversaw Philip Hoare's induction process.
- Reviewed and updated the Directors' Remuneration Policy for approval by shareholders at the 2026 AGM.
- Reviewed progress against the compliance monitor's recommendations and action plans in respect of the US military housing business.
- Undertook an internal Board performance review.
- Oversaw the development of an enhanced Internal Control Framework (ICF).

HOW THE BOARD SPENT ITS TIME DURING 2025

INDICATION OF TIME SPENT IN BOARD MEETINGS



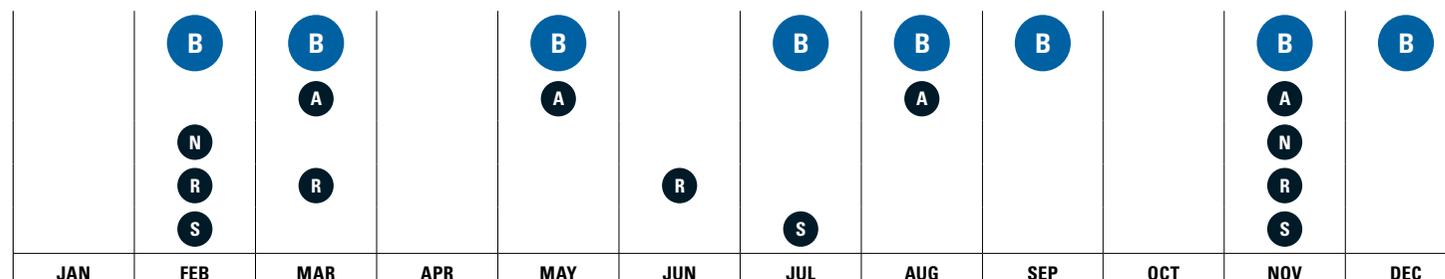
● Strategy, performance and operations	72%
● Reviewing matters discussed at Committee meetings	4%
● Governance and other matters	24%

INDICATION OF RELATIVE TIME SPENT IN BOARD AND COMMITTEE MEETINGS



● Board	54%
● Remuneration Committee	9%
● Audit and Risk Committee	22%
● Safety and Sustainability Committee	11%
● Nomination Committee	4%

BOARD AND COMMITTEE SCHEDULED MEETINGS DURING THE YEAR



Key

- Board
- Audit and Risk Committee
- Nomination Committee
- Remuneration Committee
- Safety and Sustainability Committee

All Board and Committee meetings were fully attended in 2025.

UK CORPORATE GOVERNANCE CODE

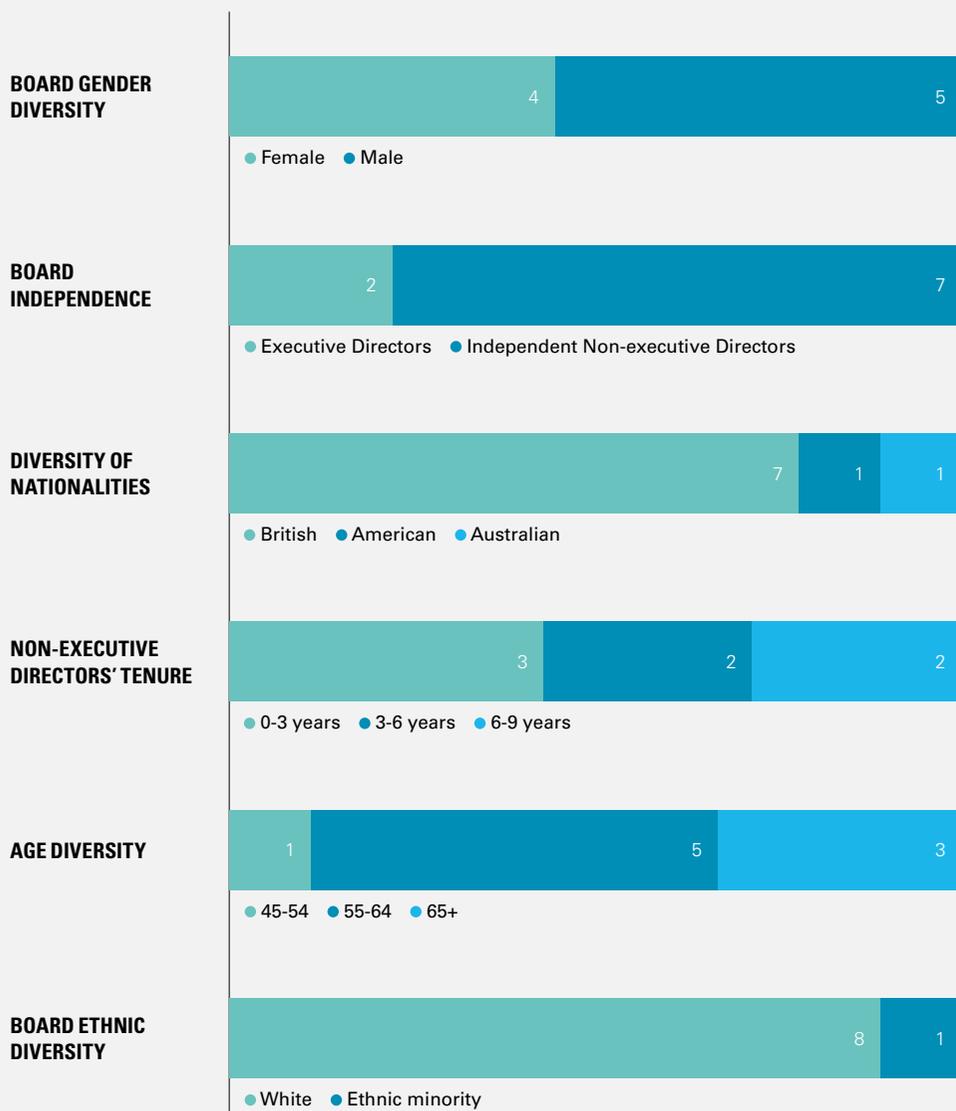
During the year, the Company was subject to the Financial Reporting Council's 2024 UK Corporate Governance Code, which can be found at: www.frc.org.uk.

This report, together with the reports from the Audit and Risk, Nomination, Remuneration, and Safety and Sustainability Committees, provide details of how the Company has applied the spirit of the principles of the Code (pages 99 to 160).

In 2025, the Company complied with all the provisions of the UK Corporate Governance Code.

Section	Page(s)
1. Board Leadership and Company Purpose	
A. Effective Board	100-105
B. Purpose, values and culture	104-106
C. Governance framework	111-113
D. Stakeholder engagement	107-110
E. Workforce policies and practices	108-109
2. Division of Responsibilities	
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G. Independence	112
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3. Composition, Succession and Evaluation	
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M. External Auditor and Internal Auditor	127-129
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P. Linking remuneration to purpose and strategy	130-135
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BOARD COMPOSITION AND DIVERSITY



Promoting the long-term sustainable success of the Company

In this section

Board leadership and Company purpose	Group Chair's introduction Leading with experience Board activities Promoting a positive culture	p99
Stakeholder engagement	Report of the Workforce Engagement Lead	p107
Division of responsibilities	A robust governance framework	p111
Composition, succession and evaluation	Board composition Board succession Board evaluation	p114
Nomination Committee	Report of the Nomination Committee Chair Board composition and succession Diversity and inclusion	p117
Safety and Sustainability Committee	Report of the Safety and Sustainability Committee Chair Safety performance and Zero Harm Environment and sustainability	p121
Audit and Risk Committee	Report of the Audit and Risk Committee Chair Financial reporting External auditor Risk management and internal control	p124
Remuneration Committee	Report of the Remuneration Committee Chair Remuneration at a glance Proposed Directors' Remuneration Policy Annual report on remuneration	p130
Directors' report	Report of the Directors	p161

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED

Leading with experience

The Directors hold the necessary skills and experience relevant to the sectors in which the Group operates, enabling the Board to effectively set the strategic direction and purpose of the Group and promote its long-term sustainable success.

LEO QUINN

Outgoing Group Chief Executive

Leo Quinn stepped down as Group Chief Executive after more than 10 transformational years. Joining in 2015, during a particularly turbulent period in the Group's history, he led one of the UK infrastructure sector's most significant turnarounds. Through the Build to Last strategy, he restored stability, strengthened delivery discipline and rebuilt stakeholder confidence, reshaping Balfour Beatty into a strong, resilient and market-leading international infrastructure group.

Over his decade in post, the Group moved from £371 million average net debt in 2014 to £735 million average net cash in 2024, returned £755 million to shareholders between 2021 and 2024, and delivered a 261% total shareholder return. Known for his visible, hands-on style and focus on a high-performance culture, Leo handed over to Philip Hoare in September 2025, leaving a business positioned for long-term growth.

Key

- Committee Chair
- A Audit and Risk Committee
- N Nomination Committee
- R Remuneration Committee
- S Safety and Sustainability Committee

Tenure is as at 31 December 2025.



CHARLES ALLEN, LORD ALLEN OF KENSINGTON, CBE
Non-executive Group Chair

Appointed 13 May 2021

Nationality British

Tenure 4 years, 7 months

Experience

Lord Allen has extensive corporate experience across a range of sectors, most notably in support services and media. His previous positions include Chair of the British Horseracing Authority, Chair of ISS A/S, Executive Chair of EMI Music, Chief Executive of ITV plc, Chief Executive of Compass Group, Chief Executive of Granada Group and Chief Adviser to the British Home Office.

Charles was awarded a CBE in 2002, was knighted in 2012 and was ennobled in 2013.

Key external appointments

Lord Allen sits in the House of Lords and currently holds positions as Non-executive Chair of THG PLC, Senior Director of Global Media and Entertainment and Chair of the Invictus Games Foundation.



PHILIP HOARE
Group Chief Executive

Appointed 8 September 2025

Nationality British

Tenure 4 months

Experience

Philip is a chartered civil engineer with extensive leadership experience in engineering, project management and construction. Educated at Cardiff University, he has held several senior roles at AtkinsRéalis, including CEO of its UK and European division, President of the global Engineering Services business, and ultimately Group Chief Operating Officer.

A strong advocate for the role of infrastructure in economic growth, Philip has led a Government task force on UK business resilience with the Department for Business and Trade; served on the Board of Infrastructure Exports UK to support UK companies in securing international projects; and chaired the Rail Supply Group, where he helped develop a new Sector Deal for rail as part of the Government's Industrial Strategy.

Philip is a member of both the Institution of Civil Engineers and the Chartered Institution of Highways and Transportation.

Key external appointments

Philip does not hold any external appointments.



PHILIP HARRISON
Chief Financial Officer

Appointed 1 June 2015

Nationality British

Tenure 10 years, 7 months

Experience

Philip has considerable financial expertise and extensive experience of working in large multinational manufacturing and services businesses. Philip was appointed as Chief Financial Officer in June 2015, having previously served as Group Finance Director at Hogg Robinson Group plc, and as Group Finance Director at VT Group plc. Prior to that, he was VP Finance at Hewlett-Packard (Europe, Middle East and Africa regions) and was a member of its EMEA board.

Philip's earlier career included senior international finance roles at Compaq, Rank Xerox and Texas Instruments. Philip is a fellow of the Chartered Institute of Management Accountants.

Key external appointments

Philip was Non-executive Director and Chair of the Audit Committee of Dowlais Group plc, a role he stepped down from in February 2026.

Succession

As announced in February 2026, after more than 10 years in the role, Philip Harrison will step down from the Board later this year, to be succeeded by Myles Westcott.



ANNE DRINKWATER
Senior Independent
Non-executive Director

Appointed 1 December 2018

Nationality British

Tenure 7 years, 1 month

Experience

Anne has significant experience in heavy industry, including multiple large capital expenditure projects with infrastructure considerations and knowledge of doing business in the UK and US. She was at BP plc for over 30 years, holding a number of senior strategic and operational roles across multiple jurisdictions including the US, Norway, Indonesia, the Middle East and Africa culminating in the role of President and CEO of the Canadian business. Anne was previously a Non-executive Director at Aker Solutions A.S.A. and at UK listed Tullow Oil plc, where she served on a number of board committees. She was previously Oil and Gas Adviser to the Falkland Islands Government.

Key external appointments

Anne is Non-executive Deputy Chair of Equinor A.S.A. where she is also Chair of the Audit Committee and a member of the Safety, Sustainability and Ethics Committee.



BARBARA MOORHOUSE
Independent Non-executive Director

Appointed 1 June 2017

Nationality British

Tenure 8 years, 7 months

Experience

Barbara has extensive leadership experience across the private, public and regulated sectors. She was Group Finance Director at Morgan Sindall plc, Regulatory Director at South West Water and Chief Finance Officer for two international listed IT companies – Kewill Systems plc and Scala Business Solutions NV. Latterly, she was Director General at the Ministry of Justice and the Department for Transport. Her most recent executive appointment was as Chief Operating Officer at Westminster City Council. She is a fellow of the Chartered Institute of Management Accountants and an associate member of the Association of Corporate Treasurers.

Key external appointments

Barbara is Independent Chair of Agility Trains East and Agility Trains West.



LOUISE HARDY
Independent Non-executive Director
and Workforce Engagement Lead

Appointed 1 April 2022

Nationality British

Tenure 3 years, 9 months

Experience

Louise has over 30 years of business and leadership experience in the construction and built engineering industry. A civil engineer, she has held a range of senior roles at London Underground, Bechtel, AECOM and Laing O'Rourke, and as infrastructure director responsible for the portfolio of projects for the London 2012 Olympic Games.

Louise has also held a number of non-executive roles in the public sector and FTSE 250. Louise is a Fellow of the Institution of Civil Engineers, the Chartered Management Institute and the Women's Engineering Society. Louise won the European Women in Construction and Engineering, Lifetime Achievement in Construction Award in 2019.

Key external appointments

Louise is currently a Non-executive Director of Crest Nicholson Holdings plc and Travis Perkins plc. Louise is also Independent Chair of Oriol and a STEM Ambassador and Diversity Champion.



ROBERT MACLEOD
Independent Non-executive Director

Appointed 8 March 2024

Nationality British

Tenure 1 year, 10 months

Experience

Robert is a highly experienced Chief Executive Officer and Chief Financial Officer and brings strong strategic, financial, and commercial experience to the Board.

A Chartered Accountant by background, he was formerly Chief Executive Officer of Johnson Matthey plc from 2014 to 2022 and Chief Financial Officer from 2009 to 2014. Prior to this, he worked at WS Atkins PLC, serving as Chief Financial Officer for six years. Robert was a Non-executive Director of Aggreko plc from 2007 to 2016.

Key external appointments

Robert is currently a Non-executive Director of Vesuvius plc; Senior Independent Non-executive Director and Chair of the Remuneration Committee and member of the Audit and Nomination Committee at the BSI; and Non-executive Director and Chair of the Audit and Risk Committee at the Defence Science and Technology Laboratory.



**GABRIELLE (GABBY)
COSTIGAN MBE**
Independent Non-executive Director

Appointed 8 March 2024

Nationality Australian

Tenure 1 year, 10 months

Experience

Gabby is an Aeronautical Engineer with a diverse international career including 21 years in the Australian Army. She was previously Chief Executive Officer of the logistics business, Linfox International Group. In 2017, she joined BAE Systems plc as Chief Executive Officer of BAE Systems Australia before being promoted to her current role of Group Managing Director, Business Development and a member of the Executive Committee.

Key external appointments

Gabby is currently the Group Managing Director, Business Development for BAE Systems.



RUDOLPH (RUDY) WYNTER
Independent Non-executive Director

Appointed 1 December 2024

Nationality American

Tenure 1 year, 1 month

Experience

Rudy has a Bachelor's in Mechanical Engineering from Pratt Institute and a Master of Business Administration from Fordham University in the US. He has over 35 years' experience in the gas and electricity industry where he has served in many leadership and senior operational roles. His most recent role was as President, National Grid New York, leading the company's regulated energy delivery portfolio. Prior to this, Rudy was Chief Operating Officer of National Grid's Wholesale Networks & Capital Delivery business.

Key external appointments

Rudy is currently a Non-executive Director and Chair of the Nominating and Corporate Governance Committee at EnerSys Inc (NYSE:ENS); an independent board member of El Paso Electric; and a Senior Advisor to Accenture US in relation to the Utility Sector.

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED

The Board and its Committees: 2025 activities

“In 2025, the Board focused on effective governance, oversight of strategy, performance and risk, and long-term sustainable success.”

Charles Allen
Lord Allen of Kensington, CBE,
 Non-executive Group Chair

PERFORMANCE

- › Reviewed routine reports from the executive Directors on financial and operational performance, people and stakeholders.
- › Reviewed Group strategy and approved the Group’s budget.
- › Approved the Company’s Annual Report and Accounts, financial results, trading updates and ancillary documents relating to the Annual General Meeting.
- › Reviewed the capital allocation framework and its application.
- › Received ‘deep dive’ presentations and reports on significant matters, key contracts and projects.
- › Received updates on the ongoing control improvements at the US military housing business.

Lean Expert

1 2 3 4 7 8 9 13

- › Shareholders
- › Customers
- › Suppliers
- › Partners
- › Communities
- › Employees

HEALTH, SAFETY, WELLBEING AND SUSTAINABILITY

- › Received verbal updates from the Safety and Sustainability Committee following each Committee meeting.
- › Received routine Group health, safety, wellbeing and sustainability reports where a Safety and Sustainability Committee meeting was not scheduled in the same cycle of meetings.
- › Reviewed changes to the Group’s strategies, policies and procedures in relation to health, safety, wellbeing and sustainability.
- › Reviewed the environmental impact and sustainability of the Group’s operations, and the strategies and policies of the Group.

Lean Safe Sustainable

1 2 3 4 11

- › Shareholders
- › Employees
- › Partners
- › Communities

AUDIT AND RISK

- › Received verbal updates from the Audit and Risk Committee following each Committee meeting.
- › Approved the Group Risk Appetite with particular emphasis on risks associated with project execution and bid process.
- › Approved recommendations from the Audit and Risk Committee relating to the fee and appointment of the external auditor.
- › Reviewed and monitored the Group’s risk profile, including a robust review of principal and emerging risks.
- › Reviewed the effectiveness of the systems of risk management and internal control.
- › Received reports on financial and accounting issues and contract and commercial issues.
- › Approved the going concern statement and assessment of viability, the Directors’ valuation of the Investments portfolio and Principal and Emerging Risks.
- › Received reports from the external auditor in respect of full and half year results.

Lean Trusted

2 3 8 11

- › Shareholders
- › Employees
- › Suppliers

LINK TO VALUES

→ p9

LINK TO RISKS

→ p77 to 89

STAKEHOLDERS CONSIDERED

→ p21 to 23

CULTURE

- › Monitored the Company’s purpose, values and behaviours.
- › Monitored engagement with key stakeholder groups and reviewed the effectiveness of stakeholder engagement mechanisms.
- › Received reports from the Directors on workforce engagement activity, as well as management information on workforce matters, including analysis of employee engagement survey results.
- › Received updates on business integrity including reports on Speak Up, the Group’s whistleblowing service.
- › Approved the Group’s 2025 Modern Slavery Statement.

Trusted
Safe

1 5 6 7 10 11

- › Employees
- › Partners
- › Communities
- › Investors

PEOPLE

- › Reviewed the effectiveness of the Board’s approach to workforce engagement activities and reporting.
- › Received verbal updates from the Remuneration Committee following each Committee meeting.
- › Received updates and supported workforce diversity and inclusion initiatives.
- › Received an annual update on pensions.
- › Updated the Board Diversity and Inclusion Policy.

Expert
Trusted
Sustainable

6 10 12

- › Employees
- › Shareholders
- › Communities

GOVERNANCE

- › Reviewed succession plans for orderly succession to both the Board and the Executive Committee.
- › The Board appointed a new Group Chief Executive.
- › Oversaw the development of a diverse pipeline for succession.
- › Reviewed conflicts of interest of the Directors.
- › Approved the formal matters reserved for the Board and terms of reference for each of the Board Committees.
- › Convened sub-committees of the Board where necessary to deal with specific matters.
- › Approved an approach to attendance at committee meetings.
- › The Board and its Committees undertook an internal performance review.
- › Added GTIC and GBL processes to the Board induction process.

Trusted

6 11

- › Customers
- › Partners
- › Employees
- › Suppliers
- › Shareholders



BOARD VISIT TO DALLAS

In September, the Board visited the Group’s US operations in Dallas, Texas, combining formal Board and Committee meetings with site visits and engagement with management, employees and clients. The programme enabled the Board to review US strategy, operational performance, safety and risk management at first hand, and to test succession planning and leadership capability. The visit strengthened the Board’s understanding of the US business, informed its oversight of strategy delivery, and reinforced the importance of culture, safety and stakeholder engagement in supporting the Group’s long-term sustainable success.

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED

Our culture in action

Q&A with Louise Hardy on how the Board monitored and assessed culture in 2025.

“The Board sees Company culture as a key mechanism for driving ethical behaviours, building stakeholder trust, and ultimately achieving our long-term strategic objectives. It is therefore vital that we assess cultural embedding to ensure our core values and beliefs are translated into the everyday actions and behaviours of our employees.”

Louise Hardy

Independent Non-executive Director and Workforce Engagement Lead

Workforce engagement

Q. How does the board engage directly with employees to understand culture within the Group?

Workforce engagement activities provide the Board with direct insights into working environments and employee attitudes and provide the Board the opportunity to directly observe and assess how employees practice Company values and embody our desired behaviours and ethical standards.

The Directors report back to the full Board following each engagement activity. Sharing experiences of workforce engagement activities as a Board facilitates broader exposure for each Director than would otherwise be possible due to the range and scale of the Group's operations across different sectors and geographies.

Whistleblowing

Q. How does the Board monitor breaches of the Group's cultural and ethical values?

The Audit and Risk Committee reviews Speak Up statistics, as well as details of any material cases raised through the Speak Up helpline and the progress of related investigations, which it in turn reports to the Board.

Speak Up reports provide the Board with a view of the nature of employee concerns and trends in behaviours of the workforce. They also monitor how any reported breaches of the Company's Code of Conduct are addressed, and controls strengthened to prevent any further breaches.

Internal audit

Q. How does the Internal Audit function support the Board's oversight of culture?

The Audit and Risk Committee reviews the outcomes of internal audits judged to be less than satisfactory, providing a direct line of sight into areas of practice, policy and behaviours that were not at the desired standard. The Board has visibility of the progress of any corrective actions taken and seeks assurance from management that Company values are lived across the Group.

Modern slavery

Q. How does the Board ensure working practices uphold a culture of high ethical standards designed to protect employees?

The Board reviews and approves the Group's Modern Slavery Statement. This provides the Board with:

- › a broad understanding of practices and behaviours across the Group, and how these align with the purpose, values and strategy of the Group; and
- › oversight of steps taken to prevent modern slavery and human trafficking within the Group and its supply chain.

Culture on the ground

Q. How does the Board seek to understand what life is like for Balfour Beatty employees?

Analysis of the outputs of workforce engagement mechanisms (e.g. the employee engagement survey and other people-focused KPIs) enables the Board to understand the employee experience. This provides the Board with insights into working environments, employee behaviours and attitudes, as well as the workforce's understanding of the Group's culture. It also enables the Board to assess how working practices and behaviours align with the purpose, values and strategy of the Group.

Health and safety culture

Q. How does the Safety and Sustainability Committee monitor and assess the embedding of safety culture?

The Safety and Sustainability Committee receives reports on key health and safety management KPIs, including:

- › statistics and trends of Lost Time Injury Rates;
- › metrics on safety observations reported by employees; and
- › health and safety insights derived from the employee engagement survey.

This enables the Committee to assess the effectiveness of health, safety and wellbeing practices and behaviours, and evidences the extent of individual responsibility taken by employees to proactively report safety concerns.

In accordance with our Zero Harm strategy, health and safety culture is also one of the key areas Board members seek to observe and assess whilst undertaking site visits.

STAKEHOLDER ENGAGEMENT

Shaping the future of infrastructure

The Board takes a balanced view of stakeholder needs and interests in all Board discussions and decision making, with a view to promoting the long-term sustainable success of the Group.

The Board designs the stakeholder engagement framework, which shapes how relationships with key stakeholders are developed and maintained. The Board undertakes engagement initiatives throughout the calendar year to better understand the interests of the Group's key stakeholders, specifically its customers, workforce, supply chain and strategic partners, communities, governments and investors.

The Board on its own, however, cannot engage meaningfully with every single stakeholder. To address this, stakeholder engagement is supplemented by a network of mature executive and business-led stakeholder relationships across the Group. Feedback on wider stakeholder engagement is reported to the Board to support effective decision making and a timely recognition of emerging stakeholder issues.

Report of the Board's Workforce Engagement Lead

I am pleased to present my 2025 Workforce Engagement report.

The Board recognises that the workforce is the Group's most valuable resource and is pivotal to building its long-term sustainable success. The Board is therefore committed to building pathways for constructive two-way dialogue with the workforce, enabling the employee voice to be present and heard within the boardroom, and embedded within the decision-making process.

Under my remit as the Board's Workforce Engagement Lead, I am tasked with establishing and shaping the Group workforce engagement strategy. The Board's workforce engagement strategy is set out below.

Louise Hardy
Independent Non-executive Director and
Workforce Engagement Lead

10 March 2026

WORKFORCE ENGAGEMENT STRATEGY

Step 1 – Identify topics of engagement:

The Workforce Engagement Lead and the HR function conduct a deep-dive analytical review of the employee engagement survey and other key people-focused KPIs (e.g. voluntary attrition rates), to identify specific topics for the next annual cycle of workforce engagement events. Previous topics have included health and safety, environment and sustainability, diversity and inclusion, and culture and morale.

Step 2 – Identify targeted engagement:

The employee engagement survey review is also used to identify specific employee groups requiring targeted engagement (e.g. a particular site, geographical region, or defined employee groups).

Step 3 – Schedule wider Board engagement:

Based on the identified themes and targeted groups, the Workforce Engagement Lead and HR will establish a list of workforce engagement opportunities, supplemented by additional workforce engagement events led by senior management and HR. Events include site visits, town halls and focus groups.

Step 4 – Schedule a programme of change initiatives:

An annual programme of workforce change initiatives will be established to address any areas identified for improvement within the employee engagement survey. See pages 108 and 109 for the key workforce engagement activities taken in 2025.

Step 5 – Board reporting:

The Board receives a detailed report and presentation on the key insights arising from the employee engagement survey. Each Director is required to report back to the Workforce Engagement Lead on their insights and outcomes arising from their individual engagement activities.

Step 6 – Effectiveness review:

The Board evaluates the effectiveness of workforce engagement annually, primarily by assessing the impact and outcomes of change initiatives by reviewing year-on-year trends in employee engagement survey results and other people-focused KPIs.

STAKEHOLDER ENGAGEMENT CONTINUED

Key workforce engagement actions taken in 2025

2025 workforce engagement-led change initiatives

In 2025, an array of initiatives were delivered to address key themes arising from the 2024 employee engagement survey, as well as insights derived from employee engagement events undertaken throughout 2024.

SUSTAINABILITY

Employees wanted

to see further commitment to the environment and local communities.

Actions delivered

- › Under the revised sustainability strategy, Building New Futures, new targets were announced to create £6 billion in social value, and deliver 60,000 hours of educational engagement by 2030 in the UK.
- › Formed a partnership with Syntech, a UK manufacturer of biofuel, a renewable alternative to fossil fuels.
- › Proactively worked with the UK Supply Chain Sustainability School to convene industry and lobby government on environmental matters.

Outcomes

91% of employees who responded to the survey confirmed they had seen the Company take meaningful sustainability action.

DIVERSITY, INCLUSION AND RESPECT

Employees wanted

to see more action towards improving diversity and inclusion.

Actions delivered

- › Continued to roll out Right to Respect training to over 10,000 employees, with a focus on acceptable behaviours and how to challenge with confidence.
- › Developed new, in-house 'Evolve' training programmes to support women and underrepresented groups.
- › Created a new internal site for employees transitioning to retirement – 'My Retirement Journey'.

Outcomes

86% of employees who responded to the survey reported that they felt comfortable at work (a 1% increase from the previous year) and 85% felt they were treated with respect.

CAREER DEVELOPMENT AND SKILLS

Employees wanted

more opportunities for career development.

Actions delivered

- › Delivered 11,669 technical training sessions across 4,489 courses.
- › Enhanced Supervisor skills, launching a new Team Leader in Construction Skills programme.
- › Launched a new Construction Management job family, including three new career progression courses and Chartered Institute of Building (CIOB) membership.

Outcomes

76% of employees who responded to the survey felt that there are opportunities to develop a career within Balfour Beatty. An 8% increase compared to 2024.

IT

Employees wanted

better systems and resources.

Actions delivered

- › Made a UK sector-leading investment in AI with Microsoft Copilot.
- › Upgraded more than 3,300 laptops and smart devices to the latest operating systems.

Outcomes

A pilot study of Microsoft Copilot undertaken by 350 colleagues demonstrated that 72% experienced increased productivity, saving an average of 30 minutes per day. These efficiency gains are now being realised by 7,500 colleagues across the UK.

ONBOARDING

Employees wanted

simpler, more efficient processes and systems that improve the experience for new starters, managers and candidates.

Actions delivered

- › Launched a new digital Onboarding Portal in June 2025 to streamline pre-employment tasks.
- › Automated key onboarding activities, improving 'day one readiness' and reducing manual effort.
- › Optimised core HR platforms.
- › Incorporated feedback from over 500 employee ideas into the system design.

Outcomes

Since launch, the enhanced process has improved the onboarding experience for more than 1,000 new starters, given managers clearer visibility through better tracking of onboarding progress, and enabled more seamless recruitment and onboarding data flows, delivering improved insight and increased efficiency that supports lower operating costs.

ETHICS AND TRANSPARENCY

Employees wanted

more information and transparency on ethics.

Actions delivered

- › Offered specialist ethics advice across sites to allow employees to learn more and ask questions.
- › Added new Conflicts of Interest and Gifts and Hospitality training in 2025.

Outcomes

Employee engagement survey results improved by 13% in relation to reports of witnessing unethical behaviour from 2024.



Above: In 2025, Charles Allen, Group Chair and Philip Hoare, Group Chief Executive attended Gammon's Leadership Connect event in Hong Kong.

→ Find out how we are creating value for our stakeholders on pages 21 to 23.

STAKEHOLDER ENGAGEMENT CONTINUED

Board-led workforce engagement events in 2025

During 2025, the Board carried out a full schedule of site visits and in-person engagement activities. Workforce engagement helps to build a strong picture of life as a Balfour Beatty employee and supports robust and considered Board decision making that creates value for our workforce.

Investors

Investors play a valuable role in the corporate governance of the Company. The Board is committed to maintaining an open dialogue with its investors, which is achieved through a programme of structured engagement, including one-to-one meetings and conference attendance. A calendar of shareholder events can be found to the right.

Institutional investors

The Group Chair, Group Chief Executive, and Chief Financial Officer held meetings with individual institutional investors throughout 2025. In addition, the executive Directors conducted analyst presentations following the announcements of the Group's financial results.

Either on request by investors or at Company presentations and one-to-one meetings, Committee Chairs will engage with investors on matters specific to the remit of their respective Committees. The Senior Independent Non-executive Director is also available to shareholders as a separate channel to report any other views or concerns. In addition, management engages with proxy advisory firms to support them in their reporting to their members.

The Board receives biannual reports from the Head of Investor Relations summarising analyst research briefings and changes to institutional shareholdings, as well as ad hoc reports on share price movements.

Engaging directly with shareholders is integral to effective Board decision making that promotes shareholder and wider stakeholder value. It provides an opportunity for candour, insight, and the means to build relationships, transparency and trust with key shareholders.

Considerations following the 2025 AGM

Comments from shareholders at, or in relation to, the AGM are considered by the Board, and where relevant, its Committees. Following the 2025 AGM, where Resolution 2 (approval of the Directors' remuneration report), passed with 70.25% support, the Board issued a short statement on the Company's website setting out its approach to shareholder consultation on Director remuneration both pre and post the AGM.

Retail investors

The Company's website has a section dedicated to providing investors with a range of valuable information about the Company, including published Annual Reports and results announcements; a financial calendar of events; details on the Company's corporate governance arrangements; the Group's sustainability strategy, Building New Futures; and regulatory news announcements. Retail investors are also encouraged to raise any questions or queries they may have with the Company Secretary.

Annual General Meeting (AGM)

The AGM provides an opportunity for all investors to engage directly with the Board in person.

CALENDAR OF SHAREHOLDER EVENTS

March 2025

- › Group Chair's investor meetings – Group Chief Executive succession
- › Full year results presentation
- › London roadshow
- › Berenberg UK Corporate Conference
- › Jefferies Pan-European Mid-Cap Conference

April 2025

- › Annual Report and Accounts published
- › North America roadshow – New York, Chicago, Toronto
- › HSBC UK Corporate and Investor Conference

May 2025

- › Annual General Meeting
- › Trading update
- › UBS Pan-European Small and Mid-Cap Conference
- › European roadshow – Milan, Lugano

September 2025

- › UK roadshow
- › US virtual roadshow

August 2025

- › Half year results presentation

June 2025

- › Private client fund manager roadshows – Birmingham, Leeds, York

November 2025

- › Private client fund manager roadshow – London
- › Virtual roadshow – Group Chief Executive introductions

December 2025

- › Bank of America European Materials Conference
- › Trading update
- › US virtual roadshow

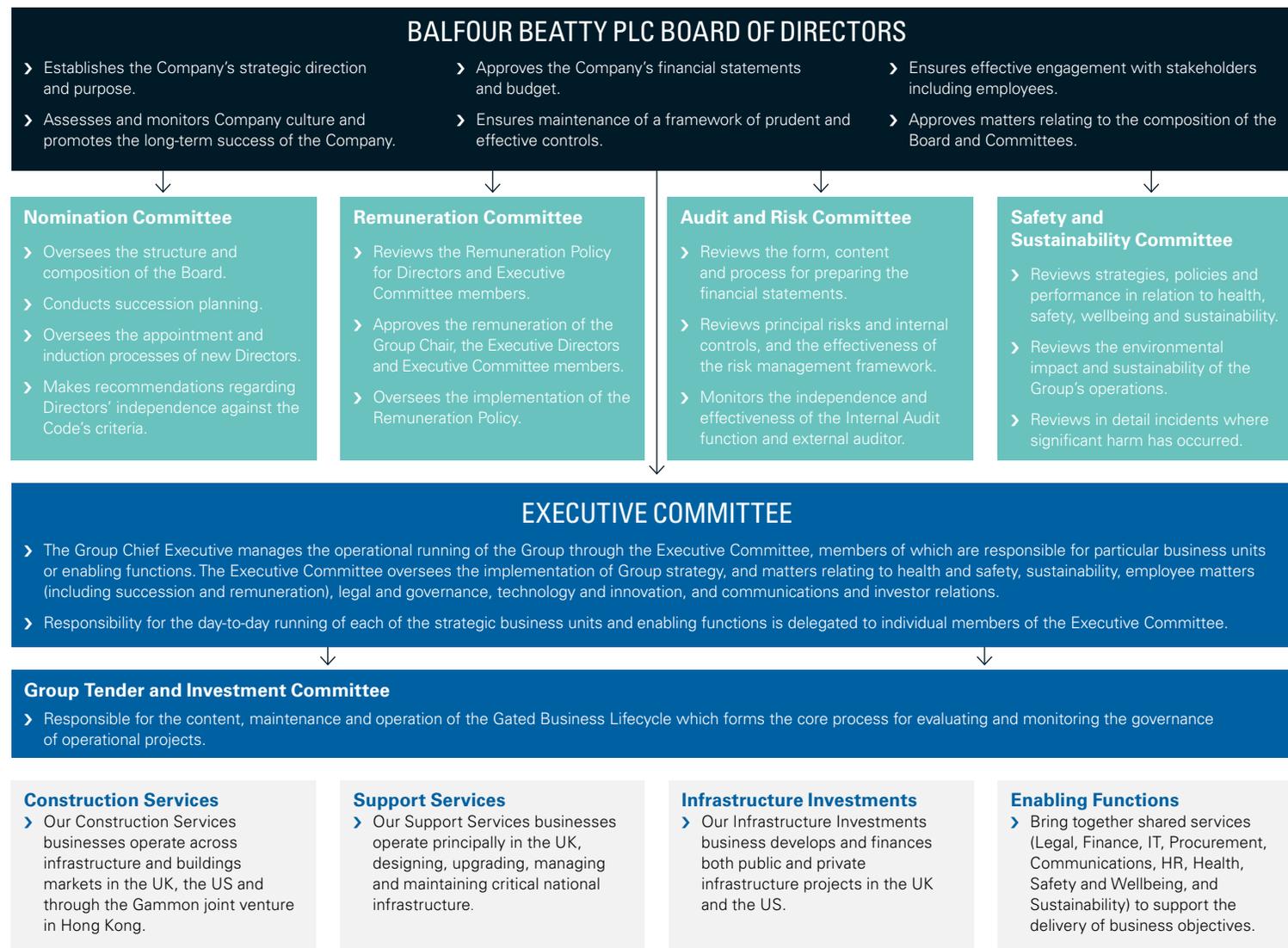
DIVISION OF RESPONSIBILITIES

A robust governance framework

The Board is the principal decision making body of the Group, with authority for specific matters being delegated to Committees of the Board. Responsibility for the day-to-day operation of the Group is formally delegated by the Board to the Group Chief Executive who manages the operational running of the business through the Executive Committee.

The members of the Executive Committee each have responsibility for particular business units or enabling functions, with authority being further delegated to appropriate individuals throughout the Group based on their role and seniority.

A high-level summary of the Group's governance framework, illustrating the flow of authority as it is delegated throughout the Group, is shown to the right.



DIVISION OF RESPONSIBILITIES CONTINUED

This section sets out the defined roles and responsibilities of Board members and outlines the support Directors receive to assist them in discharging their duties in accordance with the Companies Act, and their responsibilities under the UK Corporate Governance Code.

Role of the Board

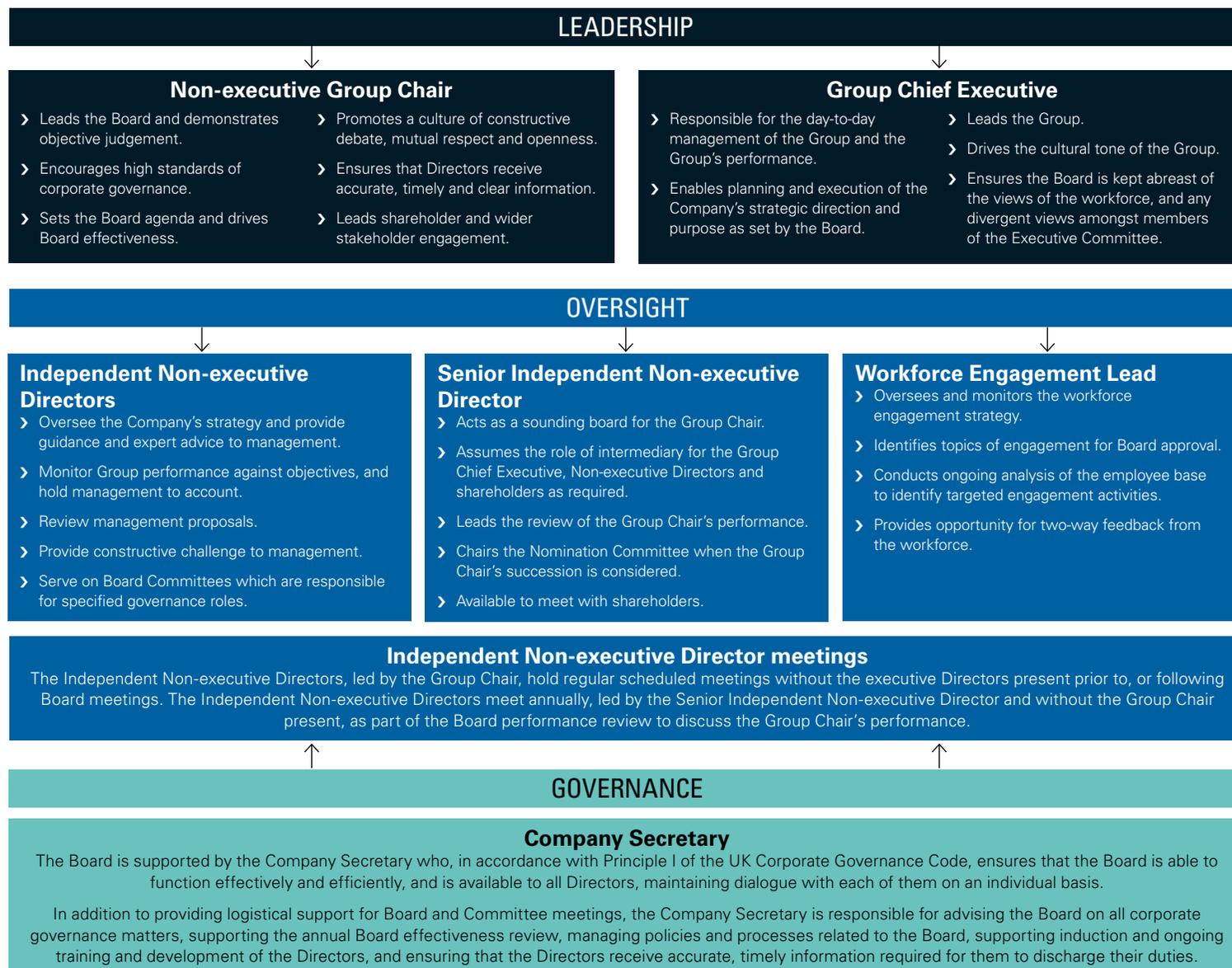
In accordance with Principle A of the UK Corporate Governance Code, the primary role of the Board is to effectively lead the Group by promoting the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society.

Each Director has a defined role with individual duties, with a clear division of responsibilities, particularly between the Group Chair (leadership of the Board) and the Group Chief Executive (leadership of the Company's business). The balance of responsibilities at Board level set out here supports a balanced approach to decision making, ensuring that no one individual has unfettered powers.

Throughout the year the Board met sufficiently frequently to fully discharge its duties. The Board held eight scheduled meetings in the year, as well as ad hoc and Board sub-committee meetings to manage matters arising outside the formal schedule of meetings.

Time commitment of Directors

The Board recognises the importance of individual members having sufficient time to discharge their duties effectively. On an annual basis, each Director declares their external appointments and commitments to the Board as part of the conflicts of interest declaration. Any additional external appointments are subject to Board approval to mitigate the risk of overboarding.



Corporate governance in action

The Company's governance framework operates to support the delivery of its strategy by ensuring that business is conducted within a framework of robust principles and procedures and in an orderly fashion.

The Board

Principally, the Board establishes the strategic direction and purpose of the Group and assesses the basis upon which the Company sustainably generates and preserves value for a range of stakeholders over the long term. The Board ensures that risks and opportunities facing the Group are identified and, where appropriate, mitigated and exploited effectively.



For a deeper look at the role of the Board, scan or click to review matters reserved for the Board.

Board and Committee meetings

The Group Chair sets structured agendas for each Board meeting in consultation with the Group Chief Executive and Company Secretary. Capacity is maintained on the agenda for each meeting to allow for the timely consideration of matters as they arise during the year. The Group Chair seeks a consensus at Board meetings, but, if necessary, decisions are taken by majority. If any Director has concerns on any issues that cannot be resolved, such concerns are noted in the Board minutes. No such concerns arose in 2025.

The key activities of the Board in 2025 are detailed on pages 104 and 105. These activities are discussed under the value pillars of Lean, Expert, Trusted, Safe and Sustainable which underpin the Board's decision-making process.

The Board has delegated certain responsibilities to four main Board Committees, the Audit and Risk Committee, the Nomination Committee, the Remuneration Committee, and the Safety and Sustainability Committee. The principal activities of these Committees are set out in the Committee reports on pages 117, 121, 124, and 130.

All Directors are invited to attend all Committee meetings, with the exception of instances where there is a conflict of interest. Additional attendees are invited to attend Board and Committee meetings at the discretion of the relevant Chair.

Risk and internal control

Risk management

The Board is responsible for undertaking a robust assessment of the principal risks facing the Group, as described on pages 76 to 89 of the Strategic report, and ensuring that appropriate mitigating actions are in place to manage them. This includes those risks that would threaten the Group's business model, future performance, solvency and liquidity. The Group's approach to risk management is set out on pages 72 to 89.

Internal control

The Board has overall responsibility for the Group's systems of risk management and internal control and regularly reviews their effectiveness. The Audit and Risk Committee has undertaken this review throughout the financial year. Further details can be found on page 129 of the Audit and Risk Committee report.

The Group uses the Enterprise Risk Management framework across the business to ensure consistency in application of risk systems and controls and that exposure to significant risks is managed effectively. The Board is cognisant of the fact that such a system can only manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Group's independent Internal Audit function undertakes an annual programme of risk-based audits across the Group's operations. All audit reports are shared with the relevant business unit or enabling function management who are accountable for implementing appropriate measures to address any risks or control weaknesses. The results of key internal audit activities are shared with the executive Directors and external auditor and scrutinised by the Audit and Risk Committee on a regular basis. Further details can be found on page 129 of the Audit and Risk Committee report.

Throughout 2025, in accordance with the new requirements set out under Provision 29 of the 2024 UK Corporate Governance Code, the Audit and Risk Committee oversaw the continued development of an enhanced Internal Control Framework (ICF), with a focus on the performance and effectiveness of the Group's material controls. Please refer to page 129 in the Audit and Risk Committee report for a case study of the ICF project.

COMPOSITION, SUCCESSION AND EVALUATION

Maintaining an appropriate balance

The Board welcomed Philip Hoare in 2025 as the new Group Chief Executive.

The Board's diverse array of technical skills, experience, cognitive abilities, and balance of independence, fosters insightful and constructive debate, which in turn leads to considered, balanced and risk-adjusted decision making that promotes long-term shareholder and stakeholder value and facilitates the Board's ability to convert risks into opportunities.

The range of skills and experience within the Board is demonstrated in the skills matrix opposite.

Conflicts of interest and independence

The Board has a number of processes and procedures in place to assess conflicts of interest and the independence of Non-executive Directors against the criteria set out in the Code:

- each Director has a duty to disclose any actual or potential conflict of interest for consideration and approval, if appropriate, by the Board;
- Directors are requested to declare any conflicts at the start of all Board and Committee meetings;

- the Nomination Committee conducts an annual review of the Conflicts of Interest Register and seeks confirmation from each Director of any changes to their external appointments; and
- there is also a formal process in place for the approval of all new external appointments of Directors. In considering such appointments, the Board will consider any conflicts of interest that may arise, as well as the Directors' capacity to continue discharging their duties effectively in order to mitigate the risk of overboarding.

The Nomination Committee and the Board have, after completing all of the processes detailed above, confirmed the continuing independence and objective judgement of each Independent Non-executive Director, and the overall independence of the Board in line with the recommendations of the Corporate Governance Code.

Board succession

Board and Executive Committee succession plans are based on merit and assessed against objective criteria, whilst also being managed through the lens of promoting diversity. Succession and development plans are reviewed annually by the Nomination Committee, to support the personal and professional development of key individuals.

Succession planning in 2025 led to the succession of long-standing Chief Executive Leo Quinn by Philip Hoare who joined the Company in September 2025. For further information on Philip Hoare's appointment process, please refer to page 119.

The Board is compliant with the diversity targets for gender and ethnic minority board representation set by the FTSE Women Leaders Review and the Parker Review. We are delighted that the boardroom is more representative of our workforce, our clients and our supply chains, and the Nomination Committee will maintain its focused oversight of diversity, equity and inclusion initiatives across the Group to ensure that all employees are afforded the opportunity to succeed at Balfour Beatty.

KEY SKILLS AND EXPERIENCE OF DIRECTORS

Skills and experience	Non-executives							Executives	
	Charles Allen	Anne Drinkwater	Robert MacLeod	Gabby Costigan	Barbara Moorhouse	Louise Hardy	Rudy Wynter	Philip Hoare	Philip Harrison
CAPEX-heavy organisations	●	●	●	●	●	●	●	●	●
Major contracting	●	●	●	●	●	●	●	●	●
Risk management	●	●	●	●	●	●	●	●	●
People and remuneration	●	●	●	●	●	●	●	●	●
Finance	●	●	●	●	●	●	●	●	●
UK market experience	●	●	●	●	●	●	●	●	●
Health	●	●	●	●	●	●	●	●	●
Government engagement	●	●	○	●	●	●	○	●	●
Construction sector	●	●	●	●	●	●	●	●	●
CEO experience	●	●	●	●	●	○	●	●	●
ESG	●	●	●	●	●	●	●	●	●
US market experience	●	●	●	●	●	○	●	●	●
Hong Kong market experience	●	○	○	●	●	○	○	●	●
Digital	●	●	○	●	●	○	●	●	●

● Expert
 ● Advanced
 ● General
 ○ Limited

The Board is also committed to supporting and developing a diverse pipeline of candidates for senior manager and subsidiary director roles within the Group. For further information on active diversity initiatives within the Group please refer to page 55.

Director reappointment

All Independent Non-executive Directors undertake a fixed term of three years subject to annual re-election by shareholders. The fixed term can be extended and, consistent with best practice, would not go beyond nine years unless exceptional circumstances were deemed to exist. The current tenure of Non-executive Directors is set out on page 101.

Training and development

The Board receives a full programme of briefings and updates annually across all areas of the Company's business from the Executive Directors, members of the Executive Committee, senior executives, and advisers. In addition, training and development sessions are arranged on specific areas during the year as required.

Any Director can request further information to support the fulfilment of their individual duties or collective Board role and, throughout the year, the Group Chair maintains a dialogue with individual Directors to identify any specific training requirements. Where appropriate, such training is integrated into Board meetings to ensure all Directors can benefit. Alternatively, training sessions may be conducted through formal presentations, one-on-one meetings, or site visits, providing opportunities to delve deeper into specific initiatives or projects.

Information and support

During the year, the Company Secretary advised the Board on matters related to governance, ensuring Board procedures were followed and relevant statutory and regulatory requirements were complied with. The Company Secretary has responsibility for facilitating the timely distribution of information between the Board and its Committees and the Board of Directors.

The Directors have direct access to the Company Secretary for advice, who can arrange, at the Company's expense, for the Directors to receive independent professional advice where appropriate.

Board performance review

To uphold best practice in accordance with the UK Corporate Governance Code, the performance of the Board, its Committees and individual Directors are assessed annually through a formal performance review. Reviews follow a three-year cycle, with an external review at least every three years. The review in respect of 2025 was undertaken internally.

Process – Board and Committee performance review

The Group Chair and Committee Chairs, with the Company Secretary, defined and set the scope of the reviews. The internal review was undertaken through a combination of:

- › quantitative insights (with data obtained from questionnaires completed anonymously by each Board member); and

- › qualitative insights (from the comments section of the questionnaire, as well as one-to-one performance reviews held by the Group Chair with individual Board Directors).

The Company Secretary collated the qualitative and quantitative insights and presented the results of the reviews to the Group Chair and the Committee Chairs who led a discussion on the results with the Board and Committee members in early 2026, together with a series of proposed recommendations to enhance the Board's and the Committees' performance.

The scope of the performance review

The internal review included a review of:

- › the performance and effectiveness of the Board, and each of its Committees;

- › the performance and effectiveness of the Group Chair and individual Board Directors; and
- › the composition and balance of skills, experience and knowledge across the Board, and within each of the Board's Committees.

Findings

The findings of the performance review concluded that the Board and Committees continued to function effectively. The review identified the following strengths:

- › strong Board effectiveness, with open dialogue, constructive challenge and clear engagement with management; and
- › robust oversight, including risk, controls and a balanced mix of skills and experience across the Board.

Performance action plan and progress

The Board approved and implemented a 2026 action plan to address the findings of the 2025 internal Board performance review. A summary of the 2026 action plan can be found on page 116, together with a summary of the progress and outcomes of the 2025 action plan arising from the 2024 external performance review undertaken by Egon Zehnder.

BOARD PERFORMANCE REVIEW PROCESS

Year 1 (2025)

Internal assessment

- › Evaluation co-ordinated internally by Group Chair, Committee Chairs and the Company Secretary.
- › Separate questionnaires prepared on a range of issues related to the Board and Board Committees.
- › One-to-one meetings held between the Group Chair and each Director to review responses and for individual appraisal. The Senior Independent Non-executive Director leads the review of the Group Chair.

Year 2 (2026)

Internal assessment

- › Review outcomes from previous performance review and progress against each action.
- › All Directors complete the performance review questionnaires.
- › One-to-one meetings are held between the Group Chair and each Director to review responses and for individual appraisal.
- › The Senior Independent Non-executive Director leads the review of the Group Chair.

Year 3 (2027)

External assessment

- › Independent external performance reviewer appointed.
- › Performance reviewer works with the Group Chair to define the scope of review.
- › Review conducted by means of questionnaires and interviews with Board Directors, observations of Board meetings, and a review of the quality and timeliness of Board and Committee packs.

COMPOSITION, SUCCESSION AND EVALUATION CONTINUED

ACTIONS AND OUTCOMES OF THE 2024 BOARD PERFORMANCE REVIEW

2024 recommendations	2025 action plan	Outcomes	
Enhance the succession planning processes.	<ul style="list-style-type: none"> › Consider how strategy impacts the structure and capabilities of the management team. 	As part of the succession planning process for long-standing Group Chief Executive, Leo Quinn, the Nomination Committee reflected on the skills and experience needed to lead the Group in delivering the Build to Last strategy. This in turn shaped the specification for the external recruitment process for his successor, which resulted in the appointment of Philip Hoare in September 2025.	
Allocate more time for strategy to be considered by the Board.	<ul style="list-style-type: none"> › Increase the opportunities for strategy to be considered by the Board. › Encourage increased opportunities for senior managers to present to the Board. 	Philip Hoare, our new Group Chief Executive, has introduced a series of strategy deep-dive sessions for the Board. These sessions invite senior leaders responsible for delivering key strategies to attend and present at Board meetings. This approach provides the Board with enhanced strategic oversight and ensures that supporting departmental and business-unit level strategies are aligned and working together to deliver on our overarching Build to Last strategy.	
Review processes for the Board monitoring project performance.	<ul style="list-style-type: none"> › Continue to encourage Independent Non-executive Directors to attend GTIC meetings (where the bid amount is below the £1 billion threshold normally required for Non-executive attendance). 	Independent Non-executive Directors are encouraged to attend at least two GTIC meetings each year. To support the Non-executive Directors in achieving this, they are invited to attend GTICs below £1 billion in value.	
Consider how remuneration can improve retention.	<ul style="list-style-type: none"> › Consider how to use remuneration metrics to enhance performance and improve retention. 	<p>The Company operates the following performance-based remuneration awards:</p> <ul style="list-style-type: none"> › Annual Incentive Plans (AIPs): Structured, performance-driven plans aligned to stretching financial measures and, where appropriate, project milestones. Payments are made following assessment and approval of performance. For senior managers, a portion of the award is deferred into shares for three years to support retention. › Long Term Incentive Plans (LTIPs): Share-based awards for selected senior managers, measured over a three-year performance period against stretching Group targets set by the Remuneration Committee. › Restricted Share Plans (RSPs): Share awards granted to high-performing individuals, subject to a three-year vesting period to support retention of key talent. 	
Clarify rules of engagement in Committee meetings.	<ul style="list-style-type: none"> › Clarify rules of engagement of non-Committee members during Committee meetings. 	The Board agreed that all Independent Non-executive Directors who are not Committee members may attend Committee meetings on an optional basis. Committee Chairs will also, where appropriate, invite non-members to contribute to discussions to ensure a broad and diverse input.	

RECOMMENDATIONS AND ACTION PLAN FROM THE 2025 BOARD PERFORMANCE REVIEW

2025 recommendations	2026 action plan
More structured and ongoing discussion of strategy.	<ul style="list-style-type: none"> › The Board will enhance the way it considers strategy through the year, including more regular discussions and focused sessions on key strategic topics, to support long-term value creation. › The Board will strengthen its oversight of delivery against the Group's strategy, with improved monitoring of progress and outcomes throughout the year.
Enhanced succession planning.	<ul style="list-style-type: none"> › The Board will continue to develop and refresh succession plans for the Board and senior management, ensuring a strong and diverse pipeline to support continuity and long-term success.
Improved market awareness and competitive insight.	<ul style="list-style-type: none"> › The Board will deepen its understanding of market dynamics, competitive activity and performance against strategic plans to support effective decision-making.
More dynamic approach to risk oversight.	<ul style="list-style-type: none"> › The Board will further develop its approach to risk management, ensuring that emerging and principal risks are considered in a timely and forward-looking manner.
Increased focus on customers and wider stakeholders.	<ul style="list-style-type: none"> › The Board will strengthen its engagement with key customers and stakeholders, using feedback and insights to inform strategy, risk oversight and decision-making.

NOMINATION COMMITTEE



Charles Allen,
Lord Allen of Kensington, CBE
Chair of the Nomination Committee

Membership

Charles Allen (Committee Chair)

Anne Drinkwater

Robert MacLeod

Barbara Moorhouse

Gabby Costigan

Role and responsibilities of the Committee

- › Make recommendations to the Board on the appointment, reappointment, or retirement of Directors.
- › Propose and oversee induction plans for newly appointed Board members.
- › Make recommendations regarding Directors' independence.
- › Monitor the balance, composition, diversity, structure, and size of the Board and its Committees.
- › Conduct and monitor Board and Executive Committee succession planning.

Key actions from 2025

- › Completed a search for a new Group Chief Executive.
- › Oversaw the induction programmes for newly appointed Directors, Philip Hoare and Rudy Wynter.

Priorities for 2026

- › Review the Board and Executive Committee's succession plans.
- › Conduct an executive search for a new Independent Non-executive Director to replace Barbara Moorhouse who will reach the end of her nine-year tenure in 2026.
- › Deliver a comprehensive induction and handover to the incoming Chief Financial Officer, Myles Westcott.

REPORT OF THE NOMINATION COMMITTEE

I am pleased to present the report of the Nomination Committee, setting out the key activities undertaken throughout 2025 and the priorities for 2026.

Throughout 2025, the Committee continued to focus on the long-term succession planning for the Board, its Committees, the Executive Committee and their direct reports. The Committee remained mindful of the importance of diversity across the leadership population, specifically the recommendations set out in the FTSE Women Leaders Review, the Parker Review, and the Listing Rules.

The search for a new Group Chief Executive

The Nomination Committee led the search for a new Group Chief Executive supported by the executive search firm Odgers. The Committee oversaw an independent and objective process designed to identify candidates who could strengthen the Board's capabilities and support delivery of the Group's Build to Last strategy. In assessing potential candidates, the working group considered the composition of the Board, and the balance of skills, knowledge and experience. Following this rigorous process, the Committee recommended the appointment of Philip Hoare to the Board, who joined the Board on 8 September 2025.

Philip brings with him a wealth of knowledge and leadership experience in the engineering, project management and construction sectors, which he obtained from his long and distinguished career at AtkinsRéalis Group Inc. For more information on Philip's professional background, please see his biography on page 102.

For more information on Philip Hoare's appointment and induction process, please refer to pages 119 and 120 respectively.

Diversity and inclusion on the Board

The Board is compliant with the gender diversity targets set by both the FTSE Women Leaders Review, and the Listing Rules and Disclosure Guidance and Transparency Rules (DTRs).

The Balfour Beatty Board is also compliant with the recommendations set by the Parker Review and the Listing Rules and DTRs to have at least one Board Director from an ethnic minority background.

The Committee continues to actively enhance diversity through the Group's ongoing succession planning of both the Board and senior management.

I would like to thank the Committee and the wider Board for their support and engagement with succession planning and recruitment throughout 2025.

Charles Allen,
Lord Allen of Kensington, CBE
Chair of the Nomination Committee

10 March 2026

TERMS OF REFERENCE



Scan or click to view the Committee's full Terms of Reference.

NOMINATION COMMITTEE CONTINUED

REPORT OF THE NOMINATION COMMITTEE CONTINUED

Committee composition

The Committee comprises three Independent Non-executive Directors, the Senior Independent Non-executive Director, and the Non-executive Group Chair.

Board composition and succession

Board composition is shaped and informed by:

- › succession planning activities undertaken by the Committee;
- › ongoing assessments of the skills, experience and diversity required on the Board to deliver against the Group's strategy, purpose and values;
- › insights derived from the Board performance review; and
- › shareholder feedback.

The perspectives, skills and experience on the Board are mapped to the needs of the business and aligned to the Group's strategy, purpose and values. The Committee considers the length of service of the members of the Board as a whole, as well as the need for the Board to remain agile and responsive to the evolving needs of the Group in an ever-changing external operating environment. Biographies of the Directors who were serving on the Board as at 31 December 2025, including details of their backgrounds and experience, can be found on pages 102 and 103.

Time commitment

The anticipated time commitments of the Group Chair and Independent Non-executive Directors are agreed and set out in their respective letters of appointment. To ensure each Director has sufficient time to conduct their duties effectively, and mitigate the risk of overboarding, the Committee takes the following preventative steps:

- › prior to appointment, the Committee considers and assesses any existing external commitments on an individual's time. This is necessary to confirm their capacity to take on the role and discharge their duties effectively; and
- › any additional external appointments are subject to Board approval to ensure Directors can continue to devote the necessary time to their duties.

Committee performance review

In 2025, the Board and its Committees undertook an internal performance review. For more information on the scope and outcomes of the review, please refer to pages 115 to 116.

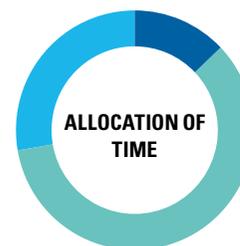
Election and re-election of Directors

All Independent Non-executive Directors undertake a fixed term of three years, subject to annual re-election by shareholders at the AGM. The fixed term can be extended, but would not normally exceed nine years, unless the Board deemed there to be exceptional circumstances that merit an extension.

Following the internal performance review and considerations of the Directors' tenure, the Committee unanimously recommends the re-election of each of Charles Allen, Philip Harrison, Anne Drinkwater, Louise Hardy, Barbara Moorhouse, Robert MacLeod, Rudy Wynter, and Gabby Costigan at the 2026 AGM; and the election of Philip Hoare following his appointment on 8 September 2025.

“Through the Group Chief Executive selection process, it became evident that Philip's extensive industry expertise and demonstrated success in delivering profitable growth across multiple geographies made him the ideal candidate to lead the Group in its next phase.”

Charles Allen
Chair of the Nomination Committee



• Performance, balance and composition reviews	12%
• Recruitment and succession	60%
• Governance and other matters	28%

Governance

In 2025 the Committee reviewed and updated its terms of reference, which are available on the Company's website.

Diversity and inclusion

In line with the Value Everyone element of the Group's Cultural Framework, the Board recognises the importance of maintaining an effective balance of skills, experience and perspectives to support the sustainable delivery of our Build to Last strategy and to respond effectively to an evolving risk and opportunity landscape. Embedding diversity across the business begins with the Board, and the Board is committed to fostering an environment where a broad range of backgrounds and viewpoints are represented.

While diversity is a key consideration in Board composition, appointments continue to be made on merit, with candidates assessed against the skills and experience required for the role, alongside all relevant aspects of diversity and independence.

In February 2026, the Committee recommended the Board Diversity and Inclusion Policy for approval by the Board in compliance with Disclosure and Transparency Rule 7.2.8AR. The updated policy applies specifically to the Board and its Committees. The policy codifies the Group's long-term ambition to achieve gender parity on the Board and its Committees and establishes a minimum threshold of 40% representation for each gender. It also includes an objective to have at least one Director from an ethnic minority background on the Board, while recognising that periods of transition may result in temporary deviations from these targets.

The Board's definition of diversity covers gender, ethnicity, and age (as well as other protected characteristics set out by the 2010 Equalities Act).

2025 Group Chief Executive appointment process

The process for appointing a new Group Chief Executive, took the following steps:

1

Define recruitment criteria

Identify and articulate objectives and criteria based on Board composition and succession planning requirements and ongoing assessments of the skills, experience and diversity required on the Board to deliver against the Group's strategy, purpose and values.

2

Establish a working group to manage the appointment process

The working group, which included members of the Nomination Committee and the Group HR Director, was established to manage the appointment process, appoint an external recruitment consultant, and filter applications for interview. The working group reported its progress to the Nomination Committee.

4

Shortlist and interview

Shortlist candidates and conduct interviews.

3

Instruct external consultant

Ogders appointed as the executive search consultant to provide a diverse array of candidates for consideration.

5

Assess

Assess each candidate's existing skills, experience and time commitments, as well as any potential for actual conflicts of interest.

6

Recommend

Agree a recommendation for appointment to the Board.

Gender diversity

As at 31 December 2025, the Board met the gender diversity targets set by the FTSE Women Leaders Review, the Listing Rules and the DTRs, with at least 40% female representation and a woman occupying a senior Board role (Anne Drinkwater, Senior Independent Non-executive Director).

Balfour Beatty is dedicated to actively promoting gender diversity and empowering women in the construction industry. For insights into the Group's initiatives aimed at advancing gender diversity and supporting women's career progression, please refer to page 55.

The Committee recognises the importance of achieving gender balance within senior management, particularly at Executive Committee level. To advance this objective, Balfour Beatty is proactively engaged in succession planning and is committed to supporting the professional development of talented women across the organisation. These efforts are designed to enable progression into senior leadership roles and to ensure a diverse and inclusive leadership pipeline for the future.

For a breakdown of gender demographics across the Group, please refer to the Sustainability section on page 55. In compliance with Listing Rule 9.8.6R(10) additional diversity analysis can be found on page 161.

Ethnic diversity

As at 31 December 2025, the Board continued to comply with the diversity targets set by the Parker Review and the Listing Rules and DTRs.

The Committee recognises the importance of ethnic diversity at both Board and senior management level, and acknowledges that for the Group to develop a truly diverse and inclusive 'value everyone' culture, the Board and senior management needs to set the right top-down example and foster a culture that embraces and celebrates diversity and inclusion.

As a business, Balfour Beatty must make every effort to attract and retain diverse talent and break down the barriers that stifle recruitment and progression of ethnic minorities within the industry. With the support of the HR function, the Group drives a number of initiatives to support career development of ethnic minorities within the workforce. Details of such initiatives can be found in the People section on page 60.

Listing Rules and Disclosure Guidance and Transparency Rules

As at 31 December 2025, the Board was compliant with the diversity targets set by Listing Rule 9.8.6R(9)(a), as the Board:

- › had 40% female representation (20% on the Executive Committee);
- › had at least one senior Board position occupied by a female Director (Anne Drinkwater, Senior Independent Non-executive Director); and
- › at least one Board member was from a minority ethnic background.

Data on these targets in the required standardised form can be found in the Directors' report on page 161.

The Board and the Committee remains committed to diversifying the workforce at all levels by supporting a diverse succession pipeline at senior management level and supporting and monitoring Group-wide diversity and inclusivity policies and initiatives.

NOMINATION COMMITTEE CONTINUED

GROUP CHIEF EXECUTIVE INDUCTION PROGRAMME

Philip Hoare began a comprehensive and tailored induction programme following confirmation of his appointment. An overview of Philip Hoare's induction programme is set out below.

One-to-one meetings with the Board Directors and the Company Secretary

These meetings enabled Philip to build strong working relationships with fellow Board members and to gain a detailed understanding of the Company's governance framework, including the respective roles and responsibilities of the Board and its Committees. Committee Chairs also briefed Philip on the work, priorities and forward agendas of their Committees. In addition, these discussions supported Philip in developing a comprehensive understanding of the Group's Build to Last strategy, risk appetite and desired culture.

Meetings with the Executive Committee and other key senior management personnel

These meetings provided the opportunity to build strong working relationships with senior leadership, and to learn and better understand the intricacies, opportunities and challenges of different Business Units and Enabling Functions across the Group.

Self-study

A suite of documents was provided to Philip via the electronic Board portal covering key information relating to the Group including financial performance, Board policies and procedures and governance matters.

Site visits and workforce engagement events

Visits to key operational sites offered the opportunity to meet with the workforce and gain valuable insight into the day-to-day operating environment and Company culture. A non-exhaustive list of site visits and workforce engagement events undertaken by Philip as part of his induction included:

- Philip undertook multiple site visits in his first three months, meeting our project teams across the Group. He spent time on flagship UK projects including Sizewell C, Hinkley Point C and the A9 Dualling contract in Scotland. His induction also took him to the US – first visiting sites across Dallas, Orlando and Charlotte, then heading west to San Diego, Los Angeles and Portland, including seeing progress on Los Angeles International Airport's Automated People Mover. In Hong Kong, he joined Gammon's Leadership Connect event alongside Charles Allen which was focused on Zero Harm, innovation and growth.
- In-person town hall events featured open Q&A sessions and opportunities for direct connection – including lunchtime sessions across numerous locations attended by hundreds of colleagues. Philip also took that same 'listen first' approach to major project settings, including HS2 Old Oak Common, where he joined a September Safety session and reinforced that no deadline or pressure matters more than everyone going home safe.
- attendance at Gammon's Leadership Connect event;
- a visit to Scotland to meet with the Regional Scotland leadership to discuss regional challenges and opportunities; and
- attendance and key note presentation at Balfour Beatty's Early Careers Festival, an event to welcome 400 new graduates and apprentices into the business.

Meetings with key shareholders and stakeholders

To ensure stakeholder views are embedded in Board discussions and decision making, it is vital that the Group Chief Executive has a full understanding of the Group's key stakeholders, including employees, customers, suppliers, and shareholders. Philip's induction therefore included a plethora of workforce engagement events, meetings with key customers and shareholder engagement events, including a virtual roadshow in November 2025.



Above: Philip Hoare's visit to Dallas, US with the Board in September 2025.

SAFETY AND SUSTAINABILITY COMMITTEE



Gabby Costigan MBE
Chair of the Safety and Sustainability Committee

Membership

Gabby Costigan (Committee Chair)

Anne Drinkwater

Louise Hardy

Philip Hoare

Rudy Wynter

Key actions from 2025

- › Supported the onboarding of new Committee members Philip Hoare and Rudy Wynter.
- › Approved the new and updated Building New Futures sustainability strategy.
- › Reviewed health and safety performance, specifically findings from incidents and near misses, ensuring that learnings were embedded across the Group.

Priorities for 2026

- › Monitor progress towards the Group's Building New Futures 2030 sustainability strategy targets including implementing targets at the business unit and project levels.
- › Monitor progress against the Group's Science Based Targets initiative trajectory for net zero.
- › Continued focus on embedding a culture of Zero Harm across the Group.

REPORT OF THE SAFETY AND SUSTAINABILITY COMMITTEE

I am pleased to present the Safety and Sustainability Committee report for 2025.

The Committee met three times in 2025 and its meetings were regularly attended by other members of the Board as well as the Health, Safety and Wellbeing Director, Lee Hewitt, and the Group Director of Sustainability, Jo Gilroy, both of whom provide expertise and support to the Committee.

Rudy Wynter became a Committee member in February 2025, and Philip Hoare joined the Committee following his appointment to the Board on 8 September 2025.

Health, safety and wellbeing

Across the Group, in 2025 Balfour Beatty delivered a strong health and safety performance evidencing a clear embedding of Balfour Beatty's 'Make Safety Personal' culture.

The following key health and safety KPIs were recorded and reported to the Committee in 2025:

- › Lost Time Injury Rates (LTIR) were 0.08 (2024: 0.09);
- › the Major Injury Rates were 0.03 in 2025; (2024: 0.02); and
- › 783,942 safety observations were submitted by employees (2024: 470,506).

The significant increase in safety observations submitted by employees compared with the previous year demonstrates the continued maturity of our Zero Harm culture. This growth reflects a strengthening sense of ownership among our people, who increasingly recognise health and safety as a shared responsibility.

Despite our continued focus on achieving Zero Harm, one of our colleagues was fatally injured in May while carrying out steel propane tank decommissioning work in the US business. As an organisation, we are determined to learn from this tragic event and to implement the findings across our operations, ensuring that we consistently adopt best practice across all our geographies.

A comprehensive investigation was undertaken and the Committee ensured that the key findings and lessons learnt from this incident were shared across all our sites and embedded into our health and safety practices, reinforcing our determination to continually strengthen our safeguards and prevent such a loss from ever happening again.

The Group continued its positive work supporting the mental health of employees in 2025. The health of employees is viewed as a key component of the Zero Harm initiative as the focus on 'Be Fit for Work' explores physical, emotional, and mental health. In 2025, the Group maintained its partnership with construction industry charity Mates in Mind in a bid to build and embed a culture where mental health is openly acknowledged, discussed, and supported.

Balfour Beatty is also proud to be a founding member and co-Chair of the UK Health in Construction Leadership Group (HCLG). The HCLG is a collaborative forum committed to eliminating health risks and diseases arising from exposure to hazards within the construction industry. Bringing together contractors, clients, the Health and Safety Executive, professional bodies, trade associations, and trade unions, the group unites influential leaders across the sector. Through ongoing dialogue and joint initiatives, the HCLG tackles the most pressing health challenges facing our industry. By championing a collective approach, we aim to drive innovation, share best practice, and deliver meaningful improvements to the health and wellbeing of everyone working in construction.

TERMS OF REFERENCE



Scan or click to view the Committee's full Terms of Reference.

SAFETY AND SUSTAINABILITY COMMITTEE CONTINUED

REPORT OF THE SAFETY AND SUSTAINABILITY COMMITTEE CONTINUED

Health, safety and wellbeing continued

The Group is expanding its use of innovative digital solutions and AI to enhance our safety culture and deliver against our Zero Harm strategy. Please see details of our safety innovations on our website where you will see examples of how we are innovating to reduce the risks our people and supply chain partners are exposed to.

For further information on health, safety and wellbeing please refer to pages 35 to 39.

Sustainability

In 2025, the Committee endorsed the renewed Building New Futures sustainability strategy, which sets out the Group's commitment to protecting and enhancing the environment and leaving a positive social legacy. The strategy establishes commitments and targets in key areas, including climate change, nature loss, resource efficiency, supply chain integrity, community engagement, and employee diversity, equity and inclusion.

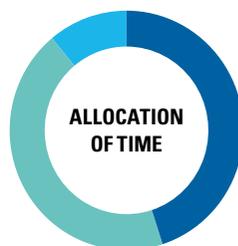
Evolution of the strategy in 2025 included:

- › the establishment of new 2030 targets for social value (£6 billion), social impact (delivery of 60,000 hours of educational engagement) and nature positive targets to reduce nature loss;
- › the appointment of STEM Learning as Balfour Beatty's corporate charity partner, to directly support the development of skills critical to the Group and the wider industry; and

- › the establishment of a 2050 target to achieve net zero across Scope 1, 2 and 3 emissions. The Sustainability function worked closely with the Science Based Targets initiative (SBTi) to validate its 2030 and 2050 targets. Please see the Company's UK Carbon Reduction Plan on our website for further information on Balfour Beatty's progress towards achieving our near and long-term carbon reduction targets.

Gabby Costigan MBE
Chair of the Safety and Sustainability Committee

10 March 2026



● Health and safety updates	45%
● Sustainability matters	44%
● Governance and other matters	11%

MAIN ACTIVITIES OF THE COMMITTEE DURING THE YEAR

Roles and responsibilities of the Committee

- › Reviewing strategies, policies and procedures of the Group in relation to health, safety, and wellbeing and sustainability matters.
- › Monitoring and updating the Group's control processes where appropriate.
- › Approving health and safety targets and key performance indicators, monitoring the Group's performance against them and taking corrective action where necessary.
- › Monitoring the Group's performance against the main health, safety, wellbeing and sustainability risk groups, and implementing strategies to mitigate such risks.
- › Reviewing the environmental and sustainability performance of the Group, including but not limited to energy and carbon emissions, materials and waste management, and social and community matters.
- › Approving environmental and sustainability targets and key performance indicators, monitoring the Group's performance against them and taking corrective action where necessary.

Safety performance and Zero Harm

The Health, Safety and Wellbeing (HS&W) Director issued regular reports to the Committee throughout 2025 on the Group's performance against various health and safety KPIs, including data covering fatalities, injuries, serious and minor events, near misses and health and safety observation reporting. Following a strong performance in 2024, the Group continued to receive a record number of workforce safety observations, indicating strong employee engagement and a clear embedding of the Group's 'Make Safety Personal' culture. Further details on the Group's Zero Harm strategy can be found on pages 35 to 39.

Reports were received by the Committee regarding:

- › health, safety and wellbeing performance across the UK, US and Hong Kong (via our joint venture Gammon);
- › incident overview and actions; and
- › the progress and implementation of health, safety and wellbeing initiatives across the Group.

Notable incidents and fatalities

Tragically, despite our continued focus on Zero Harm, a fatality was recorded in 2025 as referred to on page 121. Following the incident, a full investigation was undertaken which led to the establishment of Consistency Working Groups across the wider Balfour Beatty Group, focusing on four key areas, namely, Digital, Behaviours, Standards, and Metrics.

The Committee continued to receive regular reports on learnings and actions arising from incidents or near misses that had high potential of serious injury.

The governance processes and procedures following high-potential incidents (HiPos) have been strengthened in the year. These enhancements require that all HiPos are escalated within 24 hours of occurrence and mandate that the Group Chief Executive engages directly with all Serious Injury and Fatality HiPos. In 2025, the health, safety and wellbeing function adopted the Energy Wheel which categorises high energy incidents that had a realistic potential to result in fatal or serious injury; a tool which enables Balfour Beatty to objectively classify high potential incidents, enabling a consistent sharing and application of lessons learned at a Group level.

Environment and sustainability

In 2025, the Committee monitored and oversaw the Group's performance against targets set by the Building New Futures sustainability strategy, and endorsed the evolution of the strategy, which included the setting of new 2030 targets and commitments. More information on Building New Futures can be found on pages 42 to 55.

The Committee also received regular updates on a plethora of initiatives implemented by the Sustainability function to drive the embedding of a culture of sustainability and deliver against the Building New Futures sustainability strategy. In 2025, this included:

- › strengthening the Building New Futures governance into GTIC and Gated Business Lifecycle processes (embedding sustainability considerations into 'go/no go' criteria);
- › embedding sustainability at project level (through project-based carbon reduction targets and the delivery of carbon and biodiversity training at project level); and
- › launching the Sprouting Sustainability Network, a programme for early careers.

Governance

The Committee monitored the resourcing of both the HS&W and Sustainability functions and reviewed the appropriateness and effectiveness of the governance framework for HS&W and sustainability matters.

Committee performance review

In 2025, the Board and its Committees undertook an internal performance review. For more information on the scope and outcomes of the review, please refer to pages 115 to 116.



Verbal and physical abuse towards roadworkers is increasing and has become a significant issue for those working on public highways. In the UK alone, three instances of roadworker abuse are reported on Balfour Beatty sites each day. The Company has implemented various initiatives which aim to eradicate roadworker abuse from our sites as part of our Zero Harm focus and to ensure roadworkers feel confident, respected and safe in the workplace.



To find out more about our ongoing efforts to raise the profile of roadworker abuse and our work to eliminate it from our sites, please see page 37.

AUDIT AND RISK COMMITTEE



Robert MacLeod
Chair of the Audit and Risk Committee

TERMS OF REFERENCE



Scan or click to view the Committee's full Terms of Reference.

Membership

Robert MacLeod (Committee Chair)

Louise Hardy

Barbara Moorhouse

Rudy Wynter

Key actions from 2025

- › Conducted the tender process for the selection of an external audit firm for the 31 December 2026 year end.
- › Continued to monitor developments in the control and compliance environment in the US military housing business.
- › Reviewed and monitored the Internal Control Framework (ICF) project in preparation for compliance with Provision 29 of the 2024 Corporate Governance Code in 2026.
- › Reviewed and challenged management's judgements on significant accounting issues.

Priorities for 2026

- › Review and monitor the embedding phase of the Internal Control Framework (ICF) project.
- › Continue to monitor developments in the control environment within the US military housing business.
- › Continue to review and challenge management's judgements on significant accounting issues.
- › Conduct robust reviews of the detailed drivers and mitigation activities of the Group's principal risks.

REPORT OF THE AUDIT AND RISK COMMITTEE

I am pleased to present my second report of the Audit and Risk Committee.

This report is intended to provide shareholders with an insight into key areas considered by the Committee, together with an explanation of how the Committee discharged its responsibilities and provided assurance on the integrity of the 2025 Annual Report and Accounts.

The Audit and Risk Committee assists the Board in fulfilling its responsibilities related to Group financial statements, risk management and financial controls, and overseeing the work of the Internal Audit function and the external auditor.

The Committee held five meetings in 2025, all of which were fully attended. The Committee was regularly attended by the Group Chief Executive, Chief Financial Officer, Group Audit and Risk Director, UK Head of Internal Audit, Group Financial Controller, Group General Counsel and Company Secretary and representatives of the external auditor, including the lead audit partner. There were further ad hoc attendees who joined Committee meetings for specific agenda items.

Internal Control Framework (ICF)

An area of focus for the Committee throughout 2025 was the continued oversight of the Internal Control Framework (ICF) project. Please refer to page 129 for further information.

External audit tender process

During 2025, the Committee and members of senior management have been involved in conducting a rigorous and detailed external audit tender for the 2026 year end audit and beyond. This process concluded in June 2025 with KPMG being reappointed as the Company's external auditor.

US military housing

The Committee received regular updates on the Balfour Beatty Communities' Compliance Programme throughout the year. Regular meetings with senior management took place throughout the year which provided an opportunity for all sides:

- › to review progress against responding to the Monitor's recommendations;
- › to assess the timescales of the action plan put in place to implement the recommendations;
- › to review the resourcing of the team required to deliver the plan; and
- › to confirm that the implementation team receives the support necessary to ensure the monitorship process is successful and delivers the desired outcomes.

In April 2025, I had the opportunity to visit a number of the US military housing sites, enabling first-hand insight into the issues identified and the progress of management's actions to address them.

In August 2025, it was agreed to extend the monitorship to June 2026 to provide the business with additional time to implement and test the necessary control enhancements to assure compliance with the Monitor's recommendations.

For more information on the Committee's oversight of the US military housing business, please refer to page 127.

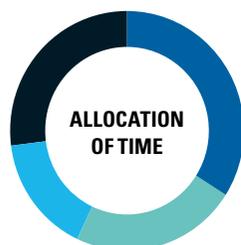
Robert MacLeod
Chair of the Audit and Risk Committee

10 March 2026

MAIN ACTIVITIES OF THE COMMITTEE DURING THE YEAR

Roles and responsibilities of the Committee

- › Monitoring the integrity of the Group's financial statements, including providing advice (where requested by the Board) on whether the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.
- › Reviewing any significant financial issues and judgements related to the Group's financial statements, including the Investments portfolio valuations.
- › Ensuring management has effective systems of risk management and internal control in place.
- › Monitoring the effectiveness and the resourcing of the Internal Audit function.
- › Overseeing the relationship with the external auditor, including annual approval of the external audit plan, review of audit opinions, setting of external auditor remuneration, and reporting the results of external audits to the Board.
- › Appointing the external auditor, and overseeing audit tenders when these take place.
- › Monitoring the effectiveness, objectivity and independence of the external auditor, including factors related to the provision of non-audit services.
- › Reviewing the Company's carbon emissions data, related emissions intensity data, and social value disclosures included in the 2025 Annual Report.



● Financial matters and reporting	34%
● Internal audit, risk management and internal control	23%
● External auditor	16%
● Governance and other matters	27%

Committee activities during 2025

The Committee has a substantial remit and cycle of actions to complete throughout the year.

		MAR	MAY	AUG	SEP	NOV
Group financial statements	Received reports on financial and accounting, contract and commercial issues and litigation	●		●		
	Approved financial results regulatory announcements and the Annual Report and Accounts to be put to the Board	●		●		
	Approved the Group's viability and going concern statements	●		●		
	Reviewed Directors' valuation of the Investments portfolio	●		●		
	Approved greenhouse gas emissions and social value representation letter to PwC	●				
External auditor	Reviewed the external auditor's report on the Company's full year and half year financial statements	●		●		
	Reviewed the external auditor's assessment of its objectivity and independence including a review of non-audit services (and associated fees) provided by the external auditor	●		●		
	Reviewed management representation letters related to the Company's full year and half year financial statements	●		●		
	Reviewed the external auditor's half year review plan and audit strategy		●	●		●
	Reviewed the effectiveness of the external auditor		●			
	Approved the external auditor's fees			●		
	Reviewed the external auditor's US Audit Strategy				●	
Risk management and financial controls (including the Internal Audit function)	Conducted assessments of the Group's systems of risk management and internal control, including a robust assessment of Principal and Emerging Risks	●				
	Approved internal audit plans and received updates on internal audit and risk	●	●	●	●	●
	Received updates on the Internal Control Framework (ICF) project	●	●			●
	Received updates on US military housing controls and compliance	●	●	●		●
	Received the half year risk and controls report			●		
Governance and other matters	Received updates on Group tax and insurance		●			
	Received updates on Group ethics and compliance, including whistleblowing reports		●			●
	Reviewed the annual update to the Ethics and Compliance Programme charter					●
	Terms of reference review	●				
	US Construction finance updates				●	
	Held private meetings between the Non-executive Directors, the Group Risk and Audit Director and KPMG	●	●	●		●

AUDIT AND RISK COMMITTEE CONTINUED

MAIN ACTIVITIES OF THE COMMITTEE DURING THE YEAR CONTINUED

Significant issues and other accounting judgements

The following sets out all significant issues reviewed by the Committee throughout the year, being those requiring management to exercise the highest level of judgement or estimation. The Committee assesses these judgements or estimates to determine if they are reasonable and appropriate.

Revenue and margin recognition

Given the nature of the Group's operations, these elements are central to how it values its work. Having reviewed detailed reports and met with management, the Committee considered contract and commercial issues on projects which have an elevated level of exposure to both revenue and margin recognition risks based on certain risk parameters set by management. As a key area of audit focus, the Committee also received a detailed written report from the external auditor setting out the results of its work in relation to key contract estimates.

Directors' valuation of the investments portfolio

The Committee assessed the methodology used to value the assets in terms of the discount rates applied. It also critically appraised the output of the Directors' valuation exercise.

Contract provisions

The Committee reviewed the significant estimates of the quantum and timing of liabilities relating to contract provisions (including those relating to fire safety), as well as litigation and other risks. The Committee received detailed reports including relevant legal advice.

Non-underlying items

The key judgement is whether items relate to underlying trading or not and whether they have been presented in accordance with the Group's accounting policy. The Committee conducted a review of each of the non-underlying items, receiving written reports from management and the external auditor as to their quantum and nature.

Going concern and viability statement

In order to satisfy itself that the Group has adequate resources to continue in operation for the foreseeable future and that there are no material uncertainties that could lead to significant doubt as to the Group's ability to continue as a going concern, the Committee considered the Group's viability statement, cash position (both existing and projected), bank facilities and covenants (including bonding lines) and the borrowing powers allowed under the Company's Articles of Association. The Committee subsequently recommended to the Board the adoption of the going concern statement and the viability statement for inclusion in the Annual Report and Accounts. More details on going concern and the viability statement are contained in Note 1 on page 184 and on page 90 respectively.

Retirement benefit obligations

The key judgement relates to the assumptions underlying the valuation of retirement benefit obligations. The Committee received reports from management outlining the assumptions used, including input from the Group's actuaries, in particular in relation to discount rates, inflation and mortality, which were evaluated against external benchmarks and, in relation to which, the external auditor also provided reports.

Committee composition

The Committee is chaired by Robert MacLeod. In accordance with the UK Corporate Governance Code, the Board has determined that Robert has recent and relevant financial experience, and the Committee as a whole has the required financial management, audit and risk skills and expertise to discharge its duties. The Committee members' full biographical details can be found on page 103.

Evaluation of the Committee

In 2025, the Board and its Committees undertook an internal performance review. For more information on the scope and outcomes of the review, please refer to pages 115 to 116.

Financial reporting

A key responsibility of the Committee is to monitor and oversee the integrity of the Group's published financial statements. This responsibility is discharged in part through the review and evaluation of the Company's full year and half year financial statements.

The Committee has full access to management, in order to ask questions and gain further insights where necessary, and receives reports from members of the Finance and Internal Audit teams and the external auditor.

The Committee assesses whether the annual financial statements provide a 'fair, balanced and understandable' view of the Group's position and performance, business model and strategy, as well as:

- ▶ assessing whether the accounting policies applied, and judgements (including key contract judgements), estimates and assumptions made, by management are reasonable and appropriate based on information available further details are in Note 2 on pages 185 to 192; and

- ▶ assessing whether the Company has complied with relevant financial reporting standards and other regulatory requirements, including the UK Corporate Governance Code and European Securities and Markets Authority Guidelines on Alternative Performance Measures.

Going concern and viability statement

As part of the Board's wider responsibility for assessing the Group's principal and other risks (see pages 76 to 89, the Committee was presented with management's assessments of the Group's viability over a three-year period to 31 December 2028; and, its going concern basis for the period of at least 12 months from the date of approval of the financial statements.

The Committee assessed these analyses and assumptions, taking into account cash flows, current levels of debt and the availability of future finance if required. The viability and going concern assessments, including the severe but plausible downside scenarios modelled, were discussed and the Committee concluded that the assessments were appropriate.

The Committee also continued to consider the impact of climate change on the Group's viability. The Committee subsequently approved the viability statement and the going concern disclosures for inclusion in the Annual Report and Accounts 2025.

The viability statement and the going concern disclosure can be found on page 90 and in Note 1 on page 184 respectively.

The Audit and Risk Committee's role in ensuring the financial statements taken as a whole are fair, balanced and understandable

As part of the Committee's assessment as to whether the annual financial statements provide a 'fair, balanced and understandable' view, the Committee has oversight of and reviews the effectiveness of the following processes implemented by management:

- › comprehensive guidance issued to all contributors;
- › verification of the factual content of the financial statements;
- › review of the disclosures made by the contributors to each section; and
- › comprehensive reviews by senior management to ensure consistency and overall balance.

In addition to the above, the Committee also undertakes a review to determine if the entire financial statements are representative of the Group's performance in the year and challenges management on the overall balance of the report prior to recommending approval of the financial statements to the Board.

US military housing

The Committee received regular updates on the Balfour Beatty Communities' Compliance Programme throughout the year.

In US military housing, the Group continues to work with the independent compliance monitor, appointed by the US Department of Justice (DoJ) in 2021 and commencing work in 2022. During the year, the Group agreed with the US Department of Justice to extend both Balfour Beatty Communities' plea agreement and monitorship to 6 June 2026 to allow the Group further time to complete planned remediation work.

Building safety provisions

The Committee continue to receive regular updates from management in respect of developments in relation to the Building Safety Act (BSA).

In 2024, following further developments and clarifications in the legal landscape of the BSA, introduced in 2022, progression of the Group's investigation and due diligence as well as adjudications on claims received to date, the Group reassessed its provision for BSA claims which resulted in an increase in the provision of £83 million. The provision did not include potential recoveries from third parties. The increase was recognised in non-underlying due to its size and the nature of the cost, which arose from a change in legislation.

In 2025, the Committee reviewed management's assessment to increase this provision by £37 million. This increase is a result of new claims received in the period, settlements and reassessments of previously provided claims together with legal costs incurred in the year.

Based on its review and discussions with management and the external auditor, the Committee concluded that it was appropriate to recognise the charge and record this as a non-underlying item in line with the previous year.

Financial Reporting Council (FRC)

In September 2025, the Company received a letter from the FRC notifying that the Company's 2024 Annual Report and Accounts was subject to a limited scope review by the FRC's Corporate Reporting Review team. The Committee considered the findings from the FRC's review. It is pleasing that the FRC did not take any further action in relation to these accounts and did not require a substantive response to its findings. It raised several minor disclosure points that have been considered and addressed while preparing this Annual Report and Accounts.

External auditor

Rotation and reappointment

The Company's external auditor is KPMG LLP. KPMG's appointment was first approved by shareholders at the 2016 AGM, following an audit tender process in 2015. KPMG replaced Deloitte, the incumbent for the preceding 14 years.

Pursuant to the provisions of the Revised Ethical Standard 2019, the Company has adopted a policy that no external auditor, appointed following the implementation of the Revised Ethical Standard 2019 (as summarised below), can remain in post for longer than 20 years. The Company has adopted a policy that the Committee will lead an audit tender process at least every 10 years and that this would apply to the current incumbent, KPMG. Consequently, in 2025, the Company undertook a competitive tender for the external audit of the 31 December 2026 year end and beyond. This is further discussed below.

The Committee considers that the external auditor relationship is appropriate and productive and the Committee is satisfied with KPMG's effectiveness. Mike Barradell completed his third year as lead audit partner for the year ended 31 December 2025. The external auditor is required to rotate the lead partner every five years – such changes are planned carefully to ensure business continuity, whilst avoiding the introduction of undue risk of inefficiencies and any impact to audit quality.

The key aspects of the Revised Ethical Standard 2019 include the following:

- › audit firms should have a maximum tenure of 10 years, although this can be extended by:
 - › up to an additional 10 years where a public tender is carried out after 10 years; or
 - › by up to an additional 14 years where more than one audit firm is appointed to carry out the audit;

- › audit firms are prohibited from providing certain non-audit services;
- › where permitted non-audit services are provided by a group's auditor, they will be subject to a fees cap; and
- › restrictions within any contract limiting a group's choice of auditor are prohibited.

The disclosures provided within this report constitute the Company's statement of compliance with the requirements of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

Audit tender

During 2025, the Committee and members of senior management have been involved in conducting a rigorous and detailed external audit tender for the 2026 year end audit.

In advance of the tender the following tasks were performed by the Committee:

- › reviewed best practice guidelines on external audit tenders;
- › agreed the tender process timetable;
- › discussed the key attributes that the Committee would require from its external auditor and the lead audit partner;
- › agreed the evaluation criteria for choosing the Company's next external auditor; and
- › identified suitable firms to be shortlisted through a thorough desktop review of a longlist of firms.

AUDIT AND RISK COMMITTEE CONTINUED

MAIN ACTIVITIES OF THE COMMITTEE DURING THE YEAR CONTINUED

External auditor continued

Audit tender continued

In identifying a shortlist, the Committee carried out an assessment to identify firms that have the experience, track record and capacity to perform a robust audit. In assessing this shortlist, the Committee reviewed the FRC's assessment of each firm's audit quality, including quality scores from the latest FRC Audit Quality Reports. The Committee also sought confirmation of independence from each firm and confirmation that conflict of interest checks have been performed.

Each shortlisted firm received a Request for Proposal (RFP) on 28 March 2025 outlining the evaluation criteria and further information in preparation for presentations. The firms were also notified that a selection committee was established for the tender. The selection committee was made up of members of the Committee, the Group Chief Financial Officer and the Group Financial Controller.

In addition to the RFP, and following the completion of the prepared NDA, secure access to a data room was provided to the shortlisted firms.

Throughout May and June, the firms met with members of the Committee and senior management to aid them in understanding the Group in preparation of their proposals. In addition to these meetings, the firms also held an audit technology demonstration session showcasing each firm's capabilities in this area to drive efficiencies and better quality audits.

The tender process concluded with the firms submitting their proposal documents to the selection committee on 13 June 2025 with presentations to the selection committee conducted on 27 June 2025.

A thorough and robust deliberation was conducted by the selection committee after the presentation to agree its recommendations for the Board. The selection committee took into consideration feedback from individual members, and those who participated in the management meetings with the firms. It was agreed that all shortlisted firms were appointable candidates who had performed well throughout the tender and who would have the capabilities to deliver a high-quality audit.

It was ultimately decided by the Committee to reappoint KPMG as the external auditor for the 2026 year end.

Independence

A formal review of the external auditor's independence is conducted by the Committee annually. The most recent review took place in August 2025, when the Committee considered a letter submitted by KPMG which sets out:

- any relationships that bear on its objectivity and independence and the safeguards implemented to address any consequent threats to independence; and
- considerations related to the provision of non-audit services, including a comparison for the prior year (further detail below).

Following review of this letter, the Committee satisfied itself that KPMG remained sufficiently independent in accordance with the relevant professional ethical standards.

Non-audit work

The Company maintains a Non-Audit Services Policy governing the provision of non-audit services. The policy sets out:

- specific services that the external auditor is prohibited from providing to the Group;
- details of any characteristics that could potentially make a service prohibited; and
- a requirement for the Chief Financial Officer to approve non-prohibited services where the fee is below £50,000, and for the Chair of the Audit and Risk Committee to approve non-prohibited services where the fee exceeds £50,000.

KPMG also operates its own internal policy that prohibits it from providing non-audit services, other than one closely related to an audit, to any FTSE 350 company.

These provisions help to safeguard the external auditor's objectivity and independence, and mitigate the risk that the external auditor will:

- audit its own work;
- make management decisions on behalf of the Group;
- act as advocate for the Group; and/or
- create a mutuality of interest with the Group.

EXTERNAL AUDITOR TENDER TIMETABLE



In accordance with the policy for the provision of non-audit services, and in line with the Financial Reporting Council's ethical standards, the aggregated spend on non-audit services with the external auditor must not exceed 60% of the Group audit fee, unless exceptional circumstances exist, with a three-year rolling average not exceeding 70% of the Group audit fee.

During 2025, there were fees of £0.7 million (2024: £0.6 million) paid to KPMG for non-audit services. 2025 non-audit services provided by KPMG related to the review of the Group's half year results and the limited assurance review over the reporting of selected sustainability data.

Audit fees for 2025 were £5.1 million (2024: £5.2 million). Further details are included in Note 6.2 on page 199.

49% of non-audit-related work provided by international accounting firms in 2025 was carried out by firms other than KPMG.

Effectiveness

As part of the Committee's annual cycle of activities, the Committee conducts an effectiveness review of the external auditor, assesses the appropriateness of the external audit plan, and assesses the external auditor's professional scepticism. From this review, the Committee assessed that the audit was effective and recommendations for improvement were identified and communicated to the external auditor where necessary. Committee members meet privately with the external auditor and management throughout the year in order to gain feedback to support these assessments.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board assumes ultimate responsibility for the effective management of risk and internal control across the Group. However, the Committee assists the Board in monitoring the Group's

internal financial controls, and internal control and risk management systems, and monitoring and reviewing the work and effectiveness of the Internal Audit function.

Internal Audit

The Internal Audit function plays an integral role in the Company's governance structure, providing independent assurance and advice to help the Group achieve its strategic priorities.

The appointment of a new Group Audit and Risk Director was led by the Chief Financial Officer and Group HR Director. The Chair of the Audit and Risk Committee was kept updated throughout the process and was actively involved in meeting preferred candidates, ultimately approving the appointment of Simon Richardson in November 2025.

The half yearly internal audit plans were approved by the Committee and provided an assessment of the adequacy of the budget and resources. Each audit plan is based on risk, strategic priorities and consideration of the strength of the control environment. The Committee monitors progress against the plan and reviews the results of internal audit reports during each meeting. Management is responsible for ensuring that issues raised in internal audit reports are addressed within the agreed timetable and their timely completion is reviewed by the Committee.

Where internal or external circumstances give rise to an increased level of risk, the audit plan is modified accordingly.

The effectiveness of the Internal Audit function is assessed by the Committee by evaluating internal audit reports and at meetings without management present. The Committee also reviewed the resources and skills of the Internal Audit function and concluded that they are appropriate for its activities. Accordingly, the Committee is satisfied that the quality, experience and expertise of the Internal Audit function is appropriate for the business.

Internal control and risk management

The Committee has evaluated the effectiveness of the internal control and risk management systems operated within the Group. The evaluation covered:

- › the new Group-wide Internal Control Framework;
- › the Group's risk management processes for determining and assessing Group risks, including those that are principal and emerging;
- › management confirmation reports;
- › reports on fraud perpetrated against the Group;
- › the Group's approach to anti-bribery and corruption and whistleblowing; and
- › reports from both the Internal Audit function and the external auditor.

The review did not identify any significant weaknesses in the system of internal control and risk management.

READINESS FOR PROVISION 29 OF THE UK CORPORATE GOVERNANCE CODE

The 2024 UK Corporate Governance Code (the Code) introduced a revision to Provision 29, expanding on the previous requirement for boards to annually attest to the effectiveness of their company's risk management and internal control framework. The new Code places greater emphasis on identifying and assessing the effectiveness of 'material' controls and requires additional reporting, including details of remedial actions taken to address any identified control weaknesses. A copy of the 2024 Code is available on the FRC website.

To prepare for compliance with the Code by 31 December 2026, our 2026 financial reporting date, a select team was tasked with leading a two-year project to design and implement a new Group-wide Internal Control Framework (ICF).

In 2025, the focus has been on refining and enhancing the Internal Control Framework and

embedding monitoring and reporting of control effectiveness into business-as-usual processes. Please see below a summary of key achievements:

- › completed the Group-wide Internal Control Framework, with a shift in focus to driving alignment and enhancements where appropriate;
- › delivered updates and presentations to the Executive Committee and operational and functional leadership teams;
- › successfully completed a Group-wide assurance process dry run, which received positive engagement and feedback;
- › commenced development of a cyclical Line Testing programme that will be delivered by a central Internal Control function during 2026;
- › initiated a tender process to evaluate system solutions to house the ICF, support first and second line testing activities, systemise monitoring of remediation activities and provide dashboard reporting of control effectiveness across the Group; and
- › appointed an independent third-party specialist to review Provision 29 readiness, with no significant concerns raised.

The project was closely overseen by the Audit and Risk Committee, which received regular progress reports throughout the project's lifecycle. The Committee's strategic focus was to ensure that the new ICF was proportionate to the nature, scale, and complexity of Balfour Beatty's operations, and aligned with the Group's Enterprise Risk Management framework.

As a result, the ICF is now fully embedded across the Group, with ongoing refinements expected as it continues to mature. We are confident that the new ICF provides robust oversight of the effectiveness of the Group's control environment as we move towards full compliance with the Code in 2026.

REMUNERATION COMMITTEE



Anne Drinkwater
Chair of the Remuneration Committee

Membership

Anne Drinkwater (Chair of the Committee)

Robert MacLeod

Barbara Moorhouse

Key actions from 2025

The Committee's time in 2025 was focused on overseeing the implementation of the current Remuneration Policy and undertaking a full review of the Remuneration Policy to be put to a binding shareholder vote at the 2026 AGM.

Key actions included:

- › considered and approved the departure terms for Leo Quinn, who stepped down from the Board as Group Chief Executive on 8 September 2025, after over 10 years leading the business;
- › considered and approved the appointment terms and remuneration package for Group Chief Executive, Philip Hoare, who joined the Board as Group Chief Executive on 8 September 2025;
- › reviewed the base salary and overall remuneration package for Chief Financial Officer, Philip Harrison, in light of increased responsibilities taken on during the year and the key role in supporting the transition to a new Group Chief Executive;

- › ensured the current Remuneration Policy was implemented in alignment with business strategy and culture;
- › considered ongoing developments in external corporate governance and best practice;
- › conducted a full review of the Remuneration Policy to ensure it remains effective and aligned to the Group's strategic objectives;
- › ongoing shareholder consultation in advance of the 2025 and 2026 AGM; and
- › reviewed and monitored senior management and wider workforce demographics and remuneration to ensure alignment with culture and as broader context for remuneration policy.

Priorities for 2026

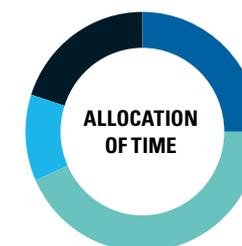
- › Ensure that the new Remuneration Policy is implemented in alignment with business strategy and culture.
- › Continue to review and monitor wider workforce demographics and remuneration across the Group's operations to ensure alignment with culture and as broader context for remuneration policy.

REPORT OF THE REMUNERATION COMMITTEE

As Chair of the Remuneration Committee, I am pleased to present our Directors' remuneration report for the year ended 31 December 2025.

Our report describes the work of the Committee, how it has applied our Remuneration Policy (Policy) that was approved by shareholders at the 2023 AGM and sets out the Remuneration Committee's proposals for changes to that Policy that will be subject to a binding shareholder vote at the 2026 AGM.

The proposed Policy is set out on pages 136 to 144 and a summary of how this will be implemented for the year ending 31 December 2026 is included in the Remuneration At A Glance section on page 145. The remainder of the report sets out the Annual Report on Remuneration detailing how the current Policy was applied over the year ended 31 December 2025.



Remuneration policy	25%
Remuneration of Directors and Executive Committee members	43%
Workforce remuneration	12%
Governance and other matters	20%

TERMS OF REFERENCE



Scan or click to view the Committee's full Terms of Reference.

The Committee's Terms of Reference were reviewed during the year to ensure compliance with the Code.

REMUNERATION FOR THE YEAR ENDING 31 DECEMBER 2025

Strategic and business context

As set out in this Annual Report:

- › Balfour Beatty has delivered a further successful period of operational and financial performance in 2025, resulting in the Group achieving profitable growth from its earnings-based businesses for a fifth consecutive year, while increasing forward order book, average net cash and shareholder returns.
- › Matching our growth aspirations with our focus on attracting and retaining new talent and key skills remains particularly important. From early careers and experienced hires to senior leadership, we continue to invest in our colleagues and strengthen our succession pipeline. In the UK, early careers roles represent 8.9% of the workforce.
- › Colleague engagement, measured through the latest survey, remained strong at 83%, positioned 8 percentage points above industry average.
- › Balfour Beatty continues to embed our Right to Respect programme across the Group demonstrating its commitment to enabling an ethical and inclusive culture. In the UK, the programme received a Highly Commended award at the Inspiring Women in Construction and Engineering Awards. The Value Everyone UK Diversity, Equity & Inclusion strategy and action plan continues to show steady progress with increased representation across key measures.
- › As we announced in August, Philip Hoare joined the Company as Group Chief Executive with effect from 8 September 2025. On the same date, Leo Quinn stepped down from the Board after over 10 years leading the business. Details of the appointment terms for Philip Hoare and the departure terms for Leo Quinn

were set out in last year's Directors' remuneration report. Further details of the awards made to Philip Hoare to partially compensate for remuneration forfeited on leaving his previous employer and joining Balfour Beatty are set out on pages 153 and 154.

Incentive outcomes for 2025

The outcomes of the Annual Incentive Plan (AIP) for the executive Directors reflected the following (with further detail provided on pages 147 to 150).

- › Stretching financial targets were set at the start of the year. In line with prior years, the cash flow targets have incorporated additional stretch following our review of historic targets and out-performance. The formulaic assessment of the AIP indicated 82.9% of maximum in respect of the financial targets for the executive Directors.
- › Objectives set for the executive Directors incorporated a number of consistent strategic business objectives together with role-specific personal objectives. Philip Hoare, Leo Quinn and Philip Harrison performed strongly against these objectives resulting in 100% of maximum for Philip Hoare, 92% of maximum for Leo Quinn and 96% of maximum for Philip Harrison for this element.
- › In line with good practice, the Remuneration Committee reviewed the overall outcome for the executive Directors. However, despite strong safety leadership in developing our safety culture and the maximum score recorded against the safety objectives, reflecting the ongoing progress made by the business against the leading and lagging indicators, there was a tragic fatality in 2025. Reflecting on this the Committee, in discussion with the executive Directors, decided to apply downward discretion and reduce the safety element of the strategic business and personal objectives by half for the executive Directors, reducing the overall scoring for strategic business and

personal objectives for Philip Hoare, Leo Quinn and Philip Harrison to 90%, 82% and 86% respectively. Further detail is included in the AIP metrics and outcomes section on pages 147 to 150.

- › Following the adjustment, 84.7% of maximum is to be paid to Philip Hoare, 82.7% of maximum is to be paid to Leo Quinn and 83.7% of maximum is to be paid to Philip Harrison for the AIP. In line with the Policy, 50% of the pay-out will be deferred into shares for three years for Philip Hoare and Philip Harrison. No deferral will be applied for Leo Quinn.
- › Since joining on 8 September 2025, Philip Hoare has engaged extensively with key clients, investors and employees across the business as part of his onboarding plan. Whilst building a strong understanding of business plans, strategy and operations, Philip has led activity to develop a high performing executive leadership team, including enhanced succession planning, alongside his strong impact in supporting the development of an engaged and inclusive workforce and the health, safety and wellbeing culture.
- › Leo Quinn continued to show strong leadership demonstrated by the performance against the strategic business and personal objectives. In particular, he led activities to develop a safe and inclusive culture, supporting the embedment of the 'Right to Respect' campaign in the UK, and supported the onboarding of the new Group Chief Executive.
- › Philip Harrison has also shown continued strong leadership across the business. In particular, he has delivered changes to key senior roles within the Finance function and maintained a high engagement score across the UK Finance function. He has also implemented the first phase of the Group material controls effectiveness processes as part of the internal controls framework.
- › Further details of the executive Directors' strategic business and personal objectives are set out on pages 148 to 150.
- › The performance conditions relating to the 2023 PSP awards measured performance over the three years ended 31 December 2025. TSR performance over the period was above upper quartile, operating cash flow exceeded maximum and EPS were towards the upper end of the range. This results in these awards vesting strongly at 95.6% of maximum. In assessing the appropriateness of this outcome, the Remuneration Committee considered the overall performance of the Company over the performance period and shareholder experience, and considered the outcome reflective of the strong achievement. Whilst the Remuneration Committee is conscious of potential windfall gains from significant share price increases, the Committee is satisfied the share price at grant was not depressed and the growth reflects the sustained underlying performance of the business.

REMUNERATION COMMITTEE CONTINUED

REMUNERATION FOR THE YEAR ENDING 31 DECEMBER 2025 CONTINUED

Board changes

We announced on 24 February 2026 that Philip Harrison will step down from the Board after over 10 years as Chief Financial Officer. Following an extensive search process, Myles Westcott, currently Group Financial Controller at BAE Systems plc, has been appointed by the Board to succeed him.

Departure terms for Philip Harrison

Philip Harrison will remain in post as Chief Financial Officer and an executive Director of the Company until Myles Westcott joins the Group. Philip will continue to be employed in an advisory capacity for four months to ensure a seamless transition.

Philip received his normal remuneration for 2025 (details of which are included in the single total figure remuneration table on page 146). He will also be eligible for a pro-rated annual bonus in respect of his active service for 2026. Reflecting his long service and contribution to the business, the Committee exercised its discretion to grant 'good leaver' status for the purpose of Balfour Beatty's share plans. Outstanding deferred bonus share awards will vest on cessation of employment in line with the Remuneration Policy. Outstanding PSP awards, subject to pro-rating for time and to the satisfaction of the applicable performance targets, will vest on their normal vesting dates. The post holding period relating to Philip's PSP awards will continue to apply as per the plan rules. Full details are provided on page 151.

Appointment terms for Myles Westcott

We are delighted Myles will join the Board as Group Chief Financial Officer. Myles' deep financial expertise and a strong track record of operating at scale within complex, international organisations will be critical as we continue to drive disciplined, profitable growth. Details of his remuneration are set out below:

- › Myles will receive a base salary of £530,000 and a pension allowance of 7% of salary (aligned with the wider workforce), along with other benefits offered to the wider workforce. It is intended that his salary will next be reviewed in July 2027.
- › Myles' maximum annual bonus will be 150% of base salary. For 2026, his bonus will be pro-rated to reflect the period of service during the year; and
- › Myles will also be granted a PSP award of 175% of base salary.

In line with usual practice, Myles will also receive awards to partially compensate for remuneration he is forfeiting on leaving his previous employer and joining Balfour Beatty. We applied the following principles in agreeing these buy-out awards:

- › the buy-out awards will not exceed the actual value forfeited;
- › 2026 buy-out awards: we may compensate Myles for amounts payable for vesting in 2026 based on the actual amounts forfeited (including his 2025 annual bonus if forfeited);
- › 2027 and 2028 buy-out awards: we may compensate Myles, in part, for amounts payable or vesting in March 2026, April 2027, and March 2028 in respect of share-based awards granted by his former employer;

- › where the buy-out is to replace a share award, it will be delivered as an award over Balfour Beatty shares; and
- › the awards will vest no earlier than the same timescales as the forfeited awards.

New Policy subject to binding shareholder vote at the 2026 AGM

Our new Policy is proposed in the context of continued strong performance of the Group and the appointment of our new Group Chief Executive and Chief Financial Officer. Our new Policy will continue to deliver a robust link between strategy, reward and performance supporting Balfour Beatty's drive to deliver ongoing profitable managed growth.

During the year, the Remuneration Committee has reviewed the current Policy and has concluded that it remains largely fit-for-purpose and supports the strategy of the Group. However, the Remuneration Committee is proposing the following changes to ensure that there is sufficient flexibility built into the Policy for the next three-year lifecycle:

- › **Linking Annual Incentive Plan (AIP) deferral to shareholding guidelines:** The new Policy will retain the requirement for 50% of any AIP earned to be deferred into shares for three years but the level of deferral will reduce to 33% of any AIP earned once the executive Director has met their shareholding guideline. The current 50% AIP deferral into shares for three years is towards the upper end of market practice compared to the FTSE 250 and sector peers. Linking the level of the AIP deferral to meeting the shareholding guideline is a principle-based approach to ensuring the new Policy supports the attraction and retention of high-quality talent, whilst ensuring that executive

Directors' interests are aligned with those of Shareholders. Given 33% of the AIP earned will continue to be deferred once shareholding guidelines are met (and alongside the ability to apply malus of unvested Performance Share Plan (PSP) awards), the Remuneration Committee believes there continues to be sufficient mechanisms in place to operate malus and clawback provisions.

- › **The maximum AIP opportunity under the new Policy will remain at 150% of base salary.**
- › **Inclusion of headroom to increase the PSP opportunity to up to 250% of base salary:** The new Policy will include an overall maximum PSP opportunity of 250% of base salary. This overall limit is to ensure the new Policy remains fit for purpose over the next three years. There is no current intention to use this headroom. This headroom would only be used in specific circumstances such as to facilitate the recruitment or retention of an executive Director; or in the event of a significant increase in the size and complexity of the business. As set out below, for 2026 the maximum PSP award for Philip Hoare will be 200% of base salary and the PSP award for Myles Westcott will be 175% of base salary.
- › **Increase in shareholding guidelines if PSP award granted in excess of 200% of base salary:** The current shareholding guideline is 200% of base salary for all executive Directors with the exception of Philip Harrison whose shareholding guideline is 150% of salary. Under the new Policy, the shareholding guideline will be increased for any executive Director who is granted a PSP award above 200% of base salary at any time post the approval of the new Policy. In this case, the shareholding guideline will be equal to the PSP award level.

➤ **Simplifying the interaction of the two-year post-employment shareholding guideline with the PSP two-year holding period and the three-year deferral period for the Deferred Bonus Plan (DBP):** We are simplifying the current Policy such that, at the Remuneration Committee's discretion, for example, in a retirement / 'good leaver' scenario, DBP and PSP awards will vest no later than two years post-cessation (aligned to the post-cessation shareholding guideline period). PSP awards would continue to be subject to time pro-rating and the satisfaction of the performance conditions as assessed at the end of the three-year performance period. This aligns the timeframe for the release of DBP awards and PSP awards with the two-year post-employment shareholding guideline thereby reducing complexity and administration.

Shareholder engagement

We are committed to aligning shareholder and company interests, maintaining an open and transparent dialogue with our shareholders on executive pay and listening to your views.

As set out in our announcement following the 2025 AGM and our update statement on 7 November 2025, the Board acknowledge that the advisory vote to approve the Directors' remuneration report at the 2025 AGM passed with 70.25% support. We understand that the level of support for the Remuneration report was lower than in prior years solely due to the 2025 pay review for the Group's Chief Financial Officer (CFO), Philip Harrison.

As Chair of the Remuneration Committee, I wrote to our major shareholders in advance of the 2025 AGM to set out the rationale for the pay review and offered shareholders the opportunity to discuss the pay review in more detail.

All shareholders that acknowledged the letter were supportive of the action taken by the Remuneration Committee. We did not receive any negative feedback direct from shareholders on the Remuneration report or the Chief Financial Officer pay review prior to or following the AGM.

As part of the Company's triennial review of the Policy, we have consulted with our major shareholders and the main proxy advisory agencies. Shareholders were supportive of the proposed changes to the Policy.

Remuneration for 2026

As set out in the Remuneration report last year, Philip Harrison's base salary was increased to £598,000 with effect from 1 February 2025 reflecting his significant experience and scope of his role and responsibilities. Philip Hoare's base salary was set at £840,000. The next base salary review date for Philip Hoare is 1 July 2026. Philip Harrison will not be eligible for a base salary review in 2026.

No changes are proposed to the structure of the performance measures to be used in the Annual Incentive Plan for 2026. It will continue to be based primarily on challenging Profit Before Tax (50%), Group Total Cash Flow (25%) and strategic business and personal objectives (25%). These objectives will be disclosed in the 2026 Remuneration report and include measurable objectives aligned to delivering on our Environmental, Social and Governance, People and Quality commitments. The executive Directors will be able to earn a maximum bonus of 150% of base salary.

The PSP awards to be granted in 2026 will be based on the achievement of three performance measures EPS (33.3%); Operating Cash Flow (33.3%) and TSR relative to the FTSE 250 excluding investment trusts (33.3%). The Committee is satisfied that the balance of measures remains

appropriate and supports the long-term business strategy. As outlined above, Philip Hoare will be granted a PSP award over shares worth 200% of base salary and upon joining Myles Westcott will be granted a PSP award over shares worth 175% of salary. Philip Harrison will not receive a 2026 PSP award.

The Remuneration Committee will continue to be mindful of the importance of setting appropriately stretching targets for both the AIP and PSP to ensure that the incentive out-turns are commensurate with the performance delivered, wider stakeholder experience and the long-term sustainable success of the Group. Given the commercial sensitivity, the 2026 AIP targets will be disclosed on a retrospective basis in the 2026 Remuneration report. The EPS and Operating Cash Flow targets for the 2026 PSP are disclosed prospectively on page 145.

Gender pay gap

Balfour Beatty's UK gender pay gap increased marginally in 2025 across both median and mean measures. This was mainly a result of the success in improved gender diversity of new hires, particularly across the large number of early careers roles which, building on prior years, has increased female representation across the lower pay quartiles by 15%, higher than that across higher pay quartiles. Whilst the resulting increase in the gender pay gap is undesirable, our in-depth analysis helps us to focus on the underlying cause, including looking beyond the numbers, and understand the longer-term impact of key activities implemented through our Value Everyone DE&I plan in reducing the gap. Since the introduction of gender pay reporting in Balfour Beatty, the median gap has reduced by 7%

Conclusion

We believe that implementation of the Remuneration Policy will continue to deliver a robust link between strategy, reward and performance, supporting Balfour Beatty's drive to deliver profitable managed growth and sustainable cash generation. The Company's remuneration policies have been, and will continue to be, implemented rigorously, aligned with the Group's strategic goals and culture. We hope you will support the Remuneration report and Policy at the 2026 AGM.

Wider workforce remuneration

In addition to the executive Directors, the Committee reviewed both the level and structure of remuneration for members of the Executive Committee and receives regular updates on the Company-wide pay and benefits for the wider workforce and takes these into account when reviewing executive and senior management remuneration. A summary of the typical updates shared with the Committee are included in the table on page 134.

Anne Drinkwater

Chair of the Remuneration Committee

10 March 2026

REMUNERATION COMMITTEE CONTINUED

Review of level and structure of remuneration for the members of the Executive Committee	Receive regular updates on the wider workforce demographic, pay and benefits across the Group
Review and approve:	
<ul style="list-style-type: none"> › annual review of base pay levels; › Annual Incentive Plan structure, target ranges and alignment to strategy and culture; › payments for Annual Incentive Plans, considering overall business performance; and › Performance Share Plan participation levels and performance conditions for plan launch and achievement against performance conditions of vesting plans. 	<ul style="list-style-type: none"> › Highlight remuneration practice across the wider workforce and how this relates to the business and HR strategic objectives. › Overview of distribution of annual base pay review including diversity and grade analysis, deployment of annual incentive plans and participation in all-employee and discretionary share plans. › Compliance with statutory minimum pay levels including Balfour Beatty's positioning against the voluntary UK Real Living Wage. › Summary of benefits provision and alignment to health, wellbeing and engagement plans. › Review of latest UK gender pay gap calculation and progression in reducing the gap, together with Group Chief Executive to average UK employee pay ratio. › Developments in employment policy requirements and updates to Balfour Beatty policies. › Involvement in a variety of live events, forums and conferences held during the year enabling impactful engagement across the Group.

A summary of the remuneration arrangements across the wider workforce in 2025, compared with the executive Directors, is included in the table below.

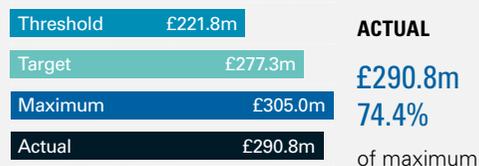
Executive Directors		Executive Committee and wider workforce
Base salary reviewed annually effective 1 July. Following the announcement that he would be stepping down from the Board, no increase was awarded to Leo Quinn in 2025. As detailed in the 2024 Remuneration report, Philip Harrison received a base salary increase, effective 1 February 2025 and no further increase was applied in 2025.	Salary	Main salary review effective 1 January 2025, Total UK budget of 4% with 3% available for allocation January 2025 in line with review guidelines. Award ranges based on earnings levels, performance and market positioning. Continued focus on lower paid roles, taking the voluntary UK Real Living Wage level into consideration when setting pay and implementation guidelines in UK. 3% median increase to Executive Committee, effective 1 July 2025.
Eligible for an annual bonus. Performance measures aligned to Group financial performance and strategic business/personal objectives.	Annual Incentive Plans	Executive Committee and other eligible grades qualify for a bonus. Performance measures aligned to Group/Business Unit appropriate to role.
Deferral of proportion of annual bonus paid for three years. Eligible to participate in long-term incentive plan and all-employees Share Incentive Plan (SIP). Shareholding requirements in place.	Share-based incentive plans	Deferral of proportion of annual bonus paid for three years for Executive Committee and senior managers. Executive Committee and some senior management are nominated for inclusion in a long-term incentive plan. All UK employees eligible to participate in all-employees SIP. Shareholding requirements in place for Executive Committee.
Executive Director pension provision of 7%.	Pension	UK Employer contribution average of 7% of base salary.

REMUNERATION AT A GLANCE

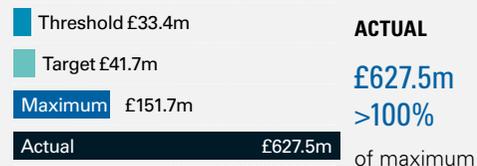
Ahead of the Annual Report on Remuneration, we have summarised below the key remuneration outcomes for 2025, the key elements of the proposed remuneration policy to be approved at the 2026 AGM and how we intend to implement it in 2026. The full remuneration policy can be found on pages 136 to 145.

AIP METRICS AND OUTCOMES

PROFIT BEFORE TAX

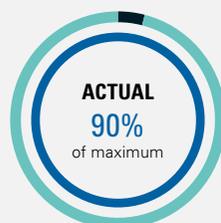


GROUP TOTAL CASH FLOW¹

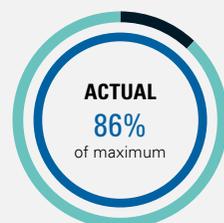


STRATEGIC BUSINESS AND PERSONAL OBJECTIVES

Group Chief Executive



Chief Financial Officer



AIP OUT-TURN

Group Chief Executive



Chief Financial Officer



A reconciliation of the Group's performance measures to its statutory results is provided in the Measuring our financial performance section.

- Group total cash flow of £627.5 million is the movement between opening and closing net cash adjusted for £125 million share buyback.
- Operating cash flow of £656 million is defined in the Measuring our financial performance section.
- Underlying basic earnings per share from continuing operations.
- Group Chief Executive's remuneration scenario is calculated on base salary of £840k for Philip Hoare. On-target is pro-rata to reflect time served in 2025 by Philip Hoare from joining

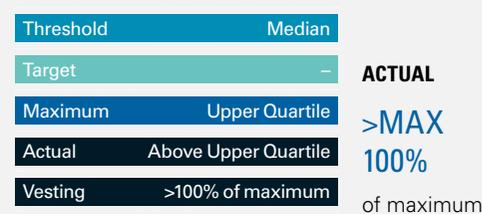
date of 8 September 2025. Actual is fixed pay and annual bonus for Philip Hoare in 2025. Chief Financial Officer's remuneration scenario is calculated on base salary of £519.15k at 1 January 2025.

- In line with the Investment Association (IA) guidelines, calculations shown include shares beneficially owned at 31 December 2025 plus unvested shares which are not subject to a further performance condition, on a net of tax basis, calculated using base salary at 31 December 2025.

PSP METRICS AND OUTCOMES

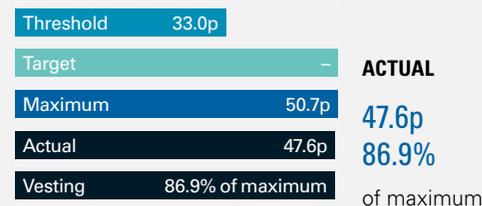
TOTAL SHAREHOLDER RETURN

TSR against the 143 remaining companies ranked 51–200 in the FTSE All Share Index (excluding investment trusts)



EARNINGS PER SHARE³

Underlying basic earnings per share from continuing operations

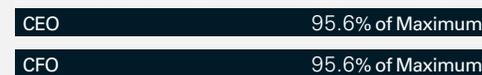


CASH

Operating cash flow (OCF)²

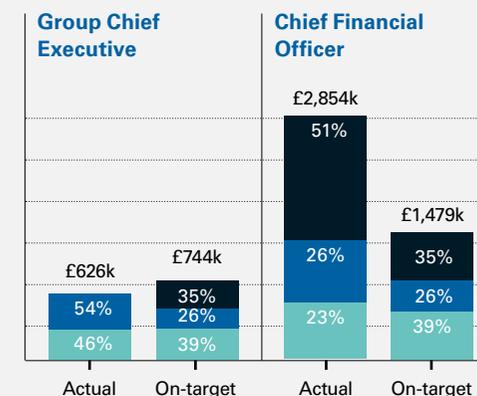


PSP OUT-TURN



EXECUTIVE DIRECTOR REMUNERATION SCENARIOS⁴

● PSP
● AIP
● Fixed pay



EXECUTIVE DIRECTORS' SHAREHOLDING GUIDELINES⁵

(% of base salary held)



PROPOSED DIRECTORS' REMUNERATION POLICY

A summary of the proposed changes to the Remuneration Policy are:

➤ The new Policy will retain the requirement for 50% of any AIP earned to be deferred into shares for three years but the level of deferral will reduce to one-third of any AIP earned once the executive Director has met their shareholding guideline. Linking the level of the AIP deferral to meeting the shareholding guideline is a principle-based approach to ensuring the new Policy supports the attraction (and retention) of high-quality talent, whilst ensuring that executive Directors' interests are aligned with those of our shareholders. The one-third AIP deferral once the shareholding guideline is met is also aligned with the level of AIP deferral for the Executive Committee.

➤ The maximum AIP opportunity under the new Policy will remain at 150% of base salary.

➤ The overall maximum PSP opportunity will increase to 250% of base salary. This overall limit is to ensure the new Policy remains fit for purpose over the next three years. This headroom would only be used in specific circumstances such as to facilitate the recruitment or retention of an executive Director; or in the event of a significant increase in the size and/or complexity of the business.

➤ The shareholding guideline will be increased for any executive Director whose annual PSP award opportunity is greater than 200% of base salary. In this case, the shareholding guideline will be equal to the PSP award level.

➤ Simplification of the interaction of the two-year post-employment shareholding guideline with the PSP two-year holding period and the three-year deferral period for the Deferred Bonus Plan: At the Remuneration Committee's discretion, (e.g. for a genuine retirement), PSP awards will vest on later of i) end of the three-year performance period; ii) two years post-cessation (aligned to the post-cessation shareholding guideline period). DBP awards would also vest two years post-cessation (aligned to the post-cessation shareholding guideline period). This change limits the shares which must be held to two years post-cessation for a good leaver thereby reducing complexity and administration. This change will not apply for Philip Harrison.

Further context is set out in the Remuneration Committee Chair's statement.

The following table sets out a summary of each element of the proposed executive Directors' remuneration packages, their link to the Company's strategy, the policy for how these are operated, the maximum opportunity and a description of any relevant performance metrics.

Element of pay	Purpose and link to Company's strategy	How it is operated in practice	Maximum opportunity	Performance metrics
Base salary	<p>To attract and retain high-calibre individuals.</p> <p>To provide a competitive salary relative to comparable companies in terms of size and complexity.</p>	<p>Salaries are normally reviewed and set annually in July. The Committee considers remuneration levels in companies of comparable market capitalisation, revenue and industry sector.</p> <p>In addition, a key reference point for salary increases is the average increase across the general workforce (with the exception of promotions or significant changes in responsibility).</p> <p>Salaries are paid monthly.</p>	<p>There is no prescribed maximum annual increase. The Committee is guided by the general increase for the broader employee population. However, increases may be awarded which are different to the general increases for the broader population where appropriate. This includes the ability to award higher increases in appropriate circumstances, such as:</p> <ul style="list-style-type: none"> ➤ on promotion or in the event of an increase in scope of the individual's role or responsibilities; ➤ where an individual has been appointed to the Board at a lower than typical market salary to allow for growth in the role, in which case larger increases may be awarded to move salary positioning to a typical market level as the individual gains experience; ➤ change in size and/or complexity of the Group; and/or ➤ significant market movement. <p>Increases may be implemented over such time period as the Committee deems appropriate.</p>	<p>While no performance conditions apply to fixed remuneration, a number of factors are considered, notably market competitiveness, business and personal performance.</p>



Element of pay	Purpose and link to Company's strategy	How it is operated in practice	Maximum opportunity	Performance metrics
Benefits	To aid retention and to remain competitive in the marketplace. In addition, medical benefits are provided to minimise disruption due to absence.	<p>Private medical (including for the executive Director's family) and life assurance may be provided. A car or car allowance are offered. Executive Directors are eligible to participate in any all-employee share scheme operated by the Group.</p> <p>Other benefits may be provided based on individual circumstances, which may include relocation costs or allowances, travel and accommodation expenses.</p> <p>Reimbursed expenses may include a gross-up to reflect any tax or social security due in respect of the reimbursement.</p>	<p>The Committee has not set a maximum level of benefits executive Directors may receive. The value is set at a level which the Committee considers to be appropriate taking into account the nature and location of the role and individual circumstances. Participation in any all-employee share scheme is in line with the rules of the scheme, including the permitted maximum levels of participation.</p>	None
Pension	To remain competitive in the marketplace.	<p>Executive Directors can elect either to:</p> <ul style="list-style-type: none"> ➤ receive an employer contribution to the defined contribution (DC) section of the Group's pension fund; ➤ receive a salary supplement in lieu of a pension; or ➤ receive a combination of an employer contribution to the DC pension fund and a salary supplement. 	<p>The maximum employer contribution (whether by way of employer pension contribution, salary supplement, or a combination) will not exceed the level of contribution available to the wider workforce, currently 7% of base salary. The Committee retains discretion to determine the approach to and calculation of the workforce pension level, including if relevant the methodology for international directors.</p>	None

**PROPOSED DIRECTORS' REMUNERATION POLICY CONTINUED**

Element of pay	Purpose and link to Company's strategy	How it is operated in practice	Maximum opportunity	Performance metrics
Annual Incentive Plan (AIP) and Deferred Bonus Plan (DBP)	<p>To motivate executive Directors and incentivise the achievement of key business performance targets over the financial year without encouraging excessive risk taking. Managing risk is critical, particularly given the nature of the Company's business.</p> <p>To facilitate share ownership, aid retention and provide further alignment with shareholders.</p>	<p>The payment of any bonus is at the absolute discretion of the Committee which has the discretion to override the out-turn of the bonus if appropriate to do so. It may exercise this discretion to take account of factors including, but not limited to, the underlying financial and operational performance of the Company, individual performance, HSE and Sustainability record, the appropriateness of the value that would otherwise be earned, the occurrence of any exceptional event and whether the out-turn that would otherwise apply is not appropriate in the context of circumstances that were unexpected or unforeseen at the start of the bonus year.</p> <p>Until an executive Director has met the shareholding guideline (as determined by the Committee), 50% of any payment is normally deferred into shares for three years. The amount deferred into shares is reduced to one-third once the executive Director has met the shareholding guideline. Deferred share awards may take the form of nil cost options, conditional awards of shares or such other form as has a similar economic effect.</p> <p>Both the cash and deferred share elements of the annual bonus are subject to malus and clawback provisions – see 'Malus & Clawback' below for further details.</p> <p>Participants may also receive an additional award of shares in lieu of the value of dividends paid over the deferral period in relation to deferred shares (this payment may assume that dividends had been reinvested in Balfour Beatty shares on a cumulative basis).</p>	Maximum annual incentive opportunity is 150% of base salary.	<p>Each year the Committee will select performance measures for the annual bonus that are aligned with the strategy of the Company.</p> <p>At least 50% of the annual bonus will be based on financial metrics.</p> <p>Subject to the Committee's discretion to override the bonus out-turn:</p> <ul style="list-style-type: none"> ➤ for financial measures, up to 20% of maximum is earned for threshold performance rising to up to 50% for on-target performance and 100% for maximum; and ➤ for strategic or individual objectives between 0% and 100% of maximum is earned based on the Committee's assessment of the extent to which the relevant metric or objective has been met. <p>The AIP performance measures and weightings for 2026 are disclosed on page 145.</p> <p>The choice and weighting of the metrics for future awards may be altered to reflect the changing needs of the business.</p> <p>The Committee retains the discretion to retrospectively amend the measures, weightings, targets and/or method of assessment for the in-year bonus to take into account a change in the business strategy, significant acquisition or disposal, change in accounting treatment or the occurrence of other exceptional circumstances to ensure that the scheme is able to fulfil its original purpose.</p>



Element of pay	Purpose and link to Company's strategy	How it is operated in practice	Maximum opportunity	Performance metrics
Performance Share Plan (PSP)	<p>To incentivise and reward delivery of long-term performance linked to the business strategy.</p> <p>To facilitate share ownership and provide further alignment with shareholders.</p> <p>To aid retention.</p>	<p>The Committee may grant awards as conditional shares, as nil (or nominal) cost options, as forfeitable shares or in such other form as has a similar economic effect.</p> <p>PSP awards are granted annually so that no undue emphasis is placed on performance in any one particular financial year.</p> <p>Awards will ordinarily vest, subject to performance, following the assessment of the applicable performance conditions which will typically be assessed over three years. Awards will then be subject to an additional two-year holding period, during which time awarded shares may not ordinarily be sold (other than for tax). Alternatively, the holding period may be operated on the basis that awards will not normally be released (so that the participant is entitled to acquire shares) until the end of the holding period of two years beginning on the vesting date.</p> <p>The Committee has the discretion to override the formulaic out-turn of the award if appropriate to do so. It may exercise this discretion to take account of factors including, but not limited to, the underlying financial and operational performance of the Company, individual performance and HSE and Sustainability record, the appropriateness of the value that would otherwise vest, the occurrence of any exceptional event and whether the vesting level that would otherwise apply is not appropriate in the context of circumstances that were unexpected or unforeseen at the award date.</p> <p>Malus and clawback provisions apply to all awards made under the PSP – see 'Malus & Clawback' below for further details.</p> <p>Participants also receive an additional award of shares in lieu of the value of dividends paid over the vesting and, if the holding period is operated on the basis shares cannot be acquired until the end of it, over the holding period in relation to vested shares (this payment may assume that dividends had been reinvested in Balfour Beatty shares on a cumulative basis).</p>	<p>The ordinary maximum award in respect of a financial year is 200% of base salary.</p> <p>In specific circumstances such as to facilitate the recruitment of an executive Director or in the event of a significant increase in the size and/or complexity of the business, the maximum award in respect of a financial year is 250% of base salary.</p> <p>Awards in respect of 2026 will be granted at the level of 200% of salary for the Group Chief Executive Officer and 175% of salary for other executive Directors.</p>	<p>PSP awards will be granted in accordance with the rules of the PSP and the discretions contained therein.</p> <p>Performance measures will be set on an annual basis to reflect the Company's strategy and provide stretching conditions in the light of the Company's current and expected performance over the performance period. A minimum of 30% of any award will be based on relative total shareholder return (TSR). The balance of any award may be based on financial and/or non-financial metrics provided that at least 75% of the award is based on financial and/or TSR measures.</p> <p>Subject to the Committee's discretion to override the formulaic out-turn of the award, there is up to 25% vesting for threshold performance, rising to 100% vesting for maximum performance.</p> <p>The PSP performance measures and weightings for 2026 are disclosed on page 145.</p> <p>The choice and weighting of the metrics for future awards may be altered to reflect the changing needs of the business.</p>

PROPOSED DIRECTORS' REMUNERATION POLICY CONTINUED

Element of pay	Purpose and link to Company's strategy	How it is operated in practice
Shareholding guidelines	To align the interests of executive Directors with those of shareholders.	<p>The Committee retains discretion to vary the application of the shareholding guidelines in exceptional circumstances.</p> <p>In-post requirements Executive Directors are expected to accumulate a shareholding in the Company's shares to the value of 200% of base salary, or 150% of salary for Philip Harrison.</p> <p>There is an aim that this is built up within five years of employment commencing. Executive Directors are expected to retain at least 50% of shares (net of tax) which vest from awards made under the PSP and DBP until the target shareholding is attained.</p> <p>Where an executive Director's annual PSP award opportunity is greater than 200% of base salary, the requirement will be increased to equal the PSP award level.</p> <p>Shares subject to awards which are not (or are no longer) subject to performance conditions will count towards the requirement on a net of assumed tax basis.</p> <p>Post-cessation requirements For Philip Harrison, the post-vesting holding condition, which applies to PSP awards from 2019 onwards, requires the vested shares (net of tax) to be held until the fifth anniversary of grant and will continue to apply post-cessation of employment.</p> <p>Other executive Directors will be required to hold the lower of 100% of their in-post share ownership requirement or their actual holding on departure, for two years post-cessation of employment.</p> <p>No post-cessation restriction will apply to shares purchased by Directors from their own funds.</p>

Malus and clawback

The rules of the PSP and the Company's annual incentive (including any element deferred into shares) include provisions for malus and clawback to apply if the Committee concludes that:

- any financial results or other performance measures used to assess the extent to which an award vested or payment was made was misstated, incorrect or misleading;
- the extent to which an award or payment was made was based on error;
- an event, act or omission occurs which results in any member of the Group suffering material reputational damage;
- any member of the Group has suffered an instance of corporate failure, which includes, but is not limited to: a material reduction in the value of the relevant company; an involuntary insolvency or similar circumstance; or any event that the Committee determines has a material negative impact on any of the stakeholders in the Company; or

- the relevant individual has committed misconduct.

Clawback generally may be applied for up to two years following payment of a cash AIP, and up to two years following vesting in respect of awards granted under the DBP and PSP.

These provisions are set to reflect a timeframe in which the company's financial reporting, audit and risk procedures would typically identify one of the malus and clawback trigger events. The Committee retains the discretion to extend the clawback period in the event of an ongoing investigation.

Discretions retained by the Committee in operating the PSP and other variable pay schemes

The Committee operates the Group's various incentive plans according to their respective rules and (where applicable) in accordance with relevant legislation and HMRC guidance. In order to ensure efficient administration of these plans,

certain operational discretions are reserved to the Committee. These include:

- determining who may participate in the plans;
- determining the timing of grants of awards and/or payments under the plans;
- determining the quantum of any awards and/or payments (within the limits set out in the policy table above);
- determining that a share-based award or any dividend equivalent shall be settled (in full or in part) in cash, although the Committee would only settle an executive Director's award in cash in exceptional circumstances, such as where there is a regulatory restriction on the delivery of shares, or in respect of the tax liability arising in relation to the award;
- determining the performance measures and targets applicable to an award (in accordance with the statements made in the policy table above), including discretion to amend or substitute the performance measures and targets in the event of changes in accounting

standards or if other exceptional circumstances occur which cause the Committee to reasonably consider it appropriate to do so;

- where a participant ceases to be employed by the Company, determining whether 'good leaver' status shall apply;
- determining the extent of vesting of an award based on assessment of the performance conditions, including discretion as to the basis on which performance is to be measured if an award vests in advance of normal timetable (on cessation of employment as a 'good leaver' or on the occurrence of corporate events);
- determining whether, and to what extent, awards shall be reduced pro-rata to reflect the proportion of the performance period completed in the event of cessation of employment as a 'good leaver' or on the occurrence of corporate events;
- determining whether malus and/or clawback shall be applied to any award and, if so, the extent to which they shall apply;

- › making appropriate adjustments to awards on account of certain events, such as major changes in the Company's capital structure; and
- › reducing, delaying or imposing additional conditions on payments and/or vesting of awards.

Consideration of shareholders' views

The Committee considers feedback from shareholders received at each AGM, and any feedback from additional meetings or from published investor guidelines, as part of any review of executive remuneration. In addition, the Committee engages proactively with shareholders and will ensure that shareholders are consulted in advance where any material changes to the remuneration policy and implementation of that policy are proposed. Indeed, the process surrounding the formulation of the 2026 Policy included a programme of engagement with the Company's largest institutional investors (including the top 20 shareholders) and a selection of proxy agencies in order to understand their views on the proposed approach. Where questions were raised, or clarification on any points was requested, these were responded to on a case-by-case basis.

Consideration of employment conditions elsewhere in the Group and differences between arrangements for executive Directors and other employees

In determining the remuneration of the executive Directors, the Committee takes into account the general trends in pay and conditions across the Group as a whole. Whilst employees have not been consulted formally on executive pay, due in part to the diverse geographic disposition of the Group, the Committee also took into account the pay policies across the Group and themes from

our workforce engagement activities. The Committee also seeks to ensure that the underlying principles which form the basis for decisions on Directors' pay are consistent with those on which pay decisions for the rest of the workforce are taken.

The following differences exist between the Company's policy for the remuneration of executive Directors and its approach to the payment of employees generally:

- › Participation in the PSP is typically aimed at the executive Directors and certain selected senior managers. Other employees may be invited to participate in the Restricted Share Plan (RSP) to aid retention and recognition. Shadow RSP schemes have been introduced on a cash-settled basis which mirror the conditions of the equity-settled RSP schemes, awards under which are principally made to employees based in the US. All UK employees including executive Directors, are eligible to participate in the Company's Share Incentive Plan up to prevailing HMRC limits.
- › A lower level of maximum annual bonus opportunity applies to eligible employees other than executive Directors. For certain selected senior managers, a proportion of any bonus will be deferred into shares under the DBP.
- › Benefits offered to other employees, depending on their employee grade, may include health insurance, death-in-service benefit, a company vehicle or cash allowance and access to other voluntary employee benefits.

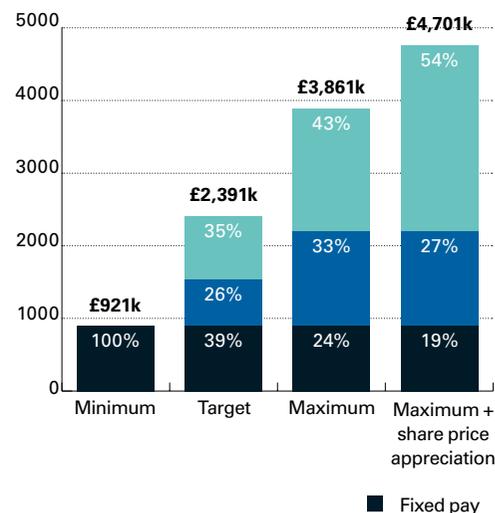
In general, these differences arise from the development of remuneration arrangements that are market competitive for the various categories of individuals. They also reflect the fact that, in the case of the executive Directors, a greater emphasis is placed on variable pay.

Executive Director remuneration scenarios

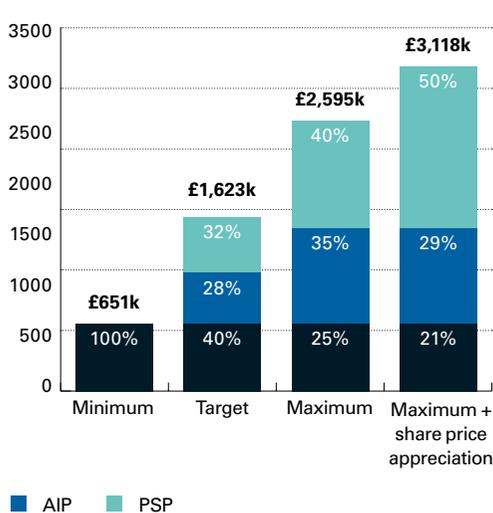
A significant proportion of remuneration is linked to performance, particularly at maximum performance levels.

The charts below show how much the Group Chief Executive and Chief Financial Officer could earn in future periods based on different performance scenarios in respect of awards to be made in the 2026 financial year under Balfour Beatty's remuneration policy.

CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



PROPOSED DIRECTORS' REMUNERATION POLICY CONTINUED

Executive Director remuneration scenarios continued

The following assumptions have been made:

- › minimum (performance below threshold) – fixed pay only with no vesting under any of Balfour Beatty's incentive plans;
- › target – fixed pay plus a bonus (AIP) at the mid-point of the range (giving 50% of the maximum opportunity) and vesting of 50% of the face value of the award at grant under the PSP;
- › maximum (performance meets or exceeds maximum) – fixed pay plus 100% of the bonus (AIP) opportunity and 100% of the face value of the award at grant under the PSP; and
- › maximum + 50% share price growth (performance meets or exceeds maximum and 50% increase in share price) – fixed pay plus maximum bonus (AIP) and maximum vesting under the PSP at a 50% higher share price than when the PSP award was granted.

Fixed pay comprises:

- › salaries – £840,000 for Group Chief Executive and £598,000 for the Chief Financial Officer;
- › benefits – amount received in the 2025 financial year; and
- › pension – cash allowance in lieu of pension is 7% of base salary.

Recruitment and promotion policy for executive Directors

To ensure the ongoing leadership continuity of the Group, the Company will seek the appointment of high-calibre executives, either by external appointment or internal promotion. The remuneration package for a new executive Director would be set in accordance with the terms of the Company's remuneration policy at the time of appointment and take into account the scope and complexity of the role, the experience of the individual, the prevailing market rate for that experience and the importance and immediacy of securing that candidate.

When determining appropriate remuneration arrangements, the Committee may include other elements of pay which it considers are appropriate. However, this discretion is capped and is subject to the limits referred to below.

The salary would be set at a level, based on the principles above, to secure the most appropriate candidate but paying no more than is necessary and in the best interests of the Company and its shareholders. This may include agreement on future increases, in line with increased experience and/or responsibilities, subject to good performance, where it is considered appropriate.

Pension contributions (and/or salary supplement in lieu) will not exceed the level of contribution available to the wider workforce, currently up to 7% of salary. The AIP potential would be limited to 150% of salary, and grants under the PSP may be up to the plan maximum of 250% of salary per annum.

The Committee will not offer non-performance related incentive payments (such as a 'guaranteed sign-on bonus', for example).

Other elements may be included in the following circumstances:

- › an interim appointment being made to fill an executive Director role on a short-term basis;
- › if exceptional circumstances require that the Group Chair or a Non-executive Director takes on an executive function on a short-term basis; and
- › if an executive Director is recruited at a time in the year when it would be inappropriate to provide an incentive for that year as there would not be sufficient time to assess performance. Subject to the limit on variable remuneration set out below, the quantum in respect of the months employed during the year may be transferred to the subsequent year so that reward is provided on a fair and appropriate basis.

The Committee may also alter the performance measures, performance period, vesting period, holding period and deferral period of the AIP or PSP, subject to the rules of the PSP, if the Committee determines that the circumstances of the recruitment merit such alteration. The rationale will be clearly explained in the next Directors' remuneration report.

The maximum level of variable remuneration, which may be granted (excluding 'buy-out' awards) is 400% of salary.

The Committee may make payments or awards in respect of hiring an employee to 'buy-out' remuneration arrangements forfeited from a previous engagement. In doing so, the Committee will take account of relevant factors including any performance conditions attached to the forfeited arrangements and the time over which they would have vested. The Committee will generally seek to structure 'buy-out' awards or payments on a comparable basis to the remuneration arrangements forfeited. Any such payments or awards are excluded from the maximum level of variable remuneration referred to above.

For an internal executive Director appointment, any remuneration awarded in respect of the prior role may be allowed to pay out according to its terms, adjusted as relevant to take into account the appointment. In addition, any other ongoing remuneration obligations existing prior to appointment may continue.

For external and internal appointments, the Committee may agree that the Company will meet certain relocation and/or incidental expenses as appropriate.

Fees payable to a newly appointed Group Chair or Non-executive Director will be in line with the policy in place at the time of the appointment.

Service agreements and payments for loss of office for executive Directors

It is the Company's policy that executive Directors should have contracts with an indefinite term, which can be terminated on one year's notice by the Company and six months' notice by the executive Director. In accordance with the Code, all executive Directors submit themselves for re-election at the AGM.

In the event of termination, the following principles will apply:

Provision	Detailed terms
Notice period	<p>Philip Hoare's service agreement may be terminated on 12 months' notice by either party.</p> <p>Philip Harrison's service agreement may be terminated on 12 months' notice by the Company and six months by Philip Harrison.</p> <p>For any newly appointed executive Director, the Committee may offer a notice period of up to 12 months by either party.</p> <p>In the event of termination by the Company 'for cause' the executive Director would not be entitled to the period of notice specified above under his or her contract of employment or to any payment in lieu of notice.</p>
Notice payments	<p>If any existing contract was terminated by the Company (other than for cause), it would be liable to pay salary and contractual benefits for the notice period, including any period of garden leave. The Company may elect to make payment in lieu of any unexpired period of notice comprising salary and a cash sum in lieu of benefits.</p> <p>The Company reserves the right to apply mitigation to any payment in lieu of notice, for example by making phased payments where appropriate for the balance of any notice period, against which earnings from new employment would be offset.</p>
Annual bonus	<p>This will be reviewed on an individual basis and the decision whether or not to award a bonus in full or in part will be dependent upon a number of factors including the circumstances of their departure and their contribution to the business during the bonus period in question, such that a bonus will be paid only in circumstances that the Committee considers are good leaver circumstances. Any bonus payment would typically be pro-rated for time in active service and paid at the usual time, subject to the Committee's assessment of the extent to which the performance conditions have been met. The Committee retains discretion to pay the whole of any bonus earned in cash in appropriate circumstances. Having this ability to pay a bonus in cash rather than deferred shares on cessation of employment would reduce administration of doing a simultaneous transaction i.e. granting a deferred share award which vests immediately with shares sold for cash on cessation of employment.</p>

Provision	Detailed terms
Deferred bonus awards	<p>Any share-based entitlements granted to an executive Director under the Company's share plans will be determined based on the relevant plan rules.</p> <p>For Philip Harrison, outstanding DBP awards will lapse on cessation of employment, except in certain good leaver circumstances prescribed by the plan rules when DBP awards will vest in full on the date of cessation.</p> <p>For any other executive Director, in certain good leaver circumstances prescribed by the plan rules, DBP awards will vest on the normal vesting date or, at the Committee's discretion, two years post-cessation of employment (if earlier). However, the Committee has discretion to determine that DBP awards will vest at cessation in appropriate circumstances.</p>
PSP awards	<p>Any share-based entitlements granted to an executive Director under the Company's share plans will be determined based on the relevant plan rules. The default treatment under the PSP is that any outstanding awards lapse on cessation of employment. However, in certain prescribed circumstances, such as death, ill health, injury, disability, retirement or other circumstances at the discretion of the Committee, awards will not be forfeited on cessation of employment and, subject to the satisfaction of the relevant performance conditions, will vest subject to the satisfaction of the performance conditions and with a pro-rata reduction to reflect the proportion of the performance period actually served. Any award held by Philip Harrison would ordinarily not be released until the end of the originally envisaged holding period. For any other executive Director, awards may be released at the end of the originally envisaged holding period or, at the discretion of the Committee, would be released at the later of the end of the performance period and two years after cessation of employment.</p> <p>The Committee has discretion to determine that PSP awards vest/are released at cessation and/or to amend time pro-rating in appropriate circumstances.</p>
Change of control	<p>There are no provisions for enhanced termination payments in the event of change of control of the Company.</p>
Incidental expenses and other payments	<p>The Company may meet relocation and other incidental expenses on termination of employment, for example relocation expenses, outplacement fees, the fees of legal or other professional advisers, and accrued but untaken holiday. It may also elect to continue to provide certain benefits rather than making payment in lieu of the benefit in question. Awards under the Company's all-employee Share Incentive Plan will be treated in accordance with the rules of that plan. In appropriate circumstances, the Committee may agree that certain benefits may be continued for a reasonable period following termination of employment.</p>

PROPOSED DIRECTORS' REMUNERATION POLICY CONTINUED

Service agreements and payments for loss of office for executive Directors continued

Where a 'buy-out' or other 'one-off' award is made, the leaver provisions would be determined at the time of the award.

The Committee reserves the right to make additional exit payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of a Director's office or employment.

Legacy arrangements

The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the policy set out above where the terms of the payment were agreed:

- › before the policy came into effect (provided that, in the case of any payment agreed after the Company's 2014 Annual General Meeting, they are in line with the policy in place at the time the terms were agreed or were otherwise approved by shareholders); or
- › at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company; and to satisfy contractual commitments under legacy remuneration arrangements.

For these purposes, 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.

External appointments of executive Directors

The Committee recognises that benefits can arise from allowing executive Directors to take a non-executive directorship elsewhere, from which fees may be retained with the approval of the Board.

Appointment of Independent Non-executive Directors

Independent Non-executive Directors are appointed by the full Board following recommendations from the Nomination Committee. All Independent Non-executive Directors are appointed for a term of three years. In accordance with the Code, all Independent Non-executive Directors submit themselves for re-election at the AGM.

Element of pay	Purpose and link to Company's strategy	How it is operated in practice	Maximum opportunity
Independent Non-executive Director fees	To attract and retain high-quality and experienced Independent Non-executive Directors.	<p>The Group Chair is paid an annual fee and the Independent Non-executive Directors are paid an annual base fee and additional responsibility fees for the role of Senior Independent Director or for chairing a Board Committee. Additional fees may be paid for other responsibilities or time commitments.</p> <p>Independent Non-executive Directors may receive a travel allowance for intercontinental travel on Company business (excluding travel within home continent).</p> <p>The Independent Non-executive Directors are not eligible to join any pension scheme operated by the Company and cannot participate in any of the Company's performance-based share plans or annual incentive schemes although their fees may be paid in cash or shares (which may include a non-performance based nil or nominal cost award over Company shares, which may incorporate a right to dividend equivalents over the award's vesting period).</p> <p>The Company will pay any reasonable business related expenses (including tax thereon where determined as a taxable benefit).</p> <p>The Chair and Independent Non-executive Directors may also be eligible to receive benefits such as the use of secretarial support, assistance with the preparation of tax returns, or other benefits that may be appropriate.</p>	<p>Fees are set taking into account the responsibilities of the role and expected time commitment.</p> <p>Where benefits are provided to Independent Non-executive Directors they will be provided at a level considered to be appropriate taking into account the individual circumstances.</p>

The appointment letters for Independent Non-executive Directors may be terminated with three months' notice (six months' notice for the Group Chair) by either party and contain no provision for payment in the event of termination in addition to such notice.

PROPOSED IMPLEMENTATION OF THE REMUNERATION POLICY IN 2026

Our approach for 2026	
Base salary	<p>During the year the Committee reviewed the market positioning for remuneration of the Group Chief Executive and Chief Financial Officer.</p> <p>Philip Harrison's base salary was increased to £598,000 in February 2025 and will not receive a further increase in 2026.</p> <p>The Group Chief Executive, Philip Hoare's base salary on appointment was £840,000. Philip Hoare's next salary review will be July 2026.</p> <p>Myles Westcott will receive a base salary of £530,000, which is circa 11% lower than Philip Harrison, who will step down from the Board when Myles joins the Board. It is intended that Myles Westcott's salary will be next reviewed in July 2027.</p>
Pension and benefits	<p>The pension provision for executive Directors is aligned to the level of the wider workforce, currently 7% of base salary.</p>
Annual Incentive Plan (AIP)	<p>For 2026, the AIP for the executive Directors will be a maximum bonus of 150% of base salary, based on the achievement of three performance measures:</p> <ul style="list-style-type: none"> ▶ profit before tax (50%); ▶ cash (25%); and ▶ strategic business (including health and safety, environmental and sustainability measures) and personal objectives (25%). <p>The three elements are measured and calculated independently of each other and 50% of any bonus earned will be deferred for three years in shares. Under the proposed new Policy the level of deferral will reduce to 33% of any AIP earned once the executive Director has met their shareholding guideline.</p> <p>Annual bonus earned by Philip Harrison and Myles Westcott will be pro-rated to reflect active service during the year.</p> <p>While the Committee has chosen not to disclose in advance the performance targets for 2026 as these include items which the Committee considers commercially sensitive, retrospective disclosure of the targets and performance against them will be presented in the Remuneration report for 2026.</p>

Our approach for 2026																					
Long-term incentive	<p>For 2026, the Group Chief Executive will be granted a Performance Share Plan (PSP) award over shares worth 200% of base salary and the Chief Financial Officer 175% of base salary. Philip Harrison will not be granted a 2026 PSP award.</p> <p>The PSP awards to be granted in 2026 will be based on the achievement of three performance measures: EPS (33.3%), cash (33.3%) and relative TSR (33.3%).</p> <p>The TSR peer group will be FTSE 250 companies (excluding investment trusts).</p> <table border="1"> <thead> <tr> <th>Metric</th> <th>Measure</th> <th>Threshold</th> <th>Target</th> <th>Maximum</th> </tr> </thead> <tbody> <tr> <td>Total shareholder return</td> <td>TSR ranking</td> <td>Median</td> <td></td> <td>Upper quartile</td> </tr> <tr> <td>Cash</td> <td>Operating cash flow (OCF)</td> <td>£279m</td> <td>£398m</td> <td>£448m</td> </tr> <tr> <td>EPS</td> <td>Underlying basic EPS from continuing operations</td> <td>49.2p</td> <td></td> <td>75.4p</td> </tr> </tbody> </table> <p>The Committee considers that the performance measures are aligned to long-term business strategy and appropriately stretching reflecting the current environment.</p>	Metric	Measure	Threshold	Target	Maximum	Total shareholder return	TSR ranking	Median		Upper quartile	Cash	Operating cash flow (OCF)	£279m	£398m	£448m	EPS	Underlying basic EPS from continuing operations	49.2p		75.4p
Metric	Measure	Threshold	Target	Maximum																	
Total shareholder return	TSR ranking	Median		Upper quartile																	
Cash	Operating cash flow (OCF)	£279m	£398m	£448m																	
EPS	Underlying basic EPS from continuing operations	49.2p		75.4p																	
Shareholding guidelines	<p>200% of base salary for the Group Chief Executive and incoming Chief Financial Officer, Myles Westcott. 150% of base salary for Philip Harrison.</p> <p>The post-vesting holding condition applying to PSP awards requires the vested shares (net of tax) to be held until the fifth anniversary of grant and will continue to apply post-cessation of employment.</p>																				
Independent Non-executive Directors	<p>The Company's approach to setting Non-executive Directors' fees is by reference to fees paid at similar companies and reflects the time commitment and responsibilities of each role. At the annual review on 1 July 2025, Independent Non-executive Directors' fees were increased in line with the wider workforce. The next review date is 1 July 2026.</p> <table border="1"> <thead> <tr> <th></th> <th>1 July 2024 (£)</th> <th>1 July 2025 (£)</th> </tr> </thead> <tbody> <tr> <td>Group Chair</td> <td>324,600</td> <td>334,300</td> </tr> <tr> <td>Base fee</td> <td>72,750</td> <td>74,900</td> </tr> <tr> <td>SID fee</td> <td>10,800</td> <td>11,100</td> </tr> <tr> <td>Committee Chair fee</td> <td>16,250</td> <td>16,750</td> </tr> </tbody> </table> <p>Louise Hardy also receives a fee of £10,700 per annum in respect of her responsibility as Workforce Engagement Lead.</p> <p>All Independent Non-executive Directors may be paid a travel allowance for intercontinental travel on Company business (excluding travel within home continent).</p>		1 July 2024 (£)	1 July 2025 (£)	Group Chair	324,600	334,300	Base fee	72,750	74,900	SID fee	10,800	11,100	Committee Chair fee	16,250	16,750					
	1 July 2024 (£)	1 July 2025 (£)																			
Group Chair	324,600	334,300																			
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Committee Chair fee	16,250	16,750																			

ANNUAL REPORT ON REMUNERATION

This part of the Remuneration report sets out how the Remuneration Policy was implemented over the year ended 31 December 2025. Details of the remuneration earned by Directors and the outcomes of incentive schemes, including details of relevant links to Company performance, are also provided in this part.

The following sections have been audited by KPMG: Remuneration received by Directors for the year ended 31 December 2025 including related notes (page 146); Outstanding share awards (page 152), PSP awards granted during the year (page 153); AIP awards for the year ended 31 December 2025 (page 147), AIP metrics and outcomes (page 147), PSP metrics and outcomes (page 151), Buy-out awards granted to Philip Hoare, payments to past Directors and payments for loss of office (page 154); and statement of Directors' shareholdings and share interests (page 154).

Remuneration received by Directors for the year ended 31 December 2025

The table below sets out the Directors' remuneration for the year ended 31 December 2025 (or for performance periods ended in that year in respect of long-term incentives) together with comparative figures for the year ended 31 December 2024.

Year	Fixed pay				Variable pay					Total £	
	Base salary and fees ¹ £	Taxable benefits ^{2,3} £	Pension cash allowance £	Sub-total £	Annual incentive cash ⁴ £	Annual incentive deferred shares ⁴ £	Long-term incentives ^{5,6} £	Other ¹⁰ £	Sub-total £		
Executive Directors											
Philip Hoare ⁷	2025	264,091	6,846	18,486	289,423	168,124	168,124	–	2,313,064	2,649,312	2,938,735
	2024	–	–	–	–	–	–	–	–	–	–
Philip Harrison	2025	591,429	11,982	41,400	644,811	375,395	375,395	1,458,678	–	2,209,467	2,854,278
	2024	509,175	14,980	35,642	559,797	355,877	355,877	1,311,252	–	2,023,006	2,582,803
Leo Quinn ⁸	2025	616,900	14,689	43,183	674,772	765,265	–	2,875,691	–	3,640,956	4,315,728
	2024	878,300	20,980	61,481	960,761	607,149	607,149	2,676,030	–	3,890,328	4,851,089
Non-executive Directors											
Charles Allen	2025	329,450	6,510	–	335,960	–	–	–	–	–	335,960
	2024	318,375	19,679	–	338,054	–	–	–	–	–	338,054
Gabrielle Costigan	2025	90,325	3,530	–	93,855	–	–	–	–	–	93,855
	2024	68,674	3,213	–	71,887	–	–	–	–	–	71,887
Anne Drinkwater	2025	101,275	36,375	–	137,650	–	–	–	–	–	137,650
	2024	94,172	21,165	–	115,337	–	–	–	–	–	115,337
Louise Hardy	2025	84,375	3,945	–	88,320	–	–	–	–	–	88,320
	2024	81,550	4,118	–	85,688	–	–	–	–	–	85,688
Michael Lucki ⁹	2025	25,815	52	–	25,867	–	–	–	–	–	25,867
	2024	71,350	21,720	–	93,070	–	–	–	–	–	93,070
Robert MacLeod	2025	90,325	6,530	–	96,855	–	–	–	–	–	96,855
	2024	68,674	6,220	–	74,894	–	–	–	–	–	74,894
Barbara Moorhouse	2025	73,825	4,160	–	77,985	–	–	–	–	–	77,985
	2024	71,350	7,358	–	78,708	–	–	–	–	–	78,708
Rudolph Wynter	2025	73,825	19,402	–	93,227	–	–	–	–	–	93,227
	2024	6,063	–	–	6,063	–	–	–	–	–	6,063

1 Base salary and fees were those paid in respect of the period of the year during which the individuals were executive Directors.

2 Taxable benefits are calculated in terms of UK taxable values. Philip Hoare received private medical insurance for himself and his family and received a car allowance of £20,000 per annum, pro-rated for time served in 2025. Leo Quinn received private medical insurance for himself and his spouse and received a car allowance of £20,000 per annum, pro-rated for time served as an executive Director. Philip Harrison received private medical insurance for himself and his spouse, a car allowance of £14,000 per annum (pro-rated for the period 1 January 2025 to 27 February 2025) and a company car from 28 February 2025. Charles Allen is eligible for a contribution to his reasonable business expenses, receiving taxable travel expenses of £510 and a taxable travel allowance of £6,000.

3 The Non-executive Directors received taxable travel expenses and/or travel allowances which are shown in the taxable benefits column.

4 AIP 2025: further details of these awards are set out on page 147. For 2024, details of the AIP awards were set out in the 2024 Remuneration report.

5 For 2025, this relates to the 2023 PSP award for which the performance period ends in 2025, with the valuation of vesting shares calculated on a three-month average share price to 31 December 2025 of 679.9p. This compares to the 374.3p average middle market price for the three dealing dates before the PSP award date which was used for calculating the number of shares granted, so there is a benefit relating to share price appreciation since award of 305.6p per share and a value of £1,292,560 and £655,643 for Leo Quinn and Phillip Harrison respectively. Further details of the 2023 PSP awards are set out on page 151. For 2024, this relates to the 2022 PSP award for which the performance period ended in 2024, details of which were set out in the 2024 Remuneration report. For 2024, the valuation of the vesting shares for the 2022 PSP has been adjusted from the valuation included in the 2024 Remuneration report to reflect

the actual valuation on the 1 April 2025 vesting date, based on a share price of 436.2p. This compares to 259.5p average middle market price for the three dealing days before the PSP award date (which was used to calculate the number of shares granted), so there was a benefit relating to share price appreciation since award of 177p per share and a value of £1,084,032 and £531,174 for Leo Quinn and Philip Harrison respectively. Under the rules of the PSP, participants may receive an award of shares in lieu of the value of dividends paid over the vesting period on vested shares. For the 2022 PSP award this was 60,967 shares for Leo Quinn and 29,872 shares for Philip Harrison with a valuation of £265,938 and £130,302 respectively calculated on the share price on the 1 April 2025 of 436.2p.

6 Total figures and long-term incentive figures for 2024 have been adjusted from the figures included in the 2024 Remuneration report to reflect the actual valuation on 1 April 2025 vesting date of shares vesting under the 2022 PSP.

7 Philip Hoare was appointed to the Board effective 8 September 2025.

8 Leo Quinn stepped down from the Board effective 8 September 2025. Fixed pay and annual incentive cash has been calculated pro-rata to show earnings for duties as an executive Director. Long-term incentive is not pro-rated and included in full.

9 Michael Lucki stepped down from the Board effective 8 May 2025.

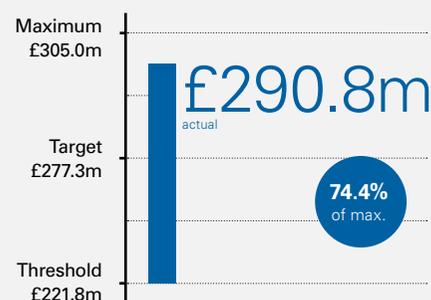
10 For Philip Hoare this includes the value of buy-out awards including estimated cash payment, restricted share awards and the vesting of the first PSP award in respect of forfeited remuneration from Philip Hoare's previous employer (further details are set out on page 153).

AIP awards for the year ended 31 December 2025

For 2025, the AIP for the executive Directors was a maximum bonus of 150% of base salary based on the achievement of three performance measures:

- › profit before tax (50%);
- › cash (25%); and
- › strategic business and personal objectives (25%).

PROFIT BEFORE TAX AND NON-UNDERLYING ITEMS



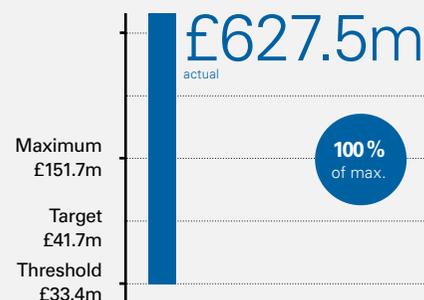
STRATEGIC BUSINESS AND PERSONAL OBJECTIVES



AIP OUT-TURN



GROUP TOTAL CASH FLOW¹



¹ Group total cash flow of £627.5 million is the movement between opening and closing total net cash adjusted for the £125 million share buyback. A reconciliation of the Group's performance measures to its statutory results is provided in the Measuring our financial performance section.

The three elements are measured and calculated independently of each other and 50% of the bonus earned is deferred for three years in the form of Balfour Beatty shares. For the profit before tax element, 20% of the award would vest for threshold performance, increasing to 50% vesting of that element at target performance and then to 100% of that element at maximum performance or above. For the Group total cash flow element, 20% of that element would vest for threshold performance, increasing to 50% vesting of that element at target performance and then to 100% of that element at maximum performance or above.

AIP metrics and outcomes

Philip Hoare will be eligible to a bonus during his active service in 2025, calculated as 8 September to 31 December 2025. Leo Quinn will be eligible to a bonus for his active service in 2025, calculated as 1 January to 31 December 2025, which will be paid wholly in cash.

Stretching financial targets were set at the start of the year. In line with prior years, the cash flow targets have incorporated additional stretch following our review of historic targets and out-performance. The formulaic assessment of the AIP indicated 82.9% of maximum in respect of the financial targets for the executive Directors.

Objectives set for the executive Directors incorporated a number of consistent strategic business objectives together with role-specific personal objectives. Philip Hoare, Leo Quinn and Philip Harrison performed strongly against these objectives resulting in 100% of maximum for Philip Hoare, 92% of maximum for Leo Quinn and 96% of maximum for Philip Harrison for this element.

In line with good practice, the Remuneration Committee reviewed the overall outcome for the executive Directors. However, despite strong safety leadership in developing our safety culture and the maximum score recorded against the safety objectives, reflecting the ongoing progress made by the business against the leading and lagging indicators, there was a tragic fatality in 2025. Reflecting on this the Committee, in discussion with the executive Directors, decided to apply downward discretion and reduce the safety element of the strategic business and personal objectives by half for the executive Directors, reducing the overall scoring for strategic business and personal objectives for Philip Hoare, Leo Quinn and Philip Harrison to 90%, 82% and 86% respectively. Further detail is included in the AIP metrics and outcomes section on pages 147 to 150.

Following the adjustment, 84.7% of maximum is to be paid to Philip Hoare, 82.7% of maximum is to be paid to Leo Quinn and 83.7% of maximum is to be paid to Philip Harrison for the AIP. In line with the Policy, 50% of the pay-out will be deferred into shares for three years for Philip Hoare and Philip Harrison. No deferral will be applied for Leo Quinn.

ANNUAL REPORT ON REMUNERATION CONTINUED

AIP metrics and outcomes continued

Performance against the 2025 AIP strategic business and personal objectives as it relates to the executive Directors was:

Philip Hoare

	Objective	Weight	Outcome and comments	Achievement
Safety	Demonstrate strong safety leadership contributing to a positive safety culture and improving performance in 2025 versus 2024.	20%	<p>Strong safety leadership and commitment to health, safety & wellbeing culture.</p> <p>Introduction of high-potential incident reporting and analysis using the 'Energy Wheel' to assess the potential impact of incidents and near misses.</p> <p>Focus on the continued drive to utilise technology to improve safety performance and culture.</p> <p>Personal leadership, including 18 safety tours since joining, building strong momentum to improve key metrics, including:</p> <ul style="list-style-type: none"> ➤ Group LTIR decrease to 0.08 continuing trend of year-on-year improvement (from 0.09 in 2024 and 0.11 in 2023); and ➤ observations increased by 65% to 780,000 (from 475,000 in prior year). <p>Tragically, there was a fatality in the US business in May. This led to significant learnings and improvements in pre-start briefings that will support future safety activity.</p>	
Environment	<p>Make progress against the Science Based Targets initiative (SBTi) plan.</p> <p>Support continued improvement in reporting processes and quality against our sustainability strategy.</p>	20%	<p>Strong leadership, vision and commitment.</p> <p>Continued progress against SBTi plan targets:</p> <ul style="list-style-type: none"> ➤ decrease in Group absolute carbon emissions for 2025; and ➤ 9.4% decrease in carbon emissions intensity, using market-based methodology. <p>Total energy use decreased by 1.6% versus 2024 with reduced consumption of high carbon fuels and increased renewable electricity procurement in UK.</p> <p>Very strong progress with over £1bn of social value achieved in 2025, surpassing the increased 2025 target of £700m.</p>	60% of maximum 60%
Governance	Sustain and enhance the culture and approach to risk management, from work winning to commercial contracting and project delivery.	20%	<p>Gained a deep understanding of key governance and risk processes, through:</p> <ul style="list-style-type: none"> ➤ personal involvement in the Group tender review process; and ➤ reviewing delivery risks and opportunities for improvement. 	
People	<p>Review and develop improved succession plans for the key senior roles across the business.</p> <p>Continue to develop and improve employee engagement across the Group.</p>	20%	<p>Significant activity to develop a high performing executive leadership team, including accelerating succession planning actions across executive team and key project roles.</p> <p>Strong impact in supporting development of an engaged and inclusive Group workforce:</p> <ul style="list-style-type: none"> ➤ Group employee engagement index scores remained strong with Group EIS of 83% in 2025 (versus 84% 2024), 8 percentage points above industry average; and ➤ visible leadership to embed the Right to Respect programme across the Group. In UK, the programme received a Highly Commended Award at the Inspiring Women in Construction and Engineering Awards. <p>Continued momentum against key measures, promoting improved inclusion against targets:</p> <ul style="list-style-type: none"> ➤ UK female representation increased to 22.5% (from 21.0% in 2024) ➤ UK minority ethnic increased to 14.1% (from 13.0% in 2024) 	20% of maximum 20%
Quality	Develop business knowledge and constructive relationships with key stakeholder groups.	20%	<p>Developed deep knowledge of the business strategy, plans, customers and delivery activities.</p> <p>Established strong relationships across the business, including all key stakeholders, key clients and investors.</p>	20% of maximum 20%
Total		100%		100% of maximum 100%

Leo Quinn

	Objective	Weight	Outcome and comments	Achievement
Safety	Continue to demonstrate strong safety leadership contributing to a positive safety culture and improving performance in 2025 versus 2024.	20%	<p>Demonstrated strong safety leadership and performance. Further progression in safety performance in 2025, building on progress in prior years across key Group metrics, including:</p> <ul style="list-style-type: none"> ➤ Group LTIR decreased to 0.08 continued trend of year-on-year improvement (from 0.09 in 2024 and 0.11 in 2023) whilst delivering a record number of hours worked; and ➤ observations increased by 65% to 780,000 (from 475,000 in prior year). <p>Tragically, there was a fatality in the US business in May. This led to significant learnings and improvements in pre-start briefings that will support future safety activity.</p>	
Environment	<p>Make progress against the Science Based Targets initiative (SBTi) plan.</p> <p>Support continued improvement in reporting processes and quality against our sustainability strategy.</p>	20%	<p>Continued progress, demonstrated by performance against SBTi plan targets:</p> <ul style="list-style-type: none"> ➤ decrease in Group absolute carbon emissions for 2025; and ➤ 9.4% decrease in carbon emissions intensity, using market-based methodology. <p>Total energy use decreased by 1.6% versus 2024 alongside reduced consumption of high carbon fuels and a further increase in renewable electricity procurement in UK.</p> <p>Enhancement of reporting processes, including the introduction of business unit targets to support Nature Positive pledge.</p> <p>Very strong progress with over £1bn of social value achieved in 2025, surpassing the increased 2025 target of £700m.</p>	56% of maximum 60%
Governance	Progress key contract negotiations towards successful conclusions.	20%	Strong contribution to key client relationships in line with our tender review and governance process, leading to successful outcomes to work winning activity.	
People	<p>Review and develop improved succession plans for the key senior roles across the business.</p> <p>Continue to develop and improve employee engagement across the Group.</p>	20%	<p>Group employee engagement index scores remained strong:</p> <ul style="list-style-type: none"> ➤ Group EIS of 83% in 2025 (versus 84% 2024) was 8 percentage points above industry average. <p>Supported key initiatives to enhance employee development and culture, including the introduction of a new Project Directors development programme, embedment of the Right to Respect programme and achieving platinum membership of the 5% Club.</p> <p>Steady progress against key measures, promoting improved inclusion against key targets:</p> <ul style="list-style-type: none"> ➤ UK female representation increased to 22.5% (from 21.0% in 2024) ➤ UK minority ethnic increased to 14.1% (from 13.0% in 2024) 	16% of maximum 20%
Quality	Support the effective transition to the new Group Chief Executive.	20%	<p>Supported the onboarding of new Group Chief Executive with activity including:</p> <ul style="list-style-type: none"> ➤ full briefing on Group operations and current priorities; ➤ introduction and handover of key client relationships; and ➤ facilitated introduction to internal and external stakeholders. 	20% of maximum 20%
Total		100%		92% of maximum 100%

ANNUAL REPORT ON REMUNERATION CONTINUED

AIP metrics and outcomes continued

Philip Harrison

	Objective	Weight	Outcome and comments	Achievement
Safety	Continue to demonstrate strong safety leadership contributing to a positive safety culture and improving performance in 2025 versus 2024.	20%	<p>Demonstrated strong safety leadership and performance across a range of activities which have improved health, safety, wellbeing culture and performance.</p> <p>Further progression in safety performance in 2025, building on progress in prior years across key Group metrics, including:</p> <ul style="list-style-type: none"> ➤ Group LTIR decreased to 0.08 continuing trend of year-on-year improvement (from 0.09 in 2024 and 0.11 in 2023) whilst delivering a record number of hours worked; and ➤ observations increased by 65% to 780,000 (from 475,000 in prior year). ➤ 30% year-on-year improvement in UK service strikes. <p>Tragically, there was a fatality in the US business in May. This led to significant learnings and improvements in pre-start briefings that will support future safety activity.</p>	
Environment	<p>Make progress against the Science Based Targets initiative (SBTi) plan.</p> <p>Support continued improvement in reporting processes and quality against our sustainability strategy.</p>	20%	<p>Continued progress, against SBTi plan targets:</p> <ul style="list-style-type: none"> ➤ decrease in Group absolute carbon emissions; and ➤ 9.4% decrease in carbon emissions intensity, using market-based methodology. <p>Total energy use decreased by 1.6% versus 2024 alongside reduced consumption of high carbon fuels and a further increase in renewable electricity procurement in UK.</p> <p>Enhancement of reporting processes, including the introduction of business unit targets to support Nature Positive pledge.</p> <p>Very strong progress with over £1bn of social value achieved in 2025, surpassing the increased 2025 target of £700m.</p>	56% of maximum 60%
Governance	Enhance internal controls framework and implement specific improvements where appropriate.	20%	Implemented first phase of Group material controls effectiveness processes as part of the internal controls framework, supporting implementation of new corporate governance code requirements.	
People	Effectively manage key succession plans impacting the Finance function.	20%	<p>Delivered changes to key senior roles within the Finance function including Group Treasury, Group Head of Tax and Group Audit and Risk Director.</p> <p>Group employee engagement index scores remained strong:</p> <ul style="list-style-type: none"> ➤ Group EIS of 83% in 2025 (versus 84% 2024) was 8 percentage points above industry average; and ➤ engagement score of 84% across the UK Finance team remained high, above Group average. 	20% of maximum 20%
Quality	<p>Support the effective transition to the new Group Chief Executive.</p> <p>Continue to improve processes and systems to maintain prompt payment performance.</p>	20%	<p>Supported the onboarding of new Group Chief Executive with activity including:</p> <ul style="list-style-type: none"> ➤ ensuring solid understanding of Group financial controls and governance processes; and ➤ effective onboarding plan established to enable building of key relationships across internal and external stakeholders. <p>Maintained strong performance, with improvements and changes including:</p> <ul style="list-style-type: none"> ➤ process changes driving 74% improvement in right first-time processing, delivering consistent 97% prompt payment performance. 	20% of maximum 20%
Total		100%		96 % of maximum 100%

Vesting of PSP awards for the year under review

The PSP awards granted on 3 April 2023 were based on a performance period for the three years ended 31 December 2025. The performance conditions applying to one-third of each award were comparative total shareholder return measured versus the constituents of the FTSE 250 (excluding investment trusts), operating cash flow and earnings per share. 25% of each of the total shareholder return and earnings per share parts of the award would vest for threshold performance increasing to 100% of each part of the award vesting for maximum performance or above. For the operating cash flow part, 25% of that part would vest for threshold performance, increasing to 50% vesting of that part at target performance and then to 100% of that part at maximum performance or above.

In assessing the appropriateness of the formulae outcomes of the performance targets, the Remuneration Committee considered the underlying performance of the Group over the three-year period, and, on balance, the Committee considered the vesting outcome appropriately reflected the Group's underlying performance.

Details of the PSP awards vesting for the year under review are as shown in the table.

Operation of Malus and Clawback

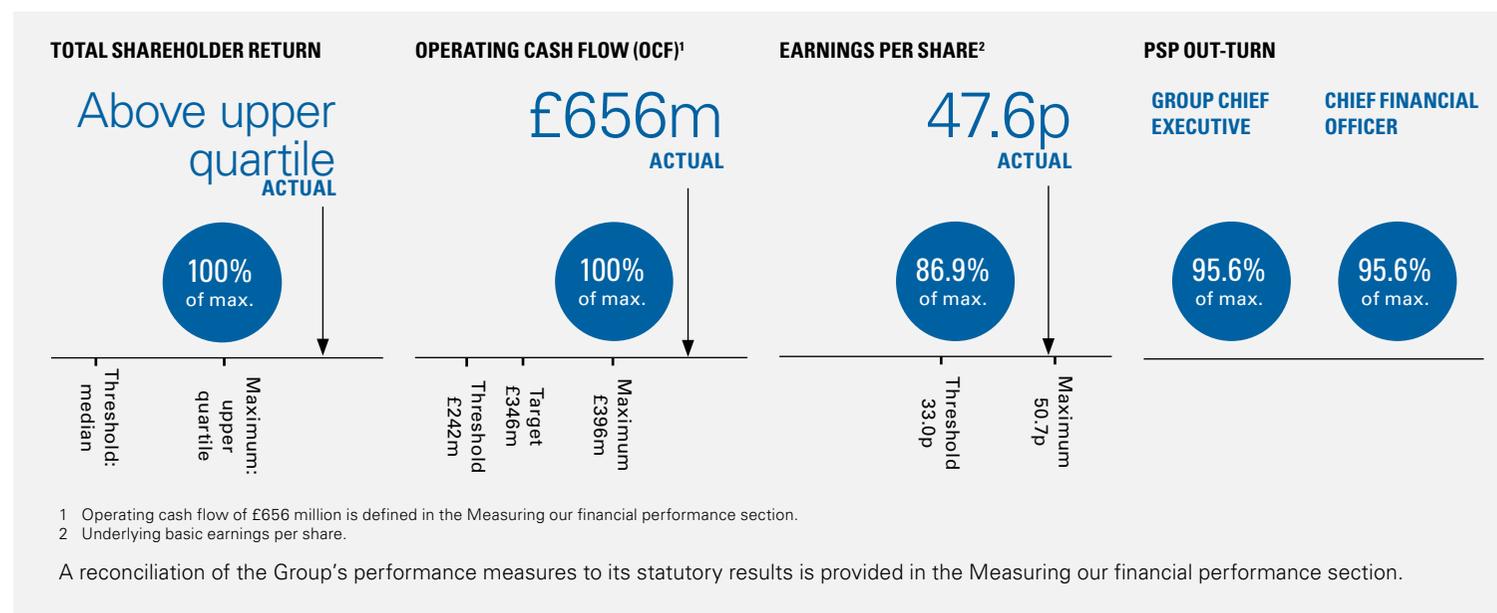
Consistent with UK Corporate Governance requirements, the Committee assessed whether any events necessitated the application of Malus and Clawback provisions. We confirm that no such provisions were invoked during 2025.

PSP metrics and outcomes

Metric	Performance condition	Measure	Threshold	Target	Maximum	Actual	Vesting %	
Total shareholder return	TSR against the FTSE 250 constituents (excluding investment trusts)	TSR ranking	72 or above	–	36.5 or above	10	100%	
Cash		Operating cash flow (OCF)	£242m	£346m	£396m	£656m	100%	
Earnings per share		Underlying basic earnings per share from continuing operations	33.0p	–	50.7p	47.6p	86.9%	
Total vesting								95.6%

Name of Director	Type of award	Vesting date	Number of shares at grant	Number of shares to vest	Number of shares to lapse	Value of vesting shares ¹
Philip Harrison	2023 conditional	3 April 2026	224,418	214,543	9,875	£1,458,678
Leo Quinn	2023 conditional	3 April 2026	442,425	422,958	19,467	£2,875,691

¹ Valuation of vesting shares calculated on a three-month average share price to 31 December 2025 of 679.9p. This compares to the 374.3p average middle market price for the three dealing dates before the PSP award date which was used for calculating the number of shares granted, so there is a benefit relating to share price appreciation of 305.6p per share since award.



ANNUAL REPORT ON REMUNERATION CONTINUED

Outstanding share awards

Name of Director	Share award	Date granted	At 1 January 2025	Maximum number of shares subject to award				Exercisable and/or vesting from
				Awarded during the year	Vested during the year	Lapsed during the year	At 31 December 2025	
Philip Harrison	PSP ^{1,5,6}	1 April 2022	302,119	–	300,608	1,511	–	1 April 2025
	PSP ^{2,5,6}	3 April 2023	224,418	–	–	–	224,418	3 April 2026
	PSP ^{3,5,6}	26 March 2024	231,111	–	–	–	231,111	26 March 2027
	PSP ^{4,5,6,7}	28 March 2025	–	261,821	–	–	261,821	28 March 2028
	DBP ^{8,10,11}	31 March 2022	120,159	–	120,159	–	–	31 March 2025
	DBP ^{8,9,11,13}	31 March 2023	99,268	2,249	–	–	101,517	31 March 2026
	DBP ^{8,9,11,13}	28 March 2024	79,739	1,806	–	–	81,545	28 March 2027
	DBP ^{8,9,11,12,13}	28 March 2025	–	79,671	–	–	79,671	28 March 2028
Leo Quinn	PSP ^{1,5,6}	1 April 2022	616,570	–	613,487	3,083	–	1 April 2025
	PSP ^{2,5,6}	3 April 2023	442,425	–	–	–	442,425	3 April 2026
	PSP ^{3,5,6,14}	26 March 2024	455,608	–	–	–	455,608	26 March 2027
	DBP ^{8,10,11}	31 March 2022	214,571	–	214,571	–	–	31 March 2025
	DBP ^{8,9,11,13}	31 March 2023	167,711	3,800	–	–	171,511	31 March 2026
	DBP ^{8,9,11,13}	28 March 2024	135,801	3,077	–	–	138,878	28 March 2027
	DBP ^{8,9,11,12,13}	28 March 2025	–	135,924	–	–	135,924	28 March 2028
Philip Hoare	Buy-out awards ¹⁵	8 September 2025	–	97,149	–	–	97,149	3 April 2026
	Buy-out awards ¹⁵	8 September 2025	–	166,189	–	–	166,189	3 April 2026
	Buy-out awards ¹⁵	8 September 2025	–	61,968	–	–	61,968	26 March 2027
	Buy-out awards ¹⁵	8 September 2025	–	105,998	–	–	105,998	26 March 2027
	PSP ^{4,5,6,7}	8 September 2025	–	367,775	–	–	367,775	28 March 2028

1 2022 PSP award: This award vested at 99.5% of maximum on 1 April 2025. Details of the Company's performance against the performance conditions were set out in the 2024 Remuneration report. Philip Harrison and Leo Quinn also received 29,872 and 60,967 shares respectively in lieu of the dividends which would have been payable on the shares which vested. The closing middle market price of ordinary shares on the vesting date was 436.2p.

2 2023 PSP award: Further details of this award are set out on page 151.

3 2024 PSP award: This award is subject to three performance targets over a three-year performance period commencing 1 January 2024. TSR part (33.3% weighting), measured against the companies of the FTSE 250 (excluding investment trusts), no vesting below median ranking, 25% vesting of this part at median, rising to 100% vesting at upper quartile performance or better. No portion of the cash part (33.3%) will vest unless the 2026 year-end operating cash flow (OCF) is greater than £255 million. 25% to 50% will vest for OCF between £255 million and £364 million, rising to full vesting for OCF of £414 million or more. For the EPS part (33.3%), no vesting unless 2026 EPS is 36.5p, 25% vesting of this part at 36.5p, rising to full vesting at 56.0p or more.

4 2025 PSP award: Details are set out on page 153.

5 The average middle market price of ordinary shares in the Company for the three dealing dates before the PSP award dates, which was used for calculating the number of shares granted was 259.5p for the 2022 award, 374.3p for the 2023 award, 378.0p for the 2024 award and 456.8p for the 2025 Award. The closing middle market price of ordinary shares on the date of the awards was 256.8p, 371.2p, 382.6p and 447.2p respectively.

6 All PSP awards are granted for nil consideration and are in respect of 50p ordinary shares in Balfour Beatty plc. It is the Company's current intention that awards will be satisfied by shares purchased in the market.

7 A maximum of 4,594,453 conditional shares were awarded for all participants in the PSP in 2025, which are exercisable on 28 March 2028.

8 All DBP awards are granted for nil consideration and are in respect of 50p ordinary shares in Balfour Beatty plc. It is the Company's current intention that awards will be satisfied by shares purchased in the market.

9 The DBP awards made on 31 March 2023, 28 March 2024 and 28 March 2025 will vest on 31 March 2026, 28 March 2027 and 28 March 2028 respectively, providing the participant is still employed by the Group at the vesting date (unless specified leaver conditions are met, in which case early vesting may be permitted).

10 The DBP awards made on 31 March 2022 vested on 31 March 2025. The closing middle market price of ordinary shares in the Company on the vesting date was 434.0p.

11 The shares subject to the DBP awards made on 31 March 2022, 31 March 2023, 28 March 2024 and 28 March 2025 were purchased at average prices of 300.8p, 261.3p, 373.8p, 381.2p and 456.8p respectively.

12 On 28 March 2025, for all participants in the DBP, a maximum of 571,490 conditional shares were awarded which will normally be released on 28 March 2028.

13 On 2 July 2025 and 5 December 2025, a further 29,888 conditional shares and 10,226 conditional shares were granted in lieu of entitlements to the final 2024 and interim 2025 dividend respectively for all participants in the DBP. These shares were allocated at prices of 519.5p and 721.5p respectively.

14 The 2024 PSP for Leo Quinn will be pro-rated to reflect the time elapsed in the performance period upon cessation of employment. The remaining shares may also lapse if Leo Quinn takes up an executive role at another company.

15 Buy-out awards: Further details of these awards are set out on pages 153 and 154.

The closing market price of the Company's ordinary shares on 31 December 2025 was 711.0p. During the year, the highest and lowest closing market prices were 721.5p and 390.4p respectively.



PSP awards granted during the year

The following PSP awards were granted to executive Directors:

Executive	Type of award	Date of grant	Basis of award granted	Share price applied at date of grant ¹	Number of shares over which award was granted	Face value of award	% of face value that would vest at threshold performance	Vesting determined by performance over three years to	Vesting date
Philip Hoare	Conditional	8 September 2025	200% of salary of £840,000	456.8p	367,775	£1,680,000	25%	31 December 2027	28 March 2028
Philip Harrison	Conditional	28 March 2025	200% of salary of £598,000	456.8p	261,821	£1,196,000	25%	31 December 2027	28 March 2028

¹ The share price used to grant the 2025 PSP awards was the three-day average to 28 March 2025.

Awards will vest to executives after three years, subject to the achievement of three independently measured performance conditions as set out below:

Metric	Performance condition	Threshold	Target	Maximum
One-third relative TSR	Relative TSR against the constituents of the FTSE 250 Index (excluding investment trusts); straight-line vesting between points	Median (25% vests)	–	Upper quartile (100% vests)
One-third cash	Group's Operating Cash Flow from continuing operations; straight-line vesting between points	£186m (25% vests)	£266m (50% vests)	£316m (100% vests)
One-third EPS	Group's EPS; straight-line vesting between points	36.8p (25% vests)	–	56.5p (100% vests)

For these PSP awards, a post-vesting holding period will apply requiring the shares (net of tax) to be retained for two years.

Buy-out awards granted to Philip Hoare

As disclosed last year, on appointment, Philip Hoare received awards to partially compensate for remuneration he forfeited on leaving his previous employer. Following the principles set out in last year's Directors' remuneration report, the following 'buy-out' awards have been granted to Philip Hoare on 8 September 2025. No awards were made in respect of equity remuneration that would vest in 2025.

Cash bonus

An estimated cash payment of £497,003 will be made in respect of the cash bonus forfeited. The value will be based on the actual out-turn of the annual bonus from his previous employer pro-rated to his date of appointment with Balfour Beatty (capped at 75% of the pro-rated maximum bonus potential). The estimated value has been included in the total single figure table and the cash payment will be made on the later of 31 March 2026 and the first available payroll date after his former employer publishes its 2025 Annual Report.

Restricted share awards

Restricted share awards were made to compensate for 75% of the restricted stock units forfeited. The following awards are subject to continued employment until the agreed vesting date (and included in the single figure of remuneration):

Type of award	Date of grant	Share price applied at date of grant ¹	Number of shares over which award was granted	Face value of award	Vesting date
Conditional	8 September 2025	462.5p	97,149	£449,282	3 April 2026
Conditional	8 September 2025	462.5p	61,968	£286,581	26 March 2027

¹ The three-day average share price prior to the date of announcement of appointment (5 March 2025).

ANNUAL REPORT ON REMUNERATION CONTINUED

Buy-out awards granted to Philip Hoare continued

Performance share awards

The following PSP share awards were also made to partially compensate for performance stock units forfeited. The awards were based on 75% of the on-target performance stock units forfeited:

Type of award	Date of grant	Share price applied at date of grant ¹	Number of shares over which award was granted	Face value of award	Performance conditions	Vesting date
Conditional	8 September 2025	601.2p	166,189	£999,073	As applied to Balfour Beatty 2023 PSP awards	3 April 2026
Conditional	8 September 2025	601.2p	105,998	£637,225	As apply to Balfour Beatty 2024 PSP awards	26 March 2027

¹ The three-day average share price prior to the date of appointment (8 September 2025).

The performance conditions for the 2024 PSP awards are set out in last year's Directors' remuneration report. The performance conditions for the 2023 PSP awards are set out on page 153, and 95.6% of this award will vest. Therefore 158,876 shares will vest (and 7,313 shares will lapse) with a value of £1,080,198 (calculated on a three-month average share price to 31 December 2025 of 679.9p and included in the single figure of remuneration). This compares to the 601.2p average middle market price for the three dealing dates before the PSP award date which was used for calculating the number of shares granted, so there is a benefit relating to share price appreciation of 78.7p per share since award.

Payments to past Directors and payments for loss of office

The termination arrangements for Leo Quinn were set out in last year's Directors' remuneration report. He received normal remuneration for duties as an executive Director to 8 September 2025 as detailed in the 'Remuneration received by Directors for the year ended 31 December 2025' table on page 146. From 9 September 2025 to 31 December 2025, he received a total of £650,338 in respect of base salary, taxable benefits, pension cash allowances and annual bonus as an employee in accordance with the termination arrangements. Leo Quinn did not receive a base salary increase in 2025 and was not granted a 2025 PSP award. Reflecting his long service and contribution to the business he was also treated as a good leaver for the purposes of outstanding DBP and PSP awards. The 2024 PSP for Leo Quinn will be pro-rated to reflect the time elapsed in the performance period upon cessation of employment. The remaining shares may also lapse if Leo Quinn takes up an executive role at another company. He also received £26,000 in respect of legal fees incurred in connection with his departure. There were no other payments to past directors or payments for loss of office.

Michael Lucki received £4,498 as payment for the balance of his notice period following stepping down from the Board on 8 May 2025.

Details of the remuneration payments made or to be made to Philip Harrison are set out below. These terms and his treatment as a 'good leaver' under the Company's incentive plans were the subject of careful consideration by the Remuneration Committee and are in line with the Company's Directors' Remuneration Policy, which was approved by shareholders at the 2023 Annual General Meeting on 12 May 2023.

Salary and benefits: Philip Harrison will receive his salary and benefits during the remainder of his employment in accordance with his contract and the Directors' Remuneration Policy. Following cessation of employment, Philip Harrison will be entitled to payments in lieu of notice comprising salary, benefits, and pension to the end of the notice period (23 February 2027), to be paid in monthly instalments in the normal way.

- Annual Incentive Plan (AIP): Philip Harrison will be eligible for a pro-rated 2026 bonus for active service in the year. This will be pro-rated for time and is subject to performance. The 2026 bonus is payable in March 2027 and will be paid wholly in cash in line with the Directors' Remuneration Policy.
- Deferred Bonus Plan (DBP): Outstanding awards will vest on cessation of employment.
- Performance Share Plan (PSP): Philip Harrison's 2023 PSP award will vest on 31 March 2026 at 95.6% further to the performance assessment described earlier in this report. Philip Harrison's 2024 and 2025 PSP awards (vesting March 2027 and 2028) will, subject to pro-rating for time and to the satisfaction of the applicable performance targets, vest on their normal vesting dates. Vested shares under PSP awards will be subject to the normal post-vesting holding period.
- Philip Harrison will not be granted a 2026 PSP award.
- Professional Costs: Philip Harrison will receive a contribution of up to £25,200 (excluding VAT) towards legal fees incurred in connection with his departure.

There were no other payments to past Executive Directors or payments for loss of office made during 2025.

Statement of Directors' shareholdings and share interests

The interests of the Directors and connected persons (including, amongst others, members of the Director's immediate family) in the share capital of Balfour Beatty plc and its subsidiary undertakings during the year are set out below:

Directors	Beneficially owned at 1 January 2025 ^{1,2}	Beneficially owned at 31 December 2025 ^{2,3,4}	Outstanding PSP awards ³	Outstanding DBP awards ³
Philip Hoare	–	39,459	799,079	–
Philip Harrison	429,252	667,812	717,350	262,733
Leo Quinn	3,381,580	3,870,035	898,033	443,732
Charles Allen	107,443	109,831	–	–
Gabrielle Costigan	–	–	–	–
Anne Drinkwater	4,500	4,500	–	–
Louise Hardy	–	–	–	–
Michael Lucki	–	–	–	–
Robert MacLeod	17,674	17,674	–	–
Barbara Moorhouse	4,000	4,000	–	–
Rudolph Wynter	–	–	–	–

¹ Or date of appointment, if later.

² Includes any shares held in the Company's all-employee Share Incentive Plan.

³ Or date of stepping down from the Board, if earlier.

⁴ As at 10 March 2026, the latest practicable date prior to the date of this report, there had been no changes to the above. The closing market price of the Company's ordinary shares as at 31 December 2025, 711.0p, was used to calculate the value of shares for the purposes of the executive Directors' shareholding guidelines on page 155.

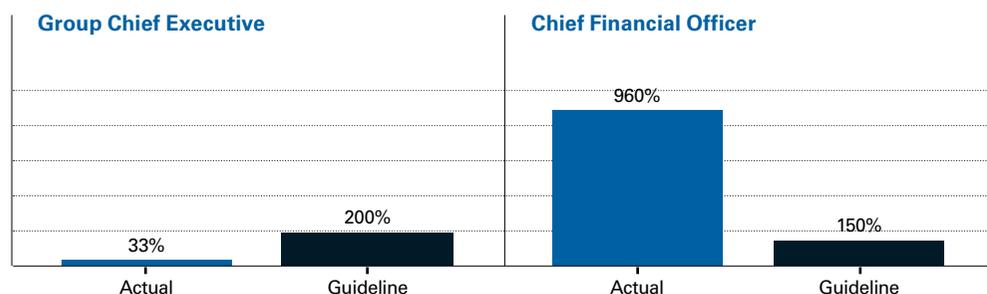
Executive Directors' shareholding guidelines

Shareholding guidelines require the executive Directors to hold shares in the Company worth 200% of base salary and must retain no fewer than 50% of the shares, net of taxes, vesting under their outstanding DBP and PSP awards until the required shareholding is met. Philip Harrison has a shareholding guideline to hold shares in the Company worth 150% of base salary.

In line with the Investment Association guidelines, the calculations shown in the chart include shares beneficially owned at 31 December 2025 plus unvested shares, which are not subject to a further performance condition (outstanding DBP awards), on a net of tax basis. Philip Harrison's share interests met the Company's shareholding guidelines, and, as recently appointed, Philip Hoare's current share interests are less than the Company's shareholding guidelines at 31 December 2025.

EXECUTIVE DIRECTORS' SHAREHOLDING GUIDELINES

(% of base salary held)



Group Chief Executive's remuneration table

The total remuneration figures for the Group Chief Executive during each of the last 10 financial years are shown in the table below. The total remuneration figure includes the AIP award based on that year's performance and the PSP award based on the three-year performance period ending in the relevant year. The AIP pay-out and PSP vesting level as a percentage of the maximum opportunity are also shown for each of these years.

	2016	2017	2018	2019	2020	2021	2022	2023	2024	Leo Quinn 2025	Philip Hoare 2025
Total remuneration ^{1,2,3}	£1,445,250	£4,124,104	£2,982,121	£3,066,624	£2,254,806	£2,942,943	£4,404,747	£3,945,409	£2,582,803	£4,315,728	£2,938,735
AIP (%)	47.5%	97.0%	69.06%	96.25%	59.25%	85%	95%	77.8%	90.4%	82.7%	84.7%
PSP (%)	0%	88.6%	64.17%	60.92%	33.33%	60.3%	100%	100%	99.5%	95.6%	–

1 Total remuneration for 2024 has been adjusted from the total figure included in the 2024 Remuneration report to reflect the actual valuation on the 1 April 2025 vesting date of shares vesting under the 2022 PSP.

2 The figures for 2017 and 2018 exclude the vesting of awards made under the recruitment terms for the Group Chief Executive. Full details of these were included in the 2018 Remuneration report.

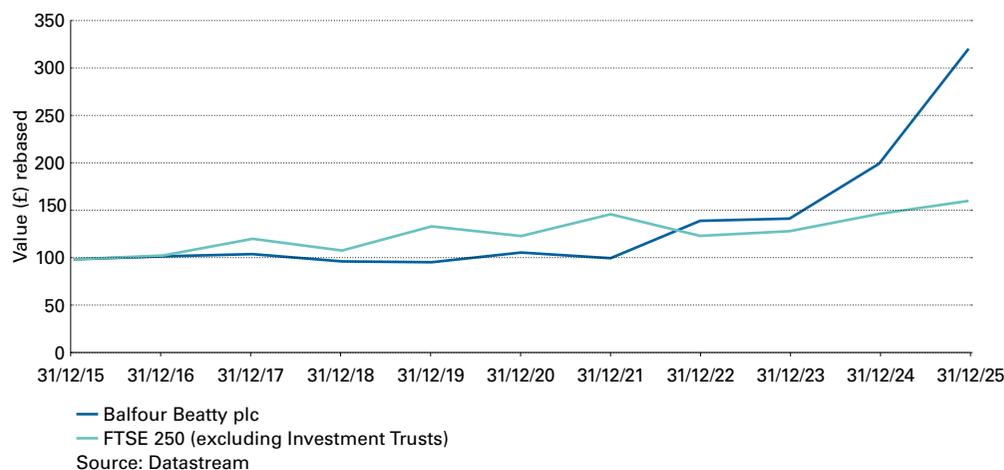
3 The figure for 2025 for Leo Quinn includes base pay, taxable benefits, pension cash allowance and annual bonus for the time served as Group Chief Executive in 2025 with 2023 PSP added.

4 The figure for 2025 for Philip Hoare includes base pay, taxable benefits, pension cash allowance and annual bonus for the time served as Group Chief Executive in 2025, following his appointment on 8 September 2025, with buy-out arrangements added as detailed on pages 153 and 154.

Performance graph

As in previous reports, the Remuneration Committee has chosen to compare the TSR on the Company's ordinary shares against the FTSE 250 Index (excluding investment trusts) principally because this is a broad index of which the Company is a constituent member. The values indicated in the graph show the share price growth plus reinvested dividends from a £100 hypothetical holding of ordinary shares in Balfour Beatty plc and in the index and have been calculated using 30-day average values.

TOTAL SHAREHOLDER RETURN (TSR)



ANNUAL REPORT ON REMUNERATION CONTINUED

Percentage change in Directors' remuneration compared with all UK employees

The table below shows the percentage change in the remuneration of the Directors undertaking the roles of Group Chief Executive and Chief Financial Officer and the Independent Non-executive Directors between the financial years, compared with the percentage increase for the same years for all UK employees of the Group where UK employees have been selected as the most appropriate comparator. Charles Allen was not a Director until 13 May 2021 and therefore his percentage change between 2021 and 2022 is shown in the table on an annualised basis. Louise Hardy was not a Director until 1 April 2022 and therefore the percentage change between 2022 and 2023 is also shown on an annualised basis. Gabrielle Costigan and Robert MacLeod were not Directors until 9 May 2024 and Rudolph Wynter not until 1 December 2024 therefore changes between 2024 and 2025 are shown on an annualised basis.

Leo Quinn stepped down as Chief Executive on 8 September 2025 and therefore the percentage changes between 2024 and 2025 are shown on an annualised basis. Michael Lucki stepped down as a Director on 8 May 2025 and therefore the percentage changes between 2024 and 2025 are also shown on an annualised basis.

Philip Hoare was appointed as Chief Executive on 8 September 2025 so there is no comparative change to disclose.

	% change between 2024 and 2025				% change between 2023 and 2024			
	Base salary	Benefits	Annual bonus	Total remuneration	Base salary	Benefits	Annual bonus	Total remuneration
Philip Hoare, Group Chief Executive	–	–	–	–	–	–	–	–
Leo Quinn, Group Chief Executive	2%	2%	(9)%	2%	4%	3%	21%	13%
Philip Harrison, Chief Financial Officer	16%	5%	5%	11%	4%	3%	21%	13%
Charles Allen, Non-executive Group Chair	3%	(67)%	–	(1)%	4%	29%	–	5%
Gabrielle Costigan, Independent Non-executive Director	32%	10%	–	31%	–	–	–	–
Anne Drinkwater, Senior Independent Non-executive Director	8%	72%	–	19%	12%	64%	–	19%
Louise Hardy, Independent Non-executive Director	3%	(4)%	–	3%	4%	(1)%	–	4%
Michael Lucki, Independent Non-executive Director	2%	(99)%	–	(22)%	4%	12%	–	6%
Robert MacLeod, Independent Non-executive Director	32%	5%	–	29%	–	–	–	–
Barbara Moorhouse, Independent Non-executive Director	3%	(43)%	–	(1)%	4%	13%	–	5%
Rudolph Wynter, Independent Non-executive Director	1,118%	–	–	1,438%	–	–	–	–
All UK employees	2%	23%	17%	4%	13%	7%	37%	13%



	% change between 2022 and 2023				% change between 2021 and 2022			
	Base salary	Benefits	Annual bonus	Total remuneration	Base salary	Benefits	Annual bonus	Total remuneration
Philip Hoare, Group Chief Executive	–	–	–	–	–	–	–	–
Leo Quinn, Group Chief Executive	4%	(57)%	(15)%	(17)%	2%	2%	16%	9%
Philip Harrison, Chief Financial Officer	6%	(54)%	(16)%	(14)%	5%	4%	22%	14%
Charles Allen, Non-executive Group Chair	4%	(38)%	–	7%	31%	2,930%	–	34%
Gabrielle Costigan, Independent Non-executive Director	–	–	–	–	–	–	–	–
Anne Drinkwater, Senior Independent Non-executive Director	3%	1%	–	3%	3%	1,802%	–	18%
Louise Hardy, Independent Non-executive Director	45%	239%	–	49%	–	–	–	–
Michael Lucki, Independent Non-executive Director	4%	54%	–	12%	3%	–	–	22%
Robert MacLeod, Independent Non-executive Director	–	–	–	–	–	–	–	–
Barbara Moorhouse, Independent Non-executive Director	4%	96%	–	8%	3%	198%	–	6%
Rudolph Wynter, Independent Non-executive Director	–	–	–	–	–	–	–	–
All UK employees	5%	–	(5)%	5%	7%	13%	11%	7%

	% change between 2020 and 2021			
	Base salary	Benefits	Annual bonus	Total remuneration
Philip Hoare, Group Chief Executive	–	–	–	–
Leo Quinn, Group Chief Executive	3%	3%	43%	21%
Philip Harrison, Chief Financial Officer	11%	8%	57%	30%
Charles Allen, Non-executive Group Chair	–	–	–	–
Gabrielle Costigan, Independent Non-executive Director	–	–	–	–
Anne Drinkwater, Senior Independent Non-executive Director	5%	-87%	–	-1%
Louise Hardy, Independent Non-executive Director	–	–	–	–
Michael Lucki, Independent Non-executive Director	7%	-100%	–	-9%
Robert MacLeod, Independent Non-executive Director	–	–	–	–
Barbara Moorhouse, Independent Non-executive Director	7%	-5%	–	7%
Rudolph Wynter, Independent Non-executive Director	–	–	–	–
All UK employees	-2%	5%	122%	0%

Note: Benefits for Non-executive Directors relate to taxable travel expenses and/or travel expenses which are shown in the taxable benefits column of the Remuneration received by Directors for the year ended 31 December 2025 table on page 146. The reported percentage increases in benefits in 2022 from 2021 have been impacted significantly by COVID-19 restrictions on travel in 2021.

Note: In response to the COVID-19 pandemic, the executive Directors and Non-executive Directors took a voluntary 20% reduction in salary/fees in April and May 2020.

ANNUAL REPORT ON REMUNERATION CONTINUED

Pay ratio of Group Chief Executive to average employee

The Regulations require certain companies to disclose the ratio of the Chief Executive's pay, using the amount set out in the single total figure table, to that of the median, 25th and 75th percentile total remuneration of full-time equivalent UK employees.

The table below shows the relevant data for Balfour Beatty's UK employees for 2025, together with the 2019 to 2024 data, calculated using Option A as set out in the legislation.

Year	Method of calculation adopted	25th percentile pay ratio (Group Chief Executive: UK employees)	Median pay ratio (Group Chief Executive: UK employees)	75th percentile pay ratio (Group Chief Executive: UK employees)
2025	Option A	120:1	83:1	60:1
2024	Option A	125:1	87:1	62:1
2023	Option A	98:1	69:1	50:1
2022	Option A	115:1	81:1	59:1
2021	Option A	84:1	57:1	40:1
2020	Option A	64:1	45:1	32:1
2019	Option A	92:1	65:1	45:1

Pay details for the Group Chief Executive and individuals whose 2025 remuneration is at the median, 25th percentile and 75th percentile amongst UK-based employees are as follows:

	Group Chief Executive	25th percentile	Median	75th percentile
Salary	£878,233 ¹	£33,000	£45,000	£62,768
Total pay and benefits	£4,941,399 ²	£41,063	£59,705	£82,833

1 Total base salary for Leo Quinn and Philip Hoare for time served as Group Chief Executive in 2025.

2 Total base salary, benefits and annual bonus for Philip Hoare and Leo Quinn for time served as Group Chief Executive in 2025 with 2023 PSP for Leo Quinn added.

The median, 25th percentile and 75th percentile figures used to determine the above ratios were calculated by reference to the full-time equivalent annualised remuneration (comprising salary, benefits, pension, annual bonus and long-term incentives) of all UK-based employees of the Group as at 31 December 2025 (i.e. 'Option A' under the Regulations). The Committee selected this calculation methodology as it was felt to produce the most statistically accurate result.

The Committee considers that the median pay ratio for 2025 that is disclosed in the above table is consistent with the pay, reward and progression policies for Balfour Beatty's UK employees as a whole. It reflects the fact that a greater proportion of executive Director pay is linked to annual performance through a higher annual incentive plan opportunity (a percentage of which is subject to deferral into shares) and a long-term incentive plan. The pay ratios remain similar for 2025 when compared to 2024, calculated using pro-rata earnings for Leo Quinn and Philip Hoare for time served as Group Chief Executive in 2025.

Relative importance of spend on pay, dividends and underlying pre-tax profit

The following table shows the Company's actual spend on pay for all Group employees relative to dividends and underlying pre-tax profit:

	2024	2025	% change
Staff costs (£m) ¹	1,398	1,427	2%
Dividends (£m)	61	64	5%
Underlying pre-tax profit (£m)	289	291	1%

1 Staff costs include base salary, benefits and bonuses for all Group employees (excluding joint ventures and associates).

Directors' pension allowances

No Directors were contributing members of the Balfour Beatty Pension Fund during 2025. The executive Directors were in receipt of a cash allowance in lieu of pension equivalent to 7% of base salary, in line with the wider workforce, as disclosed in the Directors' remuneration table on page 146.

External appointments of executive Directors

At the discretion of the Board, executive Directors are allowed to act as Non-executive Directors of other companies and retain any fees relating to those posts. Philip Harrison was Non-executive Director of Dowlais Group plc, a role he stepped down from in February 2026.

Service contracts

Executive Directors' contracts are on a rolling 12-month basis and are subject to 12 months' notice when terminated by the Company and six months' notice when terminated by the Director.

The current Non-executive Directors, including the Chair, do not have a service contract and their appointments, whilst for a term of three years, may be terminated with three months' notice (six months' notice for the Group Chair) by either party. All Non-executive Directors have letters of appointment, and their appointment and subsequent reappointment is subject to annual approval by shareholders.

Name	Commencement date	Unexpired term remaining
Philip Hoare, Group Chief Executive	8 September 2025	Terminable on 12 months' notice
Leo Quinn, Group Chief Executive	1 January 2015	Stepped down from Board effective 8 September 2025
Philip Harrison, Chief Financial Officer	1 June 2015	Terminable on 12 months' notice
Charles Allen, Non-executive Group Chair	13 May 2021	Fixed term expiring on 12 May 2027 (subject to renewal) and terminable on six months' notice
Gabrielle Costigan, Independent Non-executive Director	8 March 2024	Fixed term expiring on 7 March 2027 (subject to renewal) and terminable on three months' notice
Anne Drinkwater, Senior Non-executive Independent Director	1 December 2018	Fixed term expiring on 30 November 2027 (subject to renewal) and terminable on three months' notice
Louise Hardy, Independent Non-executive Director	1 April 2022	Fixed term expiring on 31 March 2028 (subject to renewal) and terminable on three months' notice
Michael Lucki, Independent Non-executive Director	1 July 2017	Stepped down from Board on 8 May 2025
Robert MacLeod, Independent Non-executive Director	8 March 2024	Fixed term expiring on 7 March 2027 (subject to renewal) and terminable on three months' notice
Barbara Moorhouse, Independent Non-executive Director	1 June 2017	Fixed term expiring on 31 May 2026 (subject to renewal) and terminable on three months' notice
Rudolph Wynter, Independent Non-executive Director	1 December 2024	Fixed term expiring on 30 November 2027 (subject to renewal) and terminable on three months' notice

The service contracts and letters of appointments are available for inspection at the Company's registered office at 5 Churchill Place, Canary Wharf, London, E14 5HU.

ANNUAL REPORT ON REMUNERATION CONTINUED

Consideration by the Directors of matters relating to Directors' remuneration

The members of the Remuneration Committee are Independent Non-executive Directors, as defined under the Corporate Governance Code. No member of the Committee has conflicts of interest arising from cross-directorships and no member is involved in the day-to-day executive management of the Group. During the year under review, the members of the Committee were as follows:

- › Anne Drinkwater (Committee Chair);
- › Michael Lucki (stepped down on 8 May 2025);
- › Barbara Moorhouse; and
- › Robert MacLeod.

The Committee also receives advice from several sources, namely:

- › the Group Chief Executive and the Group HR Director, who are invited to attend meetings of the Committee but are not present when matters relating directly to their own remuneration are discussed; and
- › Deloitte LLP.

At regular intervals the Committee reviews the appropriateness and independence of the advice received from remuneration consultants. As the result of a competitive tender process in 2020, Deloitte LLP was appointed as independent remuneration consultants to the Committee. Deloitte LLP is a member of the Remuneration Consultants Group and, as such, voluntarily operates under its Code of Conduct in relation to executive remuneration consulting in the UK.

During the year, the Committee's remuneration consultants provided a range of advice to the Committee, including:

- › analysis of market practice and corporate governance update;
- › provision of benchmark data for senior management and Non-executive Director remuneration;
- › assistance with reviewing the remuneration policy and recommendations for the new Remuneration Policy;
- › assistance with the consultation of shareholders in respect of the new Remuneration Policy;
- › assistance with the drafting of the Remuneration report; and
- › calculation of vesting levels under the TSR element of the PSP awards.

During 2025, Deloitte LLP received fees amounting to £101,565 excluding VAT (£65,000 excluding VAT in 2024) in respect of advice given to the Committee. Deloitte also provided tax and legal services to the Group related to the operation of the Group's share plans. Other than as disclosed above, Deloitte LLP has no connection with the Company or individual Directors. The Committee is satisfied the advice provided by Deloitte LLP is independent.

Terms of reference

During the period, the Committee has agreed a number of changes to be made to its terms of reference, as part of the annual review. Full terms of reference can be found in the Investors section of the Company's website at: www.balfourbeatty.com/investors/governance/board-committees/.

Statement of shareholder voting at the AGM

At the AGM on 8 May 2025, the resolution to approve the Annual report on remuneration received the following votes from shareholders:

	Total number of votes	% of votes cast
For	274,128,865	70.25%
Against	116,112,788	29.75%
Total votes cast	390,241,653	100%
Abstentions	2,851,327	

The resolution to approve the Remuneration policy was approved at the AGM on 12 May 2023 and received the following votes from shareholders:

	Total number of votes	% of votes cast
For	364,512,799	81.11%
Against	84,890,014	18.89%
Total votes cast	449,402,813	100%
Abstentions	1,065,800	

By order of the Board

Anne Drinkwater
Chair of the Remuneration Committee

10 March 2026

DIRECTORS' REPORT

The Directors of Balfour Beatty plc present their report, together with the audited financial statements for the year ended 31 December 2025. For the purpose of the Financial Reporting Council's Disclosure Guidance and Transparency Rule (DTR) 4.1.8R, the Directors' report is also the Management report for the year ended 31 December 2025.

As permitted by Section 414 C(11) of the Companies Act 2006, some matters required to be included in the Directors' report have instead been included in the Strategic report. These disclosures are incorporated by reference in the Directors' report. The Strategic report can be found on pages 1 to 98.

Corporate governance

The Governance section on pages 99 to 160, forms part of this Directors' report.

The Company complied with all the provisions of the UK Corporate Governance Code during the year ended 31 December 2025.

Directors and their interests

The Directors as at 31 December 2025 were Charles Allen, Lord Allen of Kensington, CBE, Philip Hoare, Philip Harrison, Anne Drinkwater, Robert MacLeod, Gabby Costigan MBE, Rudy Wynter, Barbara Moorhouse, and Louise Hardy. Further details and individual biographies for each of the Directors can be found on pages 102 and 103 and information relating to their connected persons in the Company's shares (as notifiable to the Company under Article 19 of the Market Abuse Regulation) are set out on page 154.

Related party transactions are included in Note 40 to the accounts on page 239.

Listing Rule 6.6.6R(10)

Data on the diversity of the individuals on the Board and in executive management as at 31 December 2025, as required by the Listing Rules is set out on the right. The data is collated by self-disclosure from the individuals concerned. Further narrative surrounding Listing Rule 6.6.6R(10) and compliance with the targets set out can be found in the Nomination Committee report on pages 117 to 120.

Disclosure Guidance and Transparency Rules (DTR) 7.2.8AR(1)

The Company is compliant with DTR 7.2.8AR(1). Further information on Board Diversity and Inclusion can be found in the Nomination Committee report on page 117 to 120.

Directors' indemnities and insurance

The Group maintains directors' and officers' liability insurance which provides appropriate cover for legal action brought against its Directors.

Qualifying third-party indemnity provisions were in force during 2025 and as at the date of this report for the benefit of certain employees who are directors of a subsidiary company.

Qualifying pension scheme indemnity provisions (as defined by Section 235 of the Companies Act 2006) were in force during the year ended 31 December 2025 for the benefit of the trustee directors of the Balfour Beatty Pension Fund.

Articles of Association

The Company has not adopted any special rules regarding the appointment and replacement of Directors or the amendment of the Articles of Association, other than as provided for under UK company law.

As at 31 December 2025	Number of Board members	Percentage of the Board	Number of senior positions on the Board (Chair, CEO, CFO and SID)	Number in executive management	Percentage in executive management
Female	4	44.4%	1	2	20%
Male	5	55.6%	3	8	80%
Not specified/prefer not to say	–	–	–	–	–
Total	9	100.0%	4	10	100.0%

As at 31 December 2025	Number of Board members	Percentage of the Board	Number of senior positions on the Board (Chair, CEO, CFO and SID)	Number in executive management	Percentage in executive management
White British or other White (including minority White groups)	8	88.9%	4	10	100.0%
Mixed/multiple ethnicity groups	–	–	–	–	–
Asian/Asian British	–	–	–	–	–
Black/African/Caribbean/Black British	1	11.1%	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

DIRECTORS' REPORT CONTINUED

Share capital

Details of the share capital of the Company as at 31 December 2025, including the rights attaching to the shares, are set out in Note 32 on page 230. No shares were issued during 2025.

The powers of the Directors to issue or buy back the Company's shares are determined by the Companies Act 2006 and the Articles of Association of the Company. The Directors are authorised to issue and allot shares and to buy back shares subject to annual shareholder approval at the AGM. Such authorities were granted by shareholders at the 2025 AGM and they will be proposed at the 2026 AGM that the Directors be granted new authorities to issue, allot and buy back shares.

Under the authority provided at the 2024 AGM, the Company commenced its 2025 share buyback programme on 6 January 2025. Further authority for share buybacks was approved at the 2025 AGM and the 2025 share buyback programme was completed on 12 December 2025. Under this programme, the Company purchased 24,175,236 ordinary shares of 50 pence each, for a total consideration of £125,000,000 (exclusive of expenses) and these shares were held in treasury with no voting or dividend rights. On 24 December 2025, all 24,175,236 treasury shares were cancelled, resulting in a balance of zero treasury shares held as at 31 December 2025. The Company commenced the initial tranche of its 2026 share buyback programme on 5 January 2026. As at 9 March 2026 (the latest practicable date prior to the date of this document), the Company had purchased 3,134,039 ordinary shares of 50 pence each, for a total consideration of £23,000,000 (exclusive of expenses) and these shares are held in treasury with no voting or dividend rights.

Throughout 2025, the Company's issued share capital was publicly listed on the London Stock Exchange and it remains so as at the date of this report. There are no specific restrictions on the size of a shareholding which is governed by the Articles of Association and the prevailing law. Other than in respect of shares that vest under the Company's share schemes and are subject to a two-year holding period, there are no specific restrictions on the transfer of shares which are governed by both the Articles of Association and the prevailing law. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of shares or on voting rights.

No person has special rights of control over the Company's share capital and all issued shares are fully paid. Shares held by the Balfour Beatty Employee Share Ownership Trust rank *pari passu* with the ordinary shares in issue and have no special rights. Voting rights and rights of acceptance of any offer relating to the shares held in this trust rest with the trustees, who may take account of any recommendation from the Company.

Voting rights are not exercisable by the employees on whose behalf the shares are held in trust. Dividends are waived by the trustees in relation to the shares held in trust. Details of shares held by the Balfour Beatty Share Ownership Trust in relation to the Company's share schemes can be found in Note 33.3 on page 234.

Major shareholders' interests

Notifications provided to the Company by major shareholders in accordance with the DTR are published via a Regulatory Information Service and on the Company's website.

The Company has been notified of the following interests in voting rights in its shares as at 31 December 2025 and as at 9 March 2026 (the latest practicable date prior to the date of this document). Please note that percentages provided are as at the date of notification.

Shareholder	Percentage of	Percentage of
	voting rights (%)	voting rights (%)
	as at	as at
	31 December 2025	9 March 2026
JP Morgan		
Asset		
Management		
Holdings Inc.	5.60	5.57
BlackRock, Inc	5.00	5.00

Dividends

An interim dividend of 4.2 pence (2024: 3.8 pence) was paid on 5 December 2025. A final dividend of 9.8 pence per share (2024: 8.7 pence) has been recommended by the Board for shareholder approval at the 2026 AGM, giving total dividends per ordinary share of 14.0 pence for 2025 (2024: 12.5 pence).

The Directors will continue to offer a Dividend Reinvestment Plan, which allows holders of ordinary shares to reinvest their cash dividends in the Company's shares through a specially arranged share dealing service.

Branches

As the Group is an international business, there are activities operated through branches in certain jurisdictions.

Auditor

KPMG LLP has indicated its willingness to continue as auditor to the Company and a resolution for its reappointment will be proposed at the 2026 AGM.

Company Secretary

Tracey Wood is Company Secretary at the date of this report and was Company Secretary throughout the year ended 31 December 2025.

Innovation, future development and research and development

Information concerning innovation, future development and research and development set out in the Strategic Report form part of the Directors' report disclosures.

Sustainability

A full description of the Group's approach to sustainability, including information on its community engagement programme, appears on pages 42 and 53 to 54.

Policies

The Group's Code of Ethics and other published policies, including: Speak Up; health and safety; conflicts of interest; sustainability; sustainable procurement; social value; environment; supply chain; media, PR and marketing; quality; and information security, remain in place and can be accessed on the Company's website, www.balfourbeatty.com.

Engagement with supply chain suppliers and customers

Details of the Company's approach to stakeholder engagement, including engagement with customers and supply chain can be found on pages 21 to 23 and 51 to 52.

Greenhouse gas emissions

Details of Balfour Beatty's greenhouse gas emissions and the actions which the Group is taking to reduce them are set out on pages 44 to 47 and form part of the Directors' report disclosures.

Employment

The Balfour Beatty Group operates across a number of geographies and end-markets. Balfour Beatty provides a Human Resources framework for promoting diversity, ethical behaviour and learning and development as well as continuing to fulfil its commitments in relation to regulation and corporate governance.

The Group provides fair and flexible employment policies and practices that respond to the different needs of its people. Information concerning employee diversity is set out on pages 55 and 60 and forms part of the Directors' report disclosures. Balfour Beatty strives to provide employment, training and development opportunities for people with disabilities wherever possible, does not discriminate, and is committed to supporting employees who become disabled during employment, and helping employees with disabilities make the best use of their skills, expertise and potential, consistent with any other employee.

The Company operates an employee Share Incentive Plan (SIP) which enables UK-based employees to acquire the Company's ordinary shares on a potentially tax-favourable basis, in order to encourage employee share ownership and provide additional alignment between the interests of employees and shareholders. Participants in the SIP are the beneficial owners of shares but not the registered owners, and the voting rights to such shares are exercised by the trustee of the SIP at the discretion of the participants.

Further information on how Directors have engaged with employees and how they have had regard to employee interests can be found on pages 108 to 109.

Employees

Details on the average number of employees within the Group can be found in Note 7.1 on page 200.

Diversity and inclusion

Details on the Board's Diversity and Inclusion Policy can be found in the Nomination Committee report on pages 118 and 119.

Details of the Group's approach to diversity and inclusion can be found on pages 55 and 60.

Disclosures required under Listing Rule 6.6.1

There are no disclosures required to be made under Listing Rule 6.6.1. Details of long-term incentive plans can be found in the Remuneration report on pages 130 to 135.

Events after the reporting date

Myles Westcott will join the Board as Chief Financial Officer in 2026. He will succeed Philip Harrison who will step down from the Board after more than 10 years in role.

Events after the reporting date are set out in Note 39 on page 239.

Political donations

At the 2025 AGM, shareholders granted authority, for the purposes of Part 14 of the Companies Act 2006, for the Company and its subsidiaries to make donations to political organisations up to a maximum aggregate amount of £25,000. This approval is a precautionary measure in view of the broad definition of these terms in the Companies Act. No such expenditure or donations were made during 2025 and shareholder authority will be sought again at the 2026 AGM.

In the US, corporate political contributions totalling US\$2,500 were made to a Political Action Committee during 2025. These contributions are not covered by Part 14 of the Companies Act 2006. Any such contributions or donations are tightly controlled and must be approved in advance in accordance with the Company's internal procedures and must also adhere strictly to the Company's Code of Ethics.

Capitalised interest

Details of the Group's capitalised interest can be found in Note 16 on page 205.

Financial instruments

The Group's financial risk management objectives and policies (including its hedging policy) and its exposure to the following risks – liquidity, foreign currency, interest rate, price and credit – are detailed in Note 41 on pages 240 to 244.

Going concern and viability

The Group's going concern statement is detailed in Note 1 on page 184.

The Group's long-term viability statement is set out on page 90.

Change of control provisions

The Group's bank facility and surety agreements contain provisions that, where the parties are unable to agree the implications of any change of control, on notice being given to the Group, the lenders and sureties may exercise their discretion to require prepayment of any loans or outstanding bonds and cancel all commitments under the agreement concerned.

The Group's US private placement arrangements require the Company, promptly upon becoming aware that a change of control of the Company has occurred (and in any event within 10 business days), to give written notice of such fact to all noteholders and make an offer to prepay the entire unpaid principal amount of the notes, together with accrued interest.

A number of joint venture, client contracts and contract bond agreements include provisions which become exercisable by a counterparty on a change of control. These include the right of a counterparty to request additional security and to terminate an agreement.

Some other commercial agreements, entered into in the normal course of business, include change of control provisions. The Group's share and incentive plans include usual provisions relating to change of control. There are no agreements providing for compensation for the Directors or employees on a change of control.

Annual General Meeting

All resolutions continue to be put to a poll rather than a show of hands. Each substantially separate issue is proposed via a separate resolution and proxy forms provide for shareholders to vote for, vote against or withhold their vote on each resolution.

All Board members typically attend the AGM and are available to answer questions during the formal part of the meeting as well as being present for informal discussion over refreshments after the AGM.

The 2026 AGM will be held at 5 Churchill Place, Canary Wharf, London, E14 5HU, United Kingdom on Thursday 7 May 2026 commencing at 09:30 am.

Statement of Directors as to disclosure of information to the Company's auditor

We confirm that to the best of our knowledge:

- each of the persons who are Directors at the time when this Directors' report is approved confirms that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware and that they have taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

DIRECTORS' REPORT CONTINUED

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the Group's profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- › select suitable accounting policies and then apply them consistently;
- › make judgements and estimates that are reasonable, relevant, reliable, and prudent;

- › for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards;
- › for the Parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Parent Company financial statements;
- › assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- › use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report, Directors' report, Directors' remuneration report and Corporate governance statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Disclosure Guidance and Transparency Rule ("DTR") 4.1.16R, the financial statements will form part of the annual financial report prepared under DTR 4.1.17R and 4.1.18R. The auditor's report on these financial statements provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

Responsibility statement of the Directors in respect of the Annual Financial Report

We confirm that to the best of our knowledge:

- › the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

- › the Strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced, and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

By order of the Board

Tracey Wood
Group General Counsel and Company Secretary

10 March 2026

Registered Office: 5 Churchill Place, Canary Wharf, London E14 5HU Registered in England and Wales, registered number 00395826

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BALFOUR BEATTY PLC

1 Our opinion is unmodified

We have audited the financial statements of Balfour Beatty plc ("the Company") for the year ended 31 December 2025 which comprise the Group Income Statement, Group Statement of Comprehensive Income, Group Statement of Changes in Equity, Company Statement of Changes in Equity, Group and Company Balance Sheets, Group Statement of Cash Flows, and the related notes, including the accounting policies in note 2. The commentary provided by the Directors on pages 175, 177, 178, 181 and 183 does not form part of the financial statements.

In our opinion:

- › the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2025 and of the Group's profit for the year then ended;
- › the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- › the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- › the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit and Risk Committee.

We were first appointed as auditor by the Company's shareholders on 19 May 2016. The period of total uninterrupted engagement is for the ten financial years ended 31 December 2025. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BALFOUR BEATTY PLC CONTINUED

2 Key audit matters: our assessment of risks of material misstatement continued

The risk	Our response
<p>Contract accounting: Construction Services – revenue £7,589m (2024: £6,630m), contract assets £134m (2024: £116m), contract liabilities (current) £742m (2024: £506m), and loss provisions included within contract provisions (current) £228m (2024: £213m). Power is included in Support Services – revenue £1,427m (2024: £1,210m), contract assets £67m (2024: £70m), contract liabilities (current) £319m (2024: £188m), and loss provisions included within contract provisions (current) £19m (2024: £6m).</p> <p>Risk vs 2024: ◀▶</p>	
<p><i>Refer to page 124 (Audit and Risk Committee report), note 2.4 (Principal accounting policies – Revenue recognition), note 2.28(a) (Judgements and key sources of estimation uncertainty – Revenue and margin recognition)</i></p>	
<p>Subjective estimates</p> <p>The recognition of revenue and margin within the Construction Services segment and Power Services segment relies on estimates in relation to the forecast total costs of each contract. Cost contingencies may be included in these estimates to take account of specific uncertain risks or disputed claims against the Group arising within each contract.</p> <p>Where a contract has become, or is expected to be, loss-making, a provision is recognised using these estimates. The Group will also make estimates in recognising provisions associated with defects arising on certain completed contracts.</p> <p>Further estimation uncertainty exists in relation to assessing the amount of variable consideration that should be included on a contract-by-contract basis for variations and claims. The Group has to estimate the amount they expect to receive and assess whether it is highly probable such that a significant reversal in the amount of cumulative revenue recognised will not occur.</p> <p>Professional standards require us to make a rebuttable presumption that the fraud risk associated with revenue recognition is a significant risk. The potential incentives and pressures to achieve bonus targets and meet profit targets could increase the risk of fraudulent revenue recognition in relation to the Construction Services segment revenue, as well as the risk of fraudulent margin recognition in relation to contract loss provisions in the segment.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that contract revenue within the Construction Services segment and the related contract balances have a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the Group financial statements as a whole, and possibly many times that amount. Therefore, auditor judgement is required to assess whether the Directors' estimates for total forecast costs and variable consideration, and therefore the amount of revenue, margin and related contract balances recognised, fall within acceptable ranges.</p> <p>The financial statements (note 2.28(a)) disclose the nature and the extent of the estimation uncertainty estimated by the Group.</p>	<p>We performed the tests below rather than seeking to rely on the Group's controls because the nature of the balances is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p>Using a variety of quantitative and qualitative criteria we selected a sample of contracts to assess and challenge the most significant and complex contract estimates.</p> <p>We obtained the project review papers prepared by the Group which explained the estimates made and enquired with operational, legal, commercial and financial management.</p> <p>Our procedures on the contracts selected included:</p> <ul style="list-style-type: none"> ▶ Historical comparisons: assessing the Group's ability to accurately forecast end of life contract margins by comparing the total forecast costs and variable consideration previously recognised to final outcomes; ▶ Customer and sub-contractor correspondence scrutiny: analysing correspondence with customers and sub-contractors around variations and claims to challenge the estimates of variations, claims, forecast costs and defects made by the Group; ▶ Legal correspondence scrutiny: where relevant, analysing correspondence with lawyers and other legal advice obtained by the Group relating to variations, claims and defects; ▶ Test of detail: in respect of fixed price contracts, analysing the end of life contract margins forecasts and challenging the total cost estimates within the forecasts by considering the amounts already procured, the amounts still to be procured, the site and time related cost forecasts against programme and run rates, and any contingency held; ▶ Test of detail: inspecting contracts for key clauses; identifying relevant contractual mechanisms such as pain/gain shares, disallowed costs, liquidated damages, inflation related clauses and success fees, and assessing whether these key clauses have been appropriately reflected in the amounts recognised in the financial statements; ▶ Site visits: for certain higher risk or larger value contracts, and a haphazard selection of other contracts, attending in person site visits or holding video conference calls where we inspected the physical progress of the project and discussed the project with site personnel. Our own construction industry specialists attended a selection of these site visits; ▶ Use of our own specialists: utilising our own industry specialists for certain contracts where specific risk factors were identified to assist with identifying the risks and opportunities associated with the contract and assist in developing a range of possible outcomes for specific assumptions. This assisted us in challenging the appropriateness of revenue recognised and, where applicable, provisions held in relation to these contracts; and ▶ Assessing transparency: considering the adequacy of the Group's disclosures around the degree of estimation uncertainty involved in recognising revenue and related contract balances in the Construction Services segment. <p>Our results:</p> <p>We consider the amount of revenue and the related contract assets, contract liabilities and loss provisions recognised within the Construction Services segment to be acceptable (2024: acceptable).</p>

2 Key audit matters: our assessment of risks of material misstatement continued

The risk

Our response

Recoverability of the parent Company's investment in subsidiaries Investment in subsidiaries £1,766m (2024: £1,753m)

Risk vs 2024: ◀▶

Refer to note 21.2 (Investments)

Low risk, high value

The carrying amount of the parent Company's investment in subsidiaries represents 64% of the parent Company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the parent Company financial statements, this is considered to be the area that had the greatest effect on our overall parent Company audit.

In particular, we have spent more time on the recoverability of the investment in Balfour Beatty Investment Holdings Limited ("BBIHL") as a value in use model has been used to support the investment's carrying amount.

We performed the tests below rather than seeking to rely on any of the Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Our procedures included:

- ▶ **Tests of detail:** comparing the carrying amount of 100% of investments (2024: 100%) with the relevant subsidiaries' draft balance sheets to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount.
- ▶ **Assessing subsidiary audits:** Assessed the work performed by the subsidiary audit teams on the subsidiaries and considering the results of that work, on those subsidiaries' profits and net assets.

The below procedures were performed over the investment in BBIHL only.

- ▶ **Our knowledge of the entity and environment:** critically assessing the profit from operations and long term growth rate assumptions underlying the cash flow forecast with reference to historical forecasting accuracy, and our knowledge of the entity and the sector in which it operates.
- ▶ **Benchmarking assumptions:** challenging the assumptions used by the Company in the calculation of BBIHL's discount rates and the long-term growth rates by comparisons with external data sources;
- ▶ **Sensitivity analysis:** performing our own sensitivity analysis over BBIHL's value in use, including a reasonably possible reduction in assumed long term growth rates and profit from operations and consideration of the possible impacts of current economic uncertainty, to identify the most sensitive disclosures.

Our results:

We found the Company's conclusion that there is no impairment of its investment in subsidiaries to be acceptable (2024: acceptable).

We continue to perform procedures over certain legacy contract related provisions. However, due to the settlement of the damages claim relating to the SH161 project in Texas in the year and corresponding release of the provision, as well as there being no significant changes in the methodology used in estimating the Building Safety Act provision, we have not assessed this as a key audit matter in the current year audit and, therefore, it is not separately identified in our report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BALFOUR BEATTY PLC CONTINUED

3 Our application of materiality and an overview of the scope of our audit

Our application of materiality

Materiality for the Group financial statements as a whole was set at £25.4 million (2024: £23.0 million), determined with reference to a benchmark of Group revenue, of which it represents 0.29% (2024: 0.28%).

We consider total revenue to be the most appropriate benchmark due to the focus on revenue by investors and the differing nature of the investments business (an asset-based business) compared to the contracting businesses (profit orientated entities). Whilst the contracting businesses are focused on profit measures, there has been significant volatility in recent years which has impacted the Group's profit before tax without any reduction in the scale of the contracting businesses. In setting our materiality, we have also given consideration to the Group's profit before tax normalised for a range of factors including contract write-downs.

Materiality for the parent Company financial statements as a whole was set at £20.3m (2024: £19.0m), determined with reference to a benchmark of Company total assets of which it represents 0.79% (2024: 0.74%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality for the Group and parent Company was set at 75% (2024: 75%) of materiality for the financial statements as a whole, which equates to £19.0m (2024: £17.2m) for the Group and £15.2m (2024: £14.2m) for the parent Company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £1.3m (2024: £1.2m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Overview of the scope of our audit

We performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements and which procedures to perform at these components to address those risks.

In total, we identified 23 (2024: 23) components, having considered our evaluation of the following factors and our ability to perform audit procedures centrally:

- › the Group's operational structure;
- › the Group's legal structure;
- › the existence of common information systems;
- › the existence of common risk profile across entities/business units/functions/business activities;
- › geographical locations; and
- › the presence of key audit matters.

Of those, we identified three (2024: three) quantitatively significant components which contained the largest percentages of either total revenue or total assets of the Group, for which we performed audit procedures.

We also identified three (2024: two) components as requiring special audit consideration, owing to risks relating to Contract Accounting.

Additionally, having considered qualitative and quantitative factors, we selected six (2024: six) components with accounts contributing to the specific Risk of Material Misstatements of the Group financial statements.

Accordingly, we performed audit procedures on 12 (2024: 11) components, of which we involved component auditors in performing the audit work on 5 (2024: 5) components. We also performed the audit of the parent Company.

The Group also operates a shared service centre that is relevant to our audit in the UK. This service centre performs accounting and reporting activities alongside related controls. This service centre processes a substantial portion of the Group's transactions over purchases and payroll, the outputs of which relate to financial information of the reporting components it services and therefore it is not a separate reporting component. This service centre is subject to specified risk-focused audit procedures, predominantly the testing of transaction processing and review controls. We also performed audit procedures over the significant accounts of the entities or business units that use the service centre.

We set the component materialities, ranging from £4.0m to £16.0m (2024: £4.0m to £15.0m), having regard to the mix of size and risk profile of the Group across the components.

GROUP REVENUE



Our audit procedures covered 98% (2024: 98%) of Group revenue.

GROUP TOTAL ASSETS



We performed audit procedures in relation to components that accounted for 78% (2024: 83%) of Group profit before tax and 91% (2024: 96%) of Group total assets.

GROUP PROFIT BEFORE TAX



3 Our application of materiality and an overview of the scope of our audit

continued

Group auditor oversight

As part of establishing the overall Group audit strategy and plan, we conducted the risk assessment and planning discussion meetings with component auditors to discuss Group audit risks relevant to the components, including the key audit matter in respect of Contract Accounting.

The Group auditor instructed component auditors as to the significant areas to be covered, including the relevant risks and the information to be reported back.

We visited all component auditors in the UK, USA & Hong Kong to assess the audit risks and strategy. Video and telephone conference meetings were also held with these component auditors throughout the audit. At these visits and meetings, the results of the planning procedures and further audit procedures communicated to us were discussed in more detail, and any further work required by us was then performed by the component auditors.

We inspected the work performed by the component auditors for the purpose of the Group audit and evaluated the appropriateness of conclusions drawn from the audit evidence obtained and consistencies between communicated findings and work performed, with a particular focus on work related to Contract Accounting and the risk of management override of controls.

Impact of controls on our group audit

The Group utilises a diverse range of IT systems across its operating businesses. For all of the components where audit procedures are performed, we obtained an understanding of the relevant IT systems for the purposes of our audit work. Given the diverse nature of the Group's information systems and general IT controls, as well as having considered the efficiency and effectiveness of approaches to gaining the appropriate audit evidence, we did not plan to rely on the Group's general IT controls in our audit.

We tested operating effectiveness and placed reliance on manual controls in some transactional areas of the audit, but not in respect of the key audit matters. These transactional areas included treasury, payroll, revenue billing, and purchases. This led to a reduction in sample sizes for substantive testing in these areas.

We assessed the design of controls in the significant risk areas relevant to our audit, although we did not seek to rely on controls in these areas as the nature of the related balances is such that we would expect to obtain audit evidence primarily through substantive procedures. Accordingly, our audit of the significant risks was fully substantive.

4 The impact of climate change on our audit

In planning our audit, we considered the potential impacts of climate change on the Group's business and its financial statements.

The Group has set out in its Strategic Report its ambition to reduce Scope 1 and 2 carbon emissions by 42% by 2030 and other climate related targets, as well as the potential climate risks to the Group.

As stated in note 1 to the financial statements, whilst the Group has set these targets and considered the climate risks identified in the TCFD disclosure, the directors do not believe that there is a material impact on the financial reporting judgements and estimates from these matters as of 31 December 2025.

As a part of our audit, we have performed a risk assessment, including enquiries of management, to understand how the impact of commitments made by the Group in respect of climate change, as well as the physical or transition risks of climate change, may affect the financial statements and our audit. We also held discussions with our own climate change professionals to challenge our risk assessment. There was no impact of this on our key audit matters.

We did not identify any significant risk in the current period of climate change having a material impact on the Group's significant accounting estimates. For contract accounting, as well as contract provisions, this is due to a range of factors including the shorter-term nature of this estimate (the majority of contracts will substantially complete within two years of the Balance Sheet date) and contract mechanisms in place which limit risk (e.g. either where risk remains with the customer or is passed to the supply chain). For other estimates, this is due to a range of factors including the use of market-based estimates, and the nature of the estimate (retirement benefit obligations, retirement benefit assets, financial assets measured through OCI, employee and other provisions).

We have read the disclosure of climate-related information in the front half of the annual report and considered consistency with the financial statements and our audit knowledge.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BALFOUR BEATTY PLC CONTINUED

5 Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources and metrics relevant to debt covenants over this period were; a deterioration in contract profitability due to economic conditions, unforeseen operational challenges or commercial disputes, or a combination of these, leading to a sustained medium-term decline in profits, delays to planned disposals of PPP financial assets and delays to the start date of contracts leading to a reduction in revenue.

We also considered less predictable but realistic second order impacts, such as a unique one-off event including the financial consequences of a major health and safety breach.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the directors' sensitivities over the level of available financial resources and covenant thresholds indicated by the Group's financial forecasts taking account of severe but plausible adverse effects that could arise from these risks individually and collectively.

Our procedures also included:

- critically assessing assumptions in the base case and downside scenarios, particularly in relation to contract profitability and its impact on forecast liquidity and covenant compliance, by comparing to historical trends, overlaying knowledge of the entity's plans based on approved budgets, as well as our knowledge of the Group and the sector in which it operates;
- comparing past budgets to actual results to assess the directors' track record of budgeting accurately;
- inspecting the confirmation from the lender of the level of committed financing, and the associated covenant requirements; and
- considering whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks, and related sensitivities.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period, and we found the going concern disclosure in note 1 to be acceptable; and
- the related statement under the UK Listing Rules set out on page 71 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

6 Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of directors, the Audit and Risk Committee, internal audit and compliance officers and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- reading Board and all relevant Committee minutes.
- considering remuneration incentive schemes (primarily the annual incentive plan) and performance targets for management and directors, including underlying profit from operations targets for management remuneration.
- using analytical procedures to identify any unusual or unexpected relationships; and
- using our own forensic specialists to assist us in identifying fraud risks based on discussions of the circumstances of the Group and the Company.

6 Fraud and breaches of laws and regulations – ability to detect continued

Identifying and responding to risks of material misstatement due to fraud continued

We communicated identified fraud risk factors throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group audit team to component audit teams of relevant fraud risks identified at the Group level and requests to all component audit teams performing procedures at the component level to report to the Group auditor any identified fraud risk factors or identified or suspected instances of fraud that could give rise to a material misstatement to the Group.

As required by auditing standards, and taking into account possible pressures to achieve bonus targets and meet profit targets and our overall knowledge of the control environment, we performed procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- › the risk that Group and component management may be in a position to make inappropriate accounting entries; and
- › the risk of bias in accounting estimates such as the forecast costs and the recognition of variable consideration in relation to the Construction Services segment revenue and the Power business included in the Support Services segment.

Further detail in respect of revenue recognition in the Construction Services segment and Power Services segment, including the estimation of forecast costs and variable consideration, is set out in the Contract Accounting key audit matter disclosure in section 2 of this report.

However, on this audit we do not believe there is a fraud risk related to revenue recognition in the Rail business section of the Support Services segment due to the size of its revenue and the nature of contracts operated in this segment. We also do not believe there is a fraud risk related to revenue recognition in the Infrastructure Investments segment based on the contractual nature of the segment's revenue with no significant judgement or estimation required in recognising revenue.

We also identified a fraud risk relating to the estimate of provisions recognised in relation to claims made under the Building Safety Act in response to possible pressures to achieve bonus targets and meet profit targets.

We performed procedures including:

- › identifying journal entries and other adjustments to test for all quantitatively significant components and components requiring special audit consideration, based on specific risk-based criteria and comparing the identified entries to supporting documentation. These included those posted with unusual account pairings; and
- › assessing whether the judgements made in making accounting estimates are indicative of a potential bias including assessing the provision relating to claims made under the Building Safety Act for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group audit team to component audit teams of relevant laws and regulations identified at the Group level, and a request for component auditor teams to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related company legislation), distributable profits legislation, pension legislation, and taxation legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's licence to operate. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, environmental law, building safety, contract legislation and certain aspects of company legislation recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We discussed with the Audit and Risk Committee matters related to actual or suspected breaches of laws or regulations, for which disclosure is not necessary, and considered any implications for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BALFOUR BEATTY PLC CONTINUED

6 Fraud and breaches of laws and regulations – ability to detect continued

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

7 We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- › we have not identified material misstatements in the strategic report and the directors' report;
- › in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- › in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- › the directors' confirmation within the viability statement on page 90 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency, and liquidity;
- › the Emerging and Principal Risks disclosures on page 77-89 describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- › the directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the viability statement, set out on page 90 under the UK Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- › the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- › the section of the annual report describing the work of the Audit and Risk Committee, including the significant issues that the Audit and Risk Committee considered in relation to the financial statements, and how these issues were addressed; and
- › the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the UK Listing Rules for our review. We have nothing to report in this respect.

8 We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- › adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- › the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- › certain disclosures of directors' remuneration specified by law are not made; or
- › we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

9 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 164, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Company is required to include these financial statements in an annual financial report prepared under Disclosure Guidance and Transparency Rule 4.1.17R and 4.1.18R. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

10 The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Mike Barradell (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants 15 Canada Square London
E14 5GL

10 March 2026



GROUP INCOME STATEMENT

For the year ended 31 December 2025

	Notes	2025			2024		
		Underlying items ¹ £m	Non-underlying items (Note 10) £m	Total £m	Underlying items ¹ £m	Non-underlying items (Note 10) £m	Total £m
Revenue including share of joint ventures and associates		10,767	–	10,767	10,015	–	10,015
Share of revenue of joint ventures and associates	20.2	(1,278)	–	(1,278)	(1,781)	–	(1,781)
Group revenue	4	9,489	–	9,489	8,234	–	8,234
Cost of sales		(9,033)	12	(9,021)	(7,817)	(66)	(7,883)
Gross profit/(loss)		456	12	468	417	(66)	351
Gain on disposals of interests in investments	35.2/35.3	32	–	32	43	–	43
Amortisation of acquired intangible assets	15	–	(3)	(3)	–	(4)	(4)
Other operating (expenses)/income		(300)	23	(277)	(271)	(5)	(276)
Group operating profit/(loss)		188	32	220	189	(75)	114
Share of results of joint ventures and associates excluding gain on disposals of interests in investments		60	–	60	59	–	59
Gain on disposals of interests in investments	35.2/35.3	4	–	4	–	–	–
Share of results of joint ventures and associates	20.2	64	–	64	59	–	59
Profit/(loss) from operations	6	252	32	284	248	(75)	173
Investment income	8	80	–	80	82	–	82
Finance costs	9	(41)	–	(41)	(41)	–	(41)
Profit/(loss) before taxation		291	32	323	289	(75)	214
Taxation	11	(52)	(7)	(59)	(62)	26	(36)
Profit/(loss) for the year		239	25	264	227	(49)	178
Attributable to							
Equity holders		238	25	263	227	(49)	178
Non-controlling interests		1	–	1	–	–	–
Profit/(loss) for the year		239	25	264	227	(49)	178

¹ Before non-underlying items (Notes 2.10 and 10).

	Notes	2025 Pence	2024 Pence
Earnings per share			
– basic	12	52.6	34.2
– diluted	12	52.0	33.7
Dividends per share proposed for the year	13	14.0	12.5

Commentary on the Group income statement*

Total profit before taxation for 2025 was £323m (2024: £214m), which is inclusive of a non-underlying profit before tax of £32m (2024: £75m loss). The total profit after tax was £264m (2024: £178m).

Background

The Group income statement includes the majority of the Group's income and expenses for the year with the remainder being recorded within the Group statement of comprehensive income. The Group's income statement is presented showing the Group's underlying and non-underlying results separately on the face of the income statement to assist in understanding the underlying financial performance achieved by the Group.

The income statement shows the revenue and results of continuing operations. There were no discontinued operations in either year.

Revenue

Revenue from operations including the Group's share of joint ventures and associates increased by 8% to £10,767m (2024: £10,015m), largely driven by increases in Construction and Support Services. During 2025, UK and US Construction's revenue increased, largely driven by higher volumes in the energy sector in the UK and stronger demand in US Buildings. This was partially offset by reduced revenue of 30% at Gammon driven by decreased activity on major civils projects, as work on the two major projects at Hong Kong International Airport moved towards completion through the year. Within Support Services, revenue increased by 18% to £1,427m (2024: £1,210m), due to higher power transmission and distribution volumes, with power revenues nearly doubling since 2023.

Share of results of joint ventures and associates

Joint ventures and associates are those entities over which the Group exercises joint control or has significant influence and whose results are generally incorporated using the equity method whereby the Group's share of the post-tax results of joint ventures and associates is included in the Group's operating profit.

The Group's underlying profit generated from its share of joint ventures and associates increased to £64m (2024: £59m). Increased profitability due to the Group's increased share in Denver Transit Operators LLC (DTO), which was acquired in 2024, was largely offset by a reduction in profitability in joint ventures and associates within the Infrastructure Investments segment.

Underlying profit from operations

The underlying profit from operations for the year increased to £252m (2024: £248m), driven by an increase in profitability from the earnings-based businesses, partially offset by a reduction in Infrastructure Investments, which in turn is due to monitor and legal costs in military housing.

The Group also benefited from a £36m gain on disposal relating to the Group's disposal of its Investments assets. The Group's disposal included the sale of Foundry Court, a student accommodation asset, for a consideration of £48m and gain of £23m. The Group also completed a series of disposals of its UK PPP asset to its co-shareholder for a consideration of £87m for a gain of £7m. Refer to Note 35.2 for more detail.

Non-underlying items

Non-underlying items in 2025 amounted to a credit of £32m (2024: loss of £75m).

The Group has recognised a £49m credit in relation to a US Civils project completed in 2012. In 2024, the Group recognised a provision of £52m for a claim received from the North Texas Tollway Authority (NTTA) on a project to provide design and build services in relation to the extension of NTTA's President George Bush Turnpike Highway (SH161 in Texas) through a joint operation formed with Fluor Enterprise Inc. in which the Group owned a 40% share. This project completed in 2012. This provision, net of insurance recoveries, represented damages awarded to NTTA through a jury verdict in November 2024, and also included pre-judgement interest and legal costs. This charge was recognised in the Construction Services segment in 2024 and included within the Group's non-underlying results due to the size of the provision. The Group maintained the view that these damages are a result of design elements of the contract which were performed by subcontractors to the joint operation. In June 2025, an all-party settlement was reached between NTTA, the joint operation, as well as its design subcontractors. The Group's share of the settlement was fully funded by its insurers resulting in no cost to the Group. As such, the Group has released this provision in full after taking into account legal cost incurred.

In 2025, the Group also increased its provision relating to claims brought against the Group under the Building Safety Act by £37m as a result of new claims received in the period, settlements and reassessments to previously provided claims together with legal costs incurred. Consistent with the treatment adopted in 2024, this charge was recognised within non-underlying and in the Construction Services segment.

Finally, during 2025, the Group completed the disposal of Omnicom Balfour Beatty, its specialist rail measurement hardware and intelligent software business, for a consideration of £24m to Hitachi Rail. After deducting cost of disposal, the Group recorded a gain on disposal of £23m within its non-underlying results in the year.

Within non-underlying tax there was a £7m charge (2024: £26m credit) relating to the items above.

Net finance income

Net finance income of £39m stayed largely flat compared to £41m in 2024. The increase in subordinated debt and interest on deposit received in 2025 of £9m and £11m respectively is largely offset by the impact of impairment reversals of £17m recorded in 2024 which did not repeat in 2025.

Taxation

The Group's underlying profit before tax from subsidiaries of £227m (2024: £230m) resulted in an underlying tax charge of £52m (2024: £62m). The decrease in tax charge primarily reflects the recognition of previously unrecognised brought forward trading losses and a lower tax charge on the 2025 disposals.

Earnings per share

Basic earnings per share were 52.6p (2024: 34.2p). Underlying basic earnings per share were 47.6p (2024: 43.6p).

* The commentary forms part of the Chief Financial Officer's review on pages 69 to 71 and does not form part of the financial statements.



GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025			2024		
		Group £m	Share of joint ventures and associates £m	Total £m	Group £m	Share of joint ventures and associates £m	Total £m
Profit for the year		200	64	264	119	59	178
Other comprehensive (loss)/income for the year							
Items which will not subsequently be reclassified to the income statement							
Actuarial (losses)/gains on retirement benefit assets/liabilities	33.1	(62)	1	(61)	(102)	–	(102)
Fair value revaluations of investments in mutual funds measured at fair value through OCI	33.1	1	–	1	2	–	2
Tax on above	33.1	15	–	15	26	–	26
		(46)	1	(45)	(74)	–	(74)
Items which will subsequently be reclassified to the income statement							
Currency translation differences	33.1	(19)	(13)	(32)	6	3	9
Fair value revaluations – PPP financial assets	33.1	–	8	8	(2)	(48)	(50)
– cash flow hedges	33.1	–	8	8	1	10	11
Recycling of revaluation reserves to the income statement on disposal [^]	35.3	–	24	24	–	–	–
Tax on above	33.1	–	(4)	(4)	–	10	10
		(19)	23	4	5	(25)	(20)
Total other comprehensive (loss)/income for the year		(65)	24	(41)	(69)	(25)	(94)
Total comprehensive income for the year	33.1	135	88	223	50	34	84
Attributable to							
Equity holders				222			84
Non-controlling interests				1			–
Total comprehensive income for the year	33.1			223			84

[^] Recycling of revaluation reserves to the income statement on disposal has no associated tax effect.

Commentary on Group statement of comprehensive income*

Total comprehensive income for 2025 was £223m comprising a total profit after tax of £264m and other comprehensive loss after tax of £41m.

Background

The Group statement of comprehensive income is presented on a total Group basis. Other comprehensive income (OCI) is categorised into items which will affect the profit and loss of the Group in subsequent periods when the gain or loss is realised and those which will not be recycled into the income statement.

Items which will not subsequently be reclassified to the income statement

Actuarial movements on retirement benefit assets/liabilities are increases or decreases in the present value of the pension balances because of:

- › differences between the previous actuarial assumptions and what has actually occurred; or
- › changes in actuarial assumptions used to value the obligations.

Actuarial losses for the Group (excluding joint ventures and associates) totalled £62m in 2025 compared to a £102m loss in 2024. Refer to Note 31.

Items which will subsequently be reclassified to the income statement

Currency translation differences

The Group operates in a number of countries with different local currencies. Currency translation differences arise on translation of the balance sheet and results from the local functional currency into the Group's presentational currency, sterling.

Fair value revaluations – PPP financial assets

Assets constructed by PPP concession companies are classified principally as financial assets measured at fair value through OCI. In the operational phase fair value is determined by discounting the future cash flows allocated to the financial asset using discount rates based on long-term gilt rates adjusted for the risk levels associated with the assets, with market-related fair value movements recognised in OCI. During the year, gilt rates have decreased resulting in fair value gains including joint ventures and associates of £8m being taken through OCI (2024: £50m loss).

Fair value revaluations – cash flow hedges

Cash flow hedges are principally interest rate swaps to manage the interest rate and inflation rate risks in Infrastructure Investments' subsidiary, joint venture and associate companies which are exposed by their long-term contractual agreements. The fair value of derivatives changes in response to prevailing market conditions. During the year, SONIA movements resulted in fair value gains on the interest rate swaps of £nil (2024: £1m) within the Group's subsidiaries and £8m (2024: £10m) within the Group's joint ventures and associates being recognised in OCI.

Recycling of revaluation reserves to the income statement on disposal

Fair value gains and losses and currency translation differences recognised in OCI are transferred to the income statement upon disposal of the asset. In 2025, £24m of losses (2024: £nil) were recycled to the income statement from OCI and included in the gain on disposal.

There is no associated tax on the amounts recycled to the income statement.

* The commentary forms part of the Chief Financial Officer's review on pages 69 to 71 and does not form part of the financial statements.

GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Notes	Called-up share capital £m	Share premium account £m	Capital redemption reserve £m	Share of joint ventures' and associates' reserves (Note 20.6) £m	Other reserves ^μ (Note 33.1) £m	Retained profits £m	Non- controlling interests £m	Total £m
At 1 January 2024		272	176	74	(27)	157	546	10	1,208
Total comprehensive income for the year	33.1	–	–	–	34	7	43	–	84
Ordinary dividends	13	–	–	–	–	–	(61)	(1)	(62)
Joint ventures' and associates' dividends	20.1	–	–	–	(71)	–	71	–	–
Purchase of treasury shares	33.1	–	–	–	–	–	(101)	–	(101)
Cancellation of ordinary shares	33.1	(13)	–	13	–	–	–	–	–
Movements relating to share-based payments ⁺		–	–	–	–	(2)	3	–	1
At 31 December 2024		259	176	87	(64)	162	501	9	1,130
Total comprehensive income/(loss) for the year	33.1	–	–	–	88	(18)	152	1	223
Ordinary dividends	13	–	–	–	–	–	(64)	(1)	(65)
Joint ventures' and associates' dividends	20.1	–	–	–	(59)	–	59	–	–
Purchase of treasury shares	33.1	–	–	–	–	–	(126)	–	(126)
Cancellation of ordinary shares	33.1	(12)	–	12	–	–	–	–	–
Movements relating to share-based payments ⁺		–	–	–	–	2	(12)	–	(10)
Reserves transfers relating to joint venture and associate disposals		–	–	–	4	–	(4)	–	–
At 31 December 2025		247	176	99	(31)	146	506	9	1,152

^μ Other reserves include £22m of special reserve (2024: £22m).

⁺ Movements relating to share-based payments include £5m tax credit (2024: £4m) recognised directly within retained profits.

Commentary on Group statement of changes in equity*

Total equity was £1,152m at 31 December 2025.

Background

The Group statement of changes in equity includes the total comprehensive income attributable to equity holders of the Company and non-controlling interests and also discloses transactions which have been recognised directly in equity and not through the income statement.

Dividends

The Board is recommending a final dividend of 9.8p. Dividends paid in the year comprised £44m for the final 2024 dividend of 8.7p and £20m for the interim 2025 of dividend 4.2p.

Joint ventures' and associates' dividends

Dividends of £59m (2024: £71m) were received in the year from joint ventures and associates (JVA), resulting in a transfer of this amount between JVA reserves and Group retained profits.

Purchase of treasury shares

In 2025 the Company commenced the fifth phase of its share buyback programme, which completed on 12 December 2025. The Company purchased 24.2m (2024: 27.1m) shares for a total consideration of £125m (2024: £100m) and held these in treasury with no voting rights. The purchase of these shares, together with associated fees and stamp duty amounting to £1m (2024: £1m), utilised £126m (2024: £101m) of the Company's distributable profits.

Cancellation of ordinary shares

On 24 December 2025, the Company cancelled the 24.2m treasury shares purchased through the 2025 phase of its share buyback programme (2024: 27.1m). This resulted in a decrease in called-up share capital of £12m and a corresponding increase in the capital redemption reserve (2024: £13m).

Reserves

Other reserves comprise: hedging reserves £(4)m (2024: £(4)m); PPP financial assets revaluation reserve £(1)m (2024: £(1)m); currency translation reserve £102m (2024: £121m); special reserve £22m (2024: £22m); and other reserves £27m (2024: £24m).

* The commentary forms part of the Chief Financial Officer's review on pages 69 to 71 and does not form part of the financial statements.



COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Notes	Called-up share capital £m	Share premium account £m	Capital redemption reserve £m	Other reserves (Note 33.2) ^Δ £m	Retained profits £m	Total £m
At 1 January 2024		272	176	74	149	659	1,330
Total comprehensive income for the year	33.2	–	–	–	–	137	137
Ordinary dividends	13	–	–	–	–	(61)	(61)
Purchase of treasury shares	33.2	–	–	–	–	(101)	(101)
Cancellation of ordinary shares	33.2	(13)	–	13	–	–	–
Movements relating to share-based payments ⁺		–	–	–	8	(11)	(3)
At 31 December 2024		259	176	87	157	623	1,302
Total comprehensive income for the year	33.2	–	–	–	(1)	134	133
Ordinary dividends	13	–	–	–	–	(64)	(64)
Purchase of treasury shares	33.2	–	–	–	–	(126)	(126)
Cancellation of ordinary shares	33.2	(12)	–	12	–	–	–
Movements relating to share-based payments ⁺		–	–	–	13	(28)	(15)
At 31 December 2025		247	176	99	169	539	1,230

^Δ Other reserves include £22m of special reserve (2024: £22m).

⁺ Movements relating to share-based payments include £nil tax credit (2024: £nil) recognised directly within retained profits.



BALANCE SHEETS

At 31 December 2025

	Notes	Group		Company	
		2025 £m	2024 £m	2025 £m	2024 £m
Non-current assets					
Intangible assets – goodwill	14	819	854	–	–
– other	15	256	268	–	–
Service concession contract asset	16	154	69	–	–
Property, plant and equipment	17	151	136	–	–
Right-of-use assets	18	192	153	–	–
Investment properties	19	104	101	–	–
Investments in joint ventures and associates	20	363	385	–	–
Investments	21	18	24	1,766	1,753
PPP financial assets	22	18	21	–	–
Trade and other receivables	25	296	326	298	370
Retirement benefit assets	31	–	43	–	–
Deferred tax assets	30	199	200	9	8
		2,570	2,580	2,073	2,131
Current assets					
Inventories	23	155	158	–	–
Contract assets	24	238	229	–	–
Trade and other receivables	25	1,253	1,099	2	1
Cash and cash equivalents					
– infrastructure investments	28	193	265	–	–
– other	28	1,667	1,293	663	418
Current tax receivable		17	8	37	20
		3,523	3,052	702	439
Total assets		6,093	5,632	2,775	2,570

On behalf of the Board

Philip Hoare
Director

10 March 2026

Philip Harrison
Director

	Notes	Group		Company	
		2025 £m	2024 £m	2025 £m	2024 £m
Current liabilities					
Contract liabilities	24	(1,062)	(697)	–	–
Trade and other payables	26	(1,957)	(1,778)	(1,109)	(658)
Provisions	27	(266)	(239)	–	–
Borrowings					
– non-recourse loans	28	(37)	(11)	–	–
– other	28	(68)	(185)	–	(171)
Lease liabilities	29	(70)	(57)	–	–
Current tax payable		(8)	(13)	–	–
		(3,468)	(2,980)	(1,109)	(829)
Non-current liabilities					
Contract liabilities	24	(1)	(2)	–	–
Trade and other payables	26	(100)	(88)	(283)	(274)
Provisions	27	(323)	(378)	–	–
Borrowings					
– non-recourse loans	28	(567)	(589)	–	–
– other	28	(153)	(165)	(153)	(165)
Lease liabilities	29	(128)	(105)	–	–
Retirement benefit liabilities	31	(48)	(41)	–	–
Deferred tax liabilities	30	(153)	(153)	–	–
Derivative financial instruments	41	–	(1)	–	–
		(1,473)	(1,522)	(436)	(439)
Total liabilities		(4,941)	(4,502)	(1,545)	(1,268)
Net assets		1,152	1,130	1,230	1,302
Equity					
Called-up share capital	32	247	259	247	259
Share premium account	33	176	176	176	176
Capital redemption reserve	33	99	87	99	87
Share of joint ventures' and associates' reserves	33	(31)	(64)	–	–
Other reserves	33	146	162	169	157
Retained profits	33	506	501	539	623
Equity attributable to equity holders of the Parent		1,143	1,121	1,230	1,302
Non-controlling interests	33	9	9	–	–
Total equity		1,152	1,130	1,230	1,302

Commentary on the Group balance sheet*

Total assets of £6.1bn were 8% higher than last year and total liabilities of £4.9bn increased by 9%. Net assets decreased to £1.2bn primarily driven by the Group's share buyback programme.

Background

The Group's balance sheet shows the Group's assets and liabilities as at 31 December 2025 in accordance with IAS 1 Presentation of Financial Statements.

Goodwill

The goodwill on the Group's balance sheet at 31 December 2025 decreased to £819m (2024: £854m), solely due to foreign currency movements.

Investments in joint ventures and associates

Investments in joint ventures and associates have decreased by £22m to £363m, largely driven by the disposals of the Group's interest in 10 UK PPP financial assets to its co-shareholder for a consideration of £87m. Share of joint venture and associates profits of £64m was offset by dividends of £59m.

Working capital

Net movements in working capital are discussed in the statement of cash flows commentary on page 183.

Service concession contract asset

Service concession contract asset of £154m relates to a student accommodation project which features demand risk under IFRIC 12 Service Concession Arrangements. Construction of the asset commenced in December 2023 and is anticipated to complete in 2028.

Borrowings

Borrowings excluding non-recourse loans

As at 31 December 2025, the Group had £480m of undrawn committed bank facilities, comprising a £450m sustainability linked revolving credit facility (RCF) and an additional bilateral committed bank facility of £30m. The purpose of these facilities is to provide liquidity to support Balfour Beatty's ongoing activities. As at 31 December 2025, both facilities remain undrawn.

At 31 December 2025, the Group held \$208m of USPP notes comprising of US\$35m of notes maturing in June 2027 at a fixed coupon of 6.31%, US\$80m of notes maturing in June 2029 at a fixed coupon of 6.39%, US\$25m maturing in May 2031 at a fixed coupon of 6.71%, US\$43m of notes maturing in June 2032 at a fixed coupon of 6.45% and US\$25m maturing in May 2036 at a fixed coupon of 6.96%.

Non-recourse loans

In addition, the Group has non-recourse facilities in companies engaged in certain infrastructure concession projects. At 31 December 2025, the Group's share of these non-recourse net borrowings amounted to £1,224m (2024: £1,376m), comprising £813m (2024: £1,041m) in relation to joint ventures and associates as disclosed in Note 20.2 and £411m (2024: £335m) on the Group balance sheet in relation to subsidiaries as disclosed in Note 28.

Retirement benefit assets and liabilities

The Group's balance sheet includes net retirement benefit liabilities of £48m (2024: £2m net asset) representing net deficits in the Group's pension schemes, as measured on an IAS 19 basis. The movement in pension deficit in the year is primarily due to actuarial losses of £62m (2024: £102m). Any surplus of deficit contributions would be recoverable by way of a refund as, according to the relevant trust deed and rules documents, the Group has the unconditional right to the surplus and controls the run-off of the benefit obligations once all other obligations of the schemes have been settled.

Other

In addition to the liabilities recognised on the balance sheet, the Group, in the ordinary course of business, arranges for financial institutions to issue guarantees to customers in connection with its contracting activities (commonly referred to as contract bonds). These bonds provide customers with financial protection in the event that the Group fails to fulfil its contractual obligations and are customary or, in some markets, mandatory. Financial institutions issuing the bonds receive a fee and a counter indemnity from the Company. As at 31 December 2025, contract bonds issued by financial institutions covered £6.1bn (2024: £5.0bn) of the Group's contract commitments.

Equity commitments

During 2025, the Group invested £29m (2024: £28m) in a combination of equity and shareholder loans to Infrastructure Investments' project companies and at the end of the year had committed to provide a further £57m from 2026 onwards, inclusive of £4m expected for projects at preferred bidder stage. £25m of this is expected to be invested in 2026, as disclosed in Note 42(f).

* The commentary forms part of the Chief Financial Officer's review on pages 69 to 71 and does not form part of the financial statements.



GROUP STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 £m	2024 £m
Cash flows from operating activities			
Cash from operations	34.1	695	277
Income taxes paid		(39)	(12)
Net cash from operating activities		656	265
Cash flows from investing activities			
Dividends received from:			
– joint ventures and associates – infrastructure investments	20.5	21	26
– joint ventures and associates – other	20.5	38	45
– other investments	21	1	1
Interest received – infrastructure investments – joint ventures	20.5	3	7
Interest received subsidiaries:			
– infrastructure investments		9	11
– other		50	40
Purchases of:			
– service concession contract asset – infrastructure investments	16	(79)	(56)
– property, plant and equipment	17	(49)	(28)
– investment properties	19	(36)	(36)
Investments in and long-term loans to joint ventures and associates	20.5	(11)	(20)
Return of equity from joint ventures and associates	20.5	5	–
PPP financial assets cash expenditure	22	(4)	(5)
PPP financial assets cash receipts	22	7	8
Disposals of:			
– investments in joint ventures – infrastructure investments	20.5	89	43
– property, plant and equipment – other		5	5
– investment properties	19	48	–
– other investments	21	6	5
– trade and assets relating to Omnicom Balfour Beatty	10.2	24	–
Net cash from investing activities		127	46

	Notes	2025 £m	2024 £m
Cash flows used in financing activities			
Purchase of ordinary shares	33.3	(31)	(12)
Purchase of treasury shares	32	(126)	(101)
Proceeds from new loans relating to:			
– infrastructure investments assets	34.3	22	36
– other	34.3	–	39
Repayments of loans relating to:			
– infrastructure investments assets	34.3	(30)	(9)
– other	34.3	–	(40)
Repayment of lease liabilities	29	(68)	(59)
Ordinary dividends paid	13	(64)	(61)
Other dividends paid – non-controlling interests		(1)	(1)
Interest paid – infrastructure investments		(14)	(12)
Interest paid – other		(22)	(31)
Net cash used in financing activities		(334)	(251)
Net increase in cash and cash equivalents		449	60
Effects of exchange rate changes		(30)	3
Cash and cash equivalents at beginning of year		1,373	1,310
Cash and cash equivalents at end of year	34.2	1,792	1,373

Commentary on the Group statement of cash flows*

Cash and cash equivalents increased during the year to £1,792m. The Group generated cash from operating activities in the year of £656m compared to £265m in the prior year.

Background

The Group statement of cash flows shows the cash flows from operating, investing and financing activities during the year.

Working capital

Working capital includes: inventories; contract assets and liabilities; trade and other receivables; trade and other payables; and provisions. Where the net working capital balance is in an asset position, i.e. the inventories and receivables balances are greater than the payables and provisions, this is referred to as unfavourable/positive working capital. Where this is not the case, this is referred to as favourable/negative working capital.

Cash used in operations

Cash inflow from operations of £695m (2024: £277m) included a profit from operations of £284m (2024: £173m), a working capital inflow of £408m (2024: £99m) and the following significant adjustment items: share of results of joint ventures and associates £64m (2024: £59m); depreciation and amortisation charges £123m (2024: £129m); gain on disposal of interests in investments of £32m (2024: £43m); and pension payments including deficit funding of £10m (2024: £30m).

Working capital movements

The movement of the individual working capital balances on the balance sheet will not be reflective of the underlying movement of working capital due to the balance sheet being affected by foreign currency movements and disposals.

Working capital movements are disclosed in Note 34.1.

Changes in the Group's working capital position during the year resulted in a cash inflow of £408m (2024: £99m inflow). This is driven by increased revenue, advanced receipts on several new projects in US Construction and Support Services.

Cash flows from investing activities

The Group received dividends of £59m (2024: £71m) from joint ventures and associates during the year.

The Group continued to invest in Infrastructure Investments assets, acquiring a new multifamily housing development in Conroe, Texas, for £36m. Construction at West Slope student accommodation project for the University of Sussex also continued into 2025, incurring £79m of capitalised costs in service concession contract assets.

The Group also continued to invest in its Infrastructure Investments joint ventures and associates, contributing £11m (2024: £20m) in the year.

The Group completed several disposals in 2025, further details can be found in Note 35.2.

Within the Infrastructure Investments segment, the Group's disposal included the sale of Foundry Court, a student accommodation asset, for a consideration of £48m. The Group also completed a series of disposals of its UK PPP asset to its co-shareholder for a consideration of £87m.

In 2025, the Group also completed the disposal of Omnicom Balfour Beatty, its specialist rail measurement hardware and intelligent software business, for a consideration of £24m.

Cash flows used in financing activities

On 12 December 2025 the Company completed its 2025 share buyback programme resulting in 24.2m (2024: 27.1m) shares purchased for a total consideration of £126m (2024: £101m), including associated fees and stamp duty amounting to £1m (2024: £1m).

As at 31 December 2025, the Group had £480m of undrawn committed bank facilities, comprising a £450m sustainability linked revolving credit facility (RCF) and an additional bilateral committed bank facility of £30m. The purpose of these facilities is to provide liquidity to support Balfour Beatty's ongoing activities. As at 31 December 2025, both facilities remain undrawn.

Interest payments amounted to £36m (2024: £43m) during the year, of which £14m (2024: £12m) related to infrastructure investments, £10m (2024: £10m) related to the USPP, £9m (2024: £7m) related to the interest paid on lease liabilities and £3m (2024: £14m) related to other finance charges.

* The commentary forms part of the Chief Financial Officer's review on pages 69 to 71 and does not form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 Basis of accounting

Going concern

The Directors consider it reasonable to assume that the Group has adequate resources to continue for the foreseeable future and, for this reason, have continued to adopt the going concern basis in preparing the financial statements.

The key financial risk factors for the Group remain largely unchanged. The Group's principal risks and the consequent impact these might have on the Group as well as mitigations that are in place are detailed on pages 77 to 89.

The Group's US private placement and committed bank facilities contain certain financial covenants, such as the ratio of the Group's EBITDA to its net debt which needs to be less than 3.0 and the ratio of its EBITA to net borrowing costs which needs to be in excess of 3.0. These covenants are tested on a rolling 12-month basis as at the June and December reporting dates. At 31 December 2025, both these covenants were passed as the Group had net cash and net interest income from a covenant test perspective.

The Directors have carried out an assessment of the Group's ability to continue as a going concern for the period of at least 12 months from the date of approval of the financial statements. This assessment has involved the review of medium-term cash forecasts of each of the Group's operations. The Directors have also considered the strength of the Group's order book which amounted to £22.7bn at 31 December 2025 and will provide a pipeline of secured work over the going concern assessment period. These base case projections indicate that the headroom provided by the Group's strong cash position and the debt facilities currently in place are adequate to support the Group over the going concern assessment period.

At 31 December 2025, the Group's only debt, other than non-recourse borrowings ring-fenced within certain concession companies, comprised \$208m US private placement (USPP) notes.

The Group's £450m committed sustainability linked bank facility remained undrawn at 31 December 2025 and is fully available to the Group until June 2028. The Group's £30m bilateral committed facility also remained undrawn at 31 December 2025 and remains fully available to the Group until December 2027.

The Directors have stress-tested the Group's base case projections of both cash and profit against key sensitivities which could materialise as a result of adverse changes in the economic environment including a deterioration in commercial or operational conditions. The Group has sensitised its projections against severe but plausible downside scenarios which include:

- elimination of a portion of unsecured work assumed within the Group's base case projections and a delay of six months for any awarded but not yet contracted work;
- a deterioration of contract judgements and restriction of a portion of the Group's margins; and
- delay in the disposal of Investments assets by 12 months.

In the severe but plausible downside scenarios modelled, the Group continues to retain sufficient headroom on liquidity throughout the going concern period. Through these downside scenarios, the Group is still expected to be in a net cash position and to remain within its banking covenants through the going concern assessment period.

Based on the above and having made appropriate enquiries, the Directors consider it reasonable to assume that the Group and the Company have adequate resources to continue for the going concern period and, for this reason, have continued to adopt the going concern basis in preparing the financial statements.

Consideration of climate change

In preparing the financial statements, the Directors have considered the impact of climate change, particularly in the context of the risks identified in the TCFD disclosure on pages 91 to 98. There has been no material impact identified on the financial reporting judgements and estimates. In particular, the Directors considered the impact of climate change in respect of the following areas:

- contract judgements made on the Group's Construction Services and Support Services contracts;
- going concern and viability of the Group over the next three years;
- cash flow forecasts used in the impairment assessments of non-current assets including the Group's intangible assets such as customer contracts and goodwill;
- cash flow forecasts used in the impairment assessments of the Group's infrastructure investments assets;
- carrying value and useful economic lives of property, plant and equipment; and
- the valuation of assets held within the Group's pension schemes.

As current legislation stands, there is currently no material medium-term impact expected from climate change due to the contractual mechanisms and insurance arrangements in place. The Directors are, however, aware of the ever-changing risks attached to climate change and will regularly assess these risks against judgements and estimates made in preparation of the Group's financial statements.

Basis of preparation

The annual financial statements have been prepared in accordance with UK-adopted international accounting standards and in conformity with the requirements of the Companies Act 2006 (the Act).

The financial statements have been prepared under the historical cost convention, except as described under Note 2.27. The functional and presentational currency of the Company and the presentational currency of the Group is sterling.

The separate financial statements of the Company are presented as required by the Act and have been prepared in accordance with FRS 101 Reduced Disclosure Framework. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards, but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of a cash flow statement, related party transactions and comparative information. Where required, equivalent disclosures are given in the consolidated financial statements.

In addition to the application of FRS 101, the Company has taken advantage of Section 408 of the Act and, consequently, its statement of comprehensive income (including the profit and loss account) is not presented as part of these financial statements.

2 Principal accounting policies

2.1 Accounting standards

Adoption of new and revised standards

The following accounting standards, interpretations and amendments have been adopted by the Group in the year ended 31 December 2025:

› Amendments to the following standard:

- › IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability.

The amended standard did not have a material effect on the Group or the Company.

Accounting standards not yet adopted by the Group

The following accounting standards, interpretations and amendments have been issued by the IASB but had either not been adopted by the UK or were not yet effective in the UK at 31 December 2025:

› IFRS 18 Presentation and Disclosure in Financial Statements

› IFRS 19 Subsidiaries without Public Accountability: Disclosures

› Amendments to the following standards:

- › IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments
- › IFRS 9 and IFRS 7: Contracts Referencing Nature-dependent Electricity
- › Annual Improvements to IFRS Accounting Standards Volume 11

The Directors do not expect these new and amended standards to have a material effect on the Group or the Company and have chosen not to adopt any of the above standards and interpretations earlier than required. The Group is currently assessing the impact of the revised presentation and disclosure requirements for financial statements from IFRS 18.

2.2 Basis of consolidation

The Group financial statements include the results of the Company and its subsidiaries, together with the Group's share of the results of joint ventures and associates, drawn up to 31 December each year.

a) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The results of subsidiaries are consolidated from the date that control commences until the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the fair value of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (discount on acquisition) is credited to the income statement in the period of acquisition. The interest of non-controlling equity holders is stated at the non-controlling equity holders' proportion of the fair value of the assets and liabilities recognised.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between: (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest less direct costs of the transaction; and (ii) the previous carrying amount of the assets (including goodwill) less liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained earnings).

Any acquisition or disposal which does not result in a change in control is accounted for as a transaction between equity holders. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the fair value of the consideration paid or received and the amount by which the non-controlling interests are adjusted is recognised directly in equity and attributed to the owners of the Parent.

Accounting policies of subsidiaries are adjusted where necessary to ensure consistency with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2 Principal accounting policies continued

2.2 Basis of consolidation continued

b) Joint ventures and associates

Joint ventures are those entities over whose activities the Group has joint control, whereby the Group has rights to the net assets of the entity, rather than rights to its individual assets and obligations for its individual liabilities.

Associates are those entities over whose financial and operating policies the Group has significant influence, but not control or joint control.

The results, assets and liabilities of joint ventures and associates are incorporated in the financial statements using the equity method of accounting except when classified as held for sale. The equity return from the military housing joint ventures of the Group is contractually limited to a maximum level of return, beyond which the Group does not share in any further return. Therefore the Group's investment in these projects is recognised at initial equity investment plus the value of the Group's accrued preferred return from the underlying projects.

Any excess of the fair value of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the joint venture or associate entity at the date of acquisition is recognised as goodwill. Any deficiency of the fair value of the cost of acquisition below the Group's share of the fair values of the identifiable net assets of the joint venture or associate at the date of acquisition (discount on acquisition) is credited to the income statement in the period of acquisition.

Investments in joint ventures and associates are initially carried in the balance sheet at cost (including goodwill arising on acquisition) and adjusted by post-acquisition changes in the Group's share of net assets of the joint venture or associate, less any impairment in the value of individual investments. Losses of joint ventures and associates in excess of the Group's interest in those joint ventures and associates are only recognised to the extent that the Group is contractually liable for, or has a constructive obligation to meet, the obligations of the joint ventures and associates.

Unrealised gains and losses on transactions with joint ventures and associates are eliminated to the extent of the Group's interest in the relevant joint venture or associate.

c) Joint operations

The Group's share of the results, assets and liabilities of contracts carried out in conjunction with another party are included under each relevant heading in the income statement and balance sheet.

The results of a small number of joint operations are drawn up to a date other than 31 December, typically in the last two weeks of December. Adjustments are made for any significant transactions between such date and 31 December.

2.3 Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange at the reporting date. Significant exchange rates used in the preparation of these financial statements are shown in Note 3.

For the purpose of presenting consolidated financial statements, the results of foreign subsidiaries, associates and joint venture entities are translated at average rates of exchange for the year, unless the exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Assets and liabilities are translated at the rates of exchange prevailing at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the rates of exchange at the reporting date. Currency translation differences arising are transferred to the Group's foreign currency translation reserve and are recognised in the income statement on disposal of the underlying investment.

In order to hedge its exposure to certain foreign exchange risks, the Group may enter into forward foreign exchange contracts. Refer to Note 2.27(b) for details of the Group's accounting policies in respect of such derivative financial instruments.

2.4 Revenue recognition

The Group recognises revenue when it transfers control over a product or service to its customer. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Where consideration is not specified within the contract and is therefore subject to variability, the Group estimates the amount of consideration to be received from its customer. The consideration recognised is the amount which is highly probable not to result in a significant reversal in future periods.

Where a modification to an existing contract occurs, the Group assesses the nature of the modification and whether it represents a separate performance obligation required to be satisfied by the Group or whether it is a modification to the existing performance obligation.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust its transaction price for the time value of money.

The Group's activities are wide ranging, and as such, depending on the nature of the product or service delivered and the timing of when control is passed onto the customer, the Group will account for revenue over time and at a point in time. Where revenue is measured over time, the Group uses the input method to measure progress of delivery.

2 Principal accounting policies continued

2.4 Revenue recognition continued

Revenue is recognised as follows:

- revenue from construction and services activities is recognised over time and the Group uses the input method to measure progress of delivery;
- revenue from manufacturing activities is recognised at a point in time when title has passed to the customer; and
- dividend income in the Parent Company is recognised when the equity holders' right to receive payment is established.

2.5 Construction and services contracts

When the outcome of individual contracts can be estimated reliably, contract revenue is recognised by reference to the measure of progress at the reporting date using the input method. Costs are recognised as incurred and revenue is recognised on the basis of the proportion of total costs at the reporting date to the estimated total costs of the contract.

Estimates of the final out-turn on each contract may include cost contingencies to take account of the specific risks within each contract that have been identified during the early stages of the contract. The cost contingencies are reviewed on a regular basis throughout the contract life and are adjusted where appropriate. However, the nature of the risks on contracts are such that they often cannot be resolved until the end of the project and therefore may not reverse until the end of the project. The estimated final out-turns on contracts are continuously reviewed and, in certain limited cases, recoveries from insurers are assessed, and adjustments made where necessary.

No margin is recognised until the outcome of the contract can be estimated with reasonable certainty. Provision is made for all known or expected losses on individual contracts once such losses are foreseen.

Revenue in respect of variations to contracts and incentive payments is recognised when there is an enforceable right to payment and it is highly probable it will be agreed by the customer. Variable consideration is assessed on a contract-by-contract basis according to the facts, circumstances and terms of each project and only recognised to the extent that it is highly probable not to significantly reverse in the future. Revenue in respect of claims is recognised only if it is highly probable not to reverse in future periods. Profit for the year includes the benefit of claims settled in the year to the extent not previously recognised on contracts completed in previous years.

2.6 Segmental reporting

The Group considers its Board of Directors to be the chief operating decision maker and therefore the segmental disclosures provided in Note 5 are aligned with the monthly reports provided to the Board of Directors. The Group's reporting segments are based on the types of services provided. Operating segments with similar economic characteristics have been aggregated into three reportable segments, which reflect the nature of the services provided by the Group. A description of each reportable segment is provided in Note 5. Further information on the business activities of each reportable segment is set out on pages 193 to 196.

Operating segments are aggregated on the basis of the nature of the services provided and the manner in which returns are earned by the Group. Further information on the nature of services provided within each segment is included in Note 4.

Working capital is the balance sheet measure reported to the chief operating decision maker. The profitability measure used to assess the performance of the Group is underlying profit from operations.

Segment results represent the contribution of the different segments after the allocation of attributable corporate overheads. Transactions between segments are conducted at arm's-length market prices. Segment assets and liabilities comprise those assets and liabilities directly attributable to the segments. Corporate assets and liabilities include cash balances, bank borrowings, tax balances and dividends payable. Non-recourse net borrowings are directly attributable to Infrastructure Investments and therefore not included within Corporate activities.

Major customers are defined as customers contributing more than 10% of the Group's external revenue.

2.7 Pre-contract bid costs and recoveries

Pre-contract costs are expensed as incurred until preferred bidder status is awarded at which point further costs are capitalised as there is a high probability that the Group would be able to recover these costs. Amounts subsequently recovered in respect of pre-contract costs that have been written off before preferred bidder status was awarded are recognised in full in the income statement when they are received in cash.

2.8 Profit from operations

Profit from operations is stated after the Group's share of the post-tax results of equity accounted joint venture entities and associates and other operating expenses, which mainly consist of admin expenses, but before investment income and finance costs.

2.9 Investment income and finance costs

Interest income is accrued on a time basis using the effective interest method by reference to the principal outstanding and the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Finance costs of debt, including premiums payable on settlement and direct issue costs, are charged to the income statement on an accruals basis over the term of the instrument, using the effective interest method. Finance costs also include interest cost on the discount unwind of lease liabilities and impairment of loans to joint ventures and associates and accrued interest thereon.

2.10 Non-underlying items

Non-underlying items are items of financial performance which the Group believes should be presented separately on the face of the income statement to enable comparability of the Group's performance from its ongoing normal day-to-day trading activities. Such items will not affect the absolute amount of the results for the period and the trend of results. The Group's underlying results exclude non-underlying items.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2 Principal accounting policies continued

2.10 Non-underlying items continued

Non-underlying items include:

- gains and losses on the disposal of businesses and investments, unless this is part of a programme of releasing value from the disposal of similar businesses or investments such as infrastructure concessions;
- costs of major restructuring and reorganisation of existing businesses;
- costs of integrating newly acquired businesses;
- acquisition and similar costs related to business combinations such as transaction costs;
- impairment and amortisation charges on intangible assets arising on business combinations (amortisation of acquired intangible assets); and
- impairment of goodwill.

These are examples, however, from time to time it may be appropriate to exclude further items that are considered distortive in size and nature to aid comparability of the Group's performance. Refer to Note 10.

2.11 Taxation

The tax charge comprises current tax and deferred tax, calculated using tax rates that have been enacted or substantively enacted by the reporting date. Current tax and deferred tax are charged or credited to the income statement, except when they relate to items charged or credited directly to equity, in which case the relevant tax is also accounted for within equity. Current tax is based on the profit for the year.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax on such assets and liabilities is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2.12 Intangible assets

a) Goodwill

Goodwill arises on the acquisition of subsidiaries and other businesses, joint ventures and associates and represents the excess of the fair value of consideration over the fair value of the identifiable assets and liabilities acquired. Goodwill on acquisitions of subsidiaries and other businesses is included in non-current assets. Goodwill on acquisitions of joint ventures and associates is included in investments in joint ventures and associates.

Goodwill is reviewed annually for impairment and is carried at cost less accumulated impairment losses. Goodwill is included when determining the profit or loss on subsequent disposal of the business to which it relates.

Goodwill arising on acquisitions before the date of transition to IFRS (1 January 2004) has been retained at the previous UK GAAP amounts subject to being tested for impairment. Goodwill written off or discount arising on acquisition credited to reserves under UK GAAP prior to 1998 has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

b) Other intangible assets

Other intangible assets are stated at fair value or cost less accumulated amortisation and impairment losses. Amortisation charges in respect of software and Infrastructure Investments intangibles are included in underlying items.

c) Research and development

Internally generated intangible assets developed by the Group are recognised only if all the following conditions are met: an asset is created that can be identified; it is probable that the asset created will generate future economic benefits; and the development cost of the asset can be measured reliably.

Other research expenditure is written off in the period in which it is incurred.

2.13 Service concession contract asset

Service concession contract asset is stated at cost less impairment losses and includes concession assets that are accounted for under IFRIC 12 Service Concession Arrangements. These assets are classified as service concession contract assets whilst in the construction phase. Once construction is complete and the asset enters the operational phase, it is reclassified to intangible assets or PPP assets depending on whether the asset features demand risk.

2.14 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure associated with bringing the asset to its operating location and condition. Refer to Note 17 for further detail.

2 Principal accounting policies continued

2.15 Investment properties

The Group classifies land and buildings which it holds to generate capital appreciation and/or to earn rental income as investment properties. The Group has chosen to state its investment properties at cost less accumulated depreciation and impairment losses. The Group depreciates its investment properties over 25 years. Land is not depreciated.

2.16 Leasing

As a lessee, the Group assesses whether a contract is, or contains, a lease at the inception of a contract. A lease exists if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess if a lease exists, the Group assesses whether: (i) the contract involves the use of an identified asset; (ii) the Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the lease term; and (iii) the Group has the right to direct the use of the asset. In order to determine if the contract involves the use of an identified asset, the Group exercises judgement to assess if the supplier has a substantive substitution right over the asset. An asset is not identified if it has been determined that the supplier has substantive substitution rights.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost and subsequently depreciated over the lease term. The lease liability is measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate. The Group has elected to apply the practical expedient which allows the Group to use a single discount rate for a portfolio of leases with similar characteristics.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of less than 12 months and leases of low-value assets. Instead, the Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.17 Impairment of assets

Assets that have an indefinite useful life (such as goodwill arising on acquisitions) are reviewed at least annually for impairment. Other intangible assets, property, plant and equipment and right-of-use assets are reviewed for impairment whenever there is any indication that the carrying amount of the asset may not be recoverable.

If the recoverable amount of an asset is less than its carrying amount, an impairment loss is recognised.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. Value-in-use is assessed by discounting the estimated future cash flows that the asset is expected to generate. For this purpose assets, including goodwill, are grouped into cash-generating units representing the level at which they are monitored by the Board of Directors for internal management purposes. Goodwill impairment losses are not reversed in subsequent periods. Reversals of other impairment losses are recognised in income when they arise.

2.18 Investments

Investments are recognised and derecognised on the trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, including transaction costs.

Investments in mutual funds are measured at fair value. Gains and losses arising from changes in the fair value of these investments are recognised in other comprehensive income. Investments that are held until they reach maturity are measured at amortised cost.

Investments in subsidiaries are recognised and held at cost and subsequently tested for impairment on an annual basis. Where an impairment is identified, a provision for impairment is recorded against the carrying value of the investment.

2.19 Government grants

Government grants are recognised when there is a reasonable assurance that the Group will be able to comply with the conditions attached to the grant and that the grant will be received. Grants are recognised in the income statement on a systematic basis as a deduction from the related category of cost in the periods in which the expenses are recognised.

2.20 Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost includes an appropriate proportion of manufacturing overheads incurred in bringing inventories to their present location and condition and is determined using the first-in first-out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.21 Trade receivables and contract retention receivables

Trade and contract retention receivables are initially recorded at fair value and subsequently measured at amortised cost as reduced by allowances for estimated irrecoverable amounts and expected credit losses.

2.22 Trade payables and contract retention payables

Trade and contract retention payables are not interest bearing and are stated at cost.

2.23 Provisions

Provisions for insurance liabilities retained in the Group's captive insurance arrangements, legal claims, defects and warranties, environmental restoration, onerous leases and other onerous commitments are recognised at the best estimate of the expenditure required to settle the Group's liability.

Provisions are recognised when: (i) the Group has a present legal or constructive obligation as a result of a past event; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) the amount of the obligation can be estimated reliably. Provisions are discounted where appropriate.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2 Principal accounting policies continued

2.24 Borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Premiums payable on settlement or redemption and direct issue costs are included in the carrying amount of the instrument and are charged to the income statement on an accruals basis using the effective interest method together with the interest payable.

2.25 Retirement benefit costs

The Group, through trustees, operates a number of defined benefit and defined contribution retirement and other long-term employee benefit schemes, the largest of which are of the defined benefit type and are funded. Defined benefit contributions are determined in consultation with the trustees, after taking actuarial advice.

For defined benefit pension schemes, the cost of providing benefits recognised in the income statement and the defined benefit obligations are determined at the reporting date by independent actuaries, using the projected unit credit method. The liability recognised in the balance sheet comprises the present value of the defined benefit pension obligations, determined by discounting the estimated future cash flows using the market yield on a high-quality corporate bond, less the fair value of the scheme assets. Actuarial gains and losses are recognised in the period in which they occur in the statement of comprehensive income.

Contributions to defined contribution pension schemes are charged to the income statement as they fall due.

Any surplus of deficit contributions to the Balfour Beatty Pension Fund (BBPF) and the Railways Pension Scheme (RPS) would be recoverable by way of a refund as, according to the relevant trust deed and rules documents, the Group has the unconditional right to the surplus and controls the run-off of the benefit obligations once all other obligations of the BBPF and RPS have been settled.

2.26 Share-based payments

Employee services received in exchange for the grant of equity-settled and cash-settled awards are charged to the income statement on a straight-line basis over the vesting period. For equity-settled awards, the charge is based on the fair values of the awards at the date of grant. For cash-settled, the charge is based on the fair value of the awards at each reporting date.

The credits in respect of the amounts charged are included within separate reserves in equity for equity-settled awards or within accruals for cash-settled awards until such time as the awards are exercised, when the shares are transferred or cash payments made to employees.

2.27 Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

a) Classification of financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

b) Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments to manage interest rate risk and to hedge exposures to fluctuations in foreign currencies in accordance with its risk management policy. The Group does not use derivative financial instruments for speculative purposes. A description of the Group's objectives, policies and strategies with regard to derivatives and other financial instruments is set out in Note 41.

Derivatives are initially recognised in the balance sheet at fair value on the date the derivative transaction is entered into and are subsequently re-measured at their fair values.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the income statement together with any changes in the fair value of the hedged item that are attributable to the hedged risk.

Changes in the fair value of the effective portion of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income (OCI). Changes in the fair value of the ineffective portion of cash flow hedges are recognised in the income statement. Amounts originally recognised in OCI are transferred to the income statement when the underlying transaction occurs or, if the transaction results in a non-financial asset or liability, are included in the initial cost of that asset or liability.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Hedge accounting is discontinued when the hedging instrument expires, is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in OCI is retained in equity until the hedged transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in OCI is transferred to the income statement for the period.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives and recorded in the balance sheet at fair value when their risks and characteristics are not closely related to those of the host contract. Changes in the fair value of those embedded derivatives recognised in the balance sheet are recognised in the income statement as they arise.

c) PPP concession companies

Assets constructed by PPP concession companies are classified principally as financial assets measured at fair value through OCI.

In the construction phase, income is recognised by applying an attributable profit margin to the construction costs representing the fair value of construction services performed. In the operational phase, income is recognised by allocating a proportion of total cash receivable over the life of the project to service costs by means of a deemed rate of return on those costs. The residual element of projected cash is allocated to the financial asset using the effective interest rate method, giving rise to interest income.

Due to the nature of the contractual arrangements, the projected cash flows can be estimated with a high degree of certainty.

2 Principal accounting policies continued

2.27 Financial instruments continued

c) PPP concession companies continued

In the construction phase, the fair value of the Group's PPP financial assets is determined by applying an attributable profit margin to the construction costs representing the fair value of construction services performed. In the operational phase, fair value is determined by discounting the future cash flows allocated to the financial asset using discount rates based on long-term gilt rates adjusted for the risk levels associated with the assets, with market-related movements in fair value recognised in OCI. In both instances, the fair value is reduced by allowances for estimated irrecoverable amounts and expected credit losses. Amounts originally recognised in OCI are transferred to the income statement upon disposal of the asset.

2.28 Judgements and key sources of estimation uncertainty

The preparation of consolidated financial statements under IFRS requires management to make judgements, estimates and assumptions that affect amounts recognised for assets and liabilities at the reporting date and the amounts of revenue and expenses incurred during the reporting period. Actual outcomes may differ from these judgements, estimates and assumptions.

The judgements, estimates and assumptions that have the most significant effect on the carrying value of assets and liabilities of the Group as at 31 December 2025 are discussed below.

a) Revenue and margin recognition (estimate)

The Group's revenue recognition and margin recognition policies, which are set out in Notes 2.4 and 2.5, are central to how the Group values the work it has carried out in each financial year.

These policies require forecasts to be made of the outcomes of long-term construction services and support services contracts, which require estimates to be made of both cost and income recognition on each contract. On the cost side, estimates of forecasts are made on the final out-turn of each contract in addition to potential costs to be incurred for any maintenance and defects liabilities. On the income side, estimates are made on variations to consideration which typically include variations due to changes in scope of work, recoveries of claim income from customers, and potential liquidated damages that may be levied by customers. On cost reimbursable contracts there are also estimates required on the level of disallowable costs which requires an assessment of whether costs are recoverable under the terms of the contract and therefore should be recognised as income. Estimates are reviewed regularly throughout the contract life based on latest available information and adjustments are made where necessary. The Group continues to regularly assess these estimates.

As at 31 December 2025, the Group's contract assets, contract liabilities and contract provisions amounted to £238m, £1,063m and £514m respectively as set out in Notes 24 and 27. The Group has considered the nature of the estimates involved in deriving these balances and concluded that it is possible, on the basis of existing knowledge, that outcomes within the next financial year may be different from the Group's assumptions applied as at 31 December 2025 and could require a material adjustment to the carrying amounts of these assets and liabilities in the next financial year. However, due to the level of uncertainty, combination of cost and income variables and timing across a large portfolio of contracts (in excess of 1,000) at different stages of their contract life, it is impracticable to provide a quantitative analysis of the aggregated estimates that are applied at a portfolio level.

Within this portfolio, there are a limited number of long-term contracts where the Group has incorporated significant estimates over contractual entitlements relating to recoveries of claim income from customers, suppliers and liquidated damages levied by the customer. This is in the Construction Services segment. These recoveries have been recognised at the amount that is considered highly probable not to significantly reverse. However, there are a host of factors affecting potential outcomes in respect of these entitlements which could result in a range of reasonably possible outcomes on these contracts in the following financial year, ranging from a gain of £82m to a loss of £44m. The Directors have assessed the range of reasonably possible outcomes on these limited number of contracts based on facts and circumstances that were present and known at the balance sheet date. As with any contract applying long-term contract accounting, these contracts are also affected by a variety of uncertainties that depend on future events, and so often need to be revised as contracts progress.

b) Non-underlying items (judgement)

Non-underlying items are items of financial performance which the Group believes should be presented separately on the face of the income statement to assist in understanding the underlying financial performance achieved by the Group. Determining whether an item is part of underlying items or non-underlying items requires judgement. A total non-underlying profit after tax of £25m (2024: £49m loss) was credited to the income statement for the year ended 31 December 2025. Refer to Note 10.

c) Financial assets measured at fair value through OCI (estimate)

At 31 December 2025, £848m (2024: £1,120m) of PPP financial assets constructed by the Group's subsidiary, joint venture and associate companies were classified as financial assets measured at fair value through OCI. In the operational phase the fair value of these financial assets is measured at each reporting date by discounting the future value of the cash flows allocated to the financial asset. A range of discount rates is used from 7.2% to 12.1% (2024: 5.2% to 63.4%), which reflects the prevailing risk-free interest rates and the different risk profiles of the various concessions. These represent key sources of estimation uncertainty. Refer to Note 41.

A £8m gain was taken to other comprehensive income in 2025 (2024: £50m loss) and a cumulative fair value gain of £156m had arisen on these financial assets as a result of market-related movements in the fair value of these financial assets at 31 December 2025 (2024: £148m).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2 Principal accounting policies continued

2.28 Judgements and key sources of estimation uncertainty continued

d) Contract provisions (estimate)

Contract provisions are liabilities of uncertain timing or amount and therefore in making a reliable estimate of the quantum and timing of liabilities estimates are applied and re-evaluated at each reporting date. The range of potential outcomes on contract provisions as a result of uncertain future events could result in a materially positive or negative swing to profitability and cash flow.

The Group has considered the nature of these estimates and concluded that it is possible, on the basis of existing knowledge, that outcomes within the next financial year may be different from the Group's assumptions applied as at 31 December 2025 and could require a material adjustment to the carrying amounts of assets and liabilities in the next financial year. As disclosed in Note 27, the majority of the Group's provision balance relates to contract provisions, which include loss provisions, defect and warranty provisions, where estimates are made around forecast costs, timing and whether it is probable there will be an outflow of future economic benefit. Contract loss provisions may also include estimates around variable consideration as disclosed in Note 2.28(a). However, due to the level of uncertainty, combination of variables and timing across a large portfolio of complex contracts at different stages of their contract life, it is impracticable to provide a quantitative analysis of the aggregated estimates that are applied at a portfolio level.

To the extent that the sensitivities disclosed in Note 2.28(a) affect a loss-making contract, this will have an impact on the Group's provisions in the next financial year.

The Group also continues to provide for a number of fire safety-related claims received by the Group as part of its defects provision. A provision is made when there is a probable obligation and outflow, and the Group can reliably estimate the cost relating to its obligation. If costs are considered possible or cannot be reliably estimated, then they are considered to be contingent liabilities (see Note 38).

Provisions of this nature are inherently uncertain as the estimated costs are based on a number of key estimates and assumptions which include, but are not limited to, the extent of defects that may exist, the cost of rectifying these defects and the consideration of what was considered to comply with building safety regulations at the time these buildings were constructed. These estimates are also inherently uncertain due to the highly complex and bespoke nature of each building. The Directors have used various externally available information and internal assessments as a basis for the estimated remedial costs for the fire safety claims received to date. The actual costs will ultimately be subject to the progression of investigative works, remedial works carried out, settlements of ongoing claims, and the evolution of current legislation and regulation which will impact the scope of any remediation works required, and therefore it is impracticable to provide a quantitative analysis of the aggregated estimates across the Group for these fire safety-related claims. There are also potential avenues to recovering a portion of these costs from third parties, which have not been recognised by the Group at this stage.

Within the fire defect population, there are claims received under the retrospective Building Safety Act (BSA) legislation introduced in 2022 (refer to Note 10.2.2) for which the Group is carrying a defect provision amounting to £85m at 31 December 2025 (2024: £82m). If the forecast remediation costs relating to BSA claims received to date were 25% higher / lower than provided, the pre-tax non-underlying charge in the Group's income statement would increase / decrease by £21m. However, if further BSA claims are notified, this could also increase the required provision, but the potential quantity and timing of this change cannot be readily determined without further claims being made against the Group and, subsequently, the necessary investigative work being conducted on these claims. The scope of buildings and remediation works to be considered may also change as legislation and regulations continue to evolve relating to BSA.

The Group continues to regularly assess these estimates.

e) Retirement benefit obligations (estimate)

Details of the Group's defined benefit pension schemes are set out in Note 31, including tables showing the sensitivity of the pension scheme obligations and assets to different actuarial assumptions.

At 31 December 2025, the net retirement benefit liabilities recognised on the Group's balance sheet were £48m (2024: £2m net asset). The effects of changes in the actuarial assumptions underlying the schemes' obligations (including inflation and mortality) and discount rates and the differences between expected and actual returns on the schemes' assets are classified as actuarial gains and losses. During 2025, the Group recognised net actuarial losses of £62m (2024: £102m) in OCI, including its share of the actuarial gains and losses arising in joint ventures and associates.

3 Exchange rates

The following key exchange rates were applied in these financial statements:

Average rates

	2025	2024	Change
£1 buys			
US\$	1.32	1.28	3.1%
HK\$	10.25	9.98	2.7%

Closing rates

	2025	2024	Change
£1 buys			
US\$	1.35	1.25	8.0%
HK\$	10.47	9.73	7.6%



4 Revenue

4.1 Nature of services provided

4.1.1 Construction Services

The Group's Construction Services segment encompasses activities in relation to the physical construction of assets provided to public and private customers. Revenue generated in this segment is measured over time as control passes to the customer as the asset is constructed. Progress is measured by reference to the cost incurred on the contract to date compared to the contract's end of job forecast (the input method). Payment terms are based on a schedule of value that is set out in the contract and fairly reflect the timing and performance of service delivery. Contracts with customers are typically accounted for as one performance obligation (PO).

Types of assets	Typical contract length	Nature, timing of satisfaction of performance obligations and significant payment terms
Buildings	12 to 36 months	<p>The Group constructs buildings which include commercial, healthcare, education, retail and residential assets. As part of its construction services, the Group provides a range of services including design and/or build, mechanical and electrical engineering, shell and core and/or fit-out and interior refurbishment. The Group's customers in this area are a mix of private and public entities.</p> <p>The contract length depends on the complexity and scale of the building and contracts entered into for these services are typically fixed price.</p> <p>In most instances, the contract with the customer is assessed to only contain one PO as the services provided by the Group, including those where the Group is also providing design services, are highly interrelated. However, for certain types of contracts, services relating to fit-out and interior refurbishment may sometimes be assessed as a separate PO.</p>
Infrastructure	<p>1 to 3 months for small-scale infrastructure works</p> <p>24 to 60 months for large-scale complex construction</p>	<p>The Group provides construction services for three main types of infrastructure assets: highways, railways and other large-scale infrastructure assets such as waste, water and energy plants.</p> <p>Highways represent the Group's activities in constructing motorways in the UK, US and Hong Kong. This includes activities such as design and construction of roads, widening of existing motorways or converting existing motorways. The main customers are government bodies.</p> <p>Railway construction services include design and managing the construction of railway systems delivering major multi-disciplinary projects, track work, electrification and power supply. The Group serves both public and private railways including high-speed passenger railways, freight and mixed traffic routes, dense commuter networks, metros and light rail.</p> <p>Other infrastructure assets include construction, design and build services on large-scale complex assets predominantly servicing the waste, water and energy sectors.</p> <p>Contracts entered into relating to these infrastructure assets can take the form of fixed-price, cost-plus or target-cost contracts with shared pain/gain mechanisms. Contract lengths vary according to the size and complexity of the asset build and can range from a few months for small-scale infrastructure works to four to five years for large-scale complex construction works.</p> <p>In most cases, the contract itself represents a single PO where only the design and construction elements are contracted. In some instances, the contract with the customer will include maintenance of the constructed asset. The Group assesses the maintenance element as a separate PO and revenue from this PO is recognised in the Support Services segment. Refer to Note 4.1.2.</p>

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

4 Revenue continued

4.1 Nature of services provided continued

4.1.2 Support Services

The Group's work in this segment supports existing assets through maintaining, upgrading and managing services across utilities and infrastructure assets. Revenue generated in this segment is measured over time as control passes to the customer as and when services are provided. Progress is measured by reference to the cost incurred on the contract to date compared to the contract's end of job forecast (the input method). Payments are structured as milestone payments set out in the respective contracts.

Types of assets	Nature, timing of satisfaction of performance obligations and significant payment terms
Utilities	<p>Within the Group's services contracts, the Group provides support services to various types of utility assets.</p> <p>For contracts servicing power transmission and distribution assets, the Group constructs and maintains electricity networks, including replacement or new build of overhead lines, underground cabling, cable tunnels and offshore wind farm maintenance. Contracts entered into are fixed-price, cost-plus or target cost with shared pain/gain mechanisms. Contract lengths can vary from 12 to 36 months. Each contract is normally assessed to contain one PO. However, where a contract contains both a construction phase and a maintenance phase, these are assessed to contain two separate POs.</p>
Infrastructure	<p>The Group provides maintenance, asset and network management and design services in respect of highways, railways and other publicly available assets. The customers in this area of the Group are mainly government bodies. Types of contract include a fixed schedule of rates, fixed-price, target-cost arrangements and cost-plus.</p> <p>Contract terms range from 1 to 25 years. Where contracts include a lifecycle element, this is accounted for as a separate PO and recognised when the work is delivered.</p>

4.1.3 Infrastructure Investments

The Group invests directly in a variety of assets, predominantly consisting of infrastructure assets where there are opportunities to manage the asset upon completion of construction. The Group also invests in real estate-type assets, in particular private residential and student accommodation assets. Revenue generated in this segment is from the provision of construction, maintenance and management services and also from the recognition of rental income. The Group's strategy is to hold these assets until optimal values are achieved through disposal of mature assets.

Types of services	Nature, timing of satisfaction of performance obligations and significant payment terms
Service concessions	<p>The Group operates a UK and US portfolio of service concession assets comprising assets in the roads, healthcare, student accommodation, biomass and waste and offshore transmission sectors. The Group accounts for these assets under IFRIC 12 Service Concession Arrangements.</p> <p>Where the Group constructs and maintains these assets, the two services are deemed to be separate performance obligations and accounted for separately. If the maintenance phase includes a lifecycle element, this is considered to be a separate PO.</p> <p>Contract terms can be up to 40 years. The Group recognises revenue over time using the input method. Consideration is paid through a fixed unitary payment charge spread over the life of the contract.</p> <p>Revenue from this service is presented across Buildings, Infrastructure or Utilities in Note 4.2.</p>
Management services	<p>The Group provides real estate management services such as property development and asset management services. Contract terms can be up to 50 years. The Group recognises revenue over time as and when service is delivered to the customer.</p> <p>Revenue from this service is presented within Buildings in Note 4.2.</p>
Housing development	<p>The Group also develops housing units on land that is owned by the Group. Revenue is recognised on the sale of individual units at the point in time when control of the asset is transferred to the purchaser. This is deemed to be when an unconditional sale is achieved.</p> <p>Revenue from this service is presented within Buildings in Note 4.2.</p>

4 Revenue continued

4.2 Disaggregation of revenue

The Group presents a disaggregation of its revenue according to the primary geographical markets in which the Group operates as well as the types of assets serviced by the Group. The nature of the various services provided by the Group is explained in Note 4.1. This disaggregation of revenue is also presented according to the Group's reportable segments as described in Note 5.

For the year ended 31 December 2025

		Revenue by primary geographical markets				Revenue by types of assets serviced				
		United Kingdom £m	United States £m	Rest of world £m	Total £m	Buildings £m	Infrastructure £m	Utilities £m	Other £m	Total £m
Construction Services	Revenue including share of joint ventures and associates	3,112	4,509	1,090	8,711	4,966	3,130	508	107	8,711
	Group revenue	3,112	4,477	–	7,589	4,281	2,695	506	107	7,589
Support Services	Revenue including share of joint ventures and associates	1,423	–	4	1,427	14	743	631	39	1,427
	Group revenue	1,423	–	4	1,427	14	743	631	39	1,427
Infrastructure Investments	Revenue including share of joint ventures and associates	243	382	4	629	533 ⁺	87	8	1	629
	Group revenue	137	334	2	473	470 ⁺	3	–	–	473
Total revenue	Revenue including share of joint ventures and associates	4,778	4,891	1,098	10,767	5,513	3,960	1,147	147	10,767
	Group revenue	4,672	4,811	6	9,489	4,765	3,441	1,137	146	9,489

+ Includes rental income of £57m including share of joint ventures and associates or £32m excluding share of joint ventures and associates.

		Timing of revenue recognition			
		Construction Services £m	Support Services £m	Infrastructure Investments £m	Total £m
Over time		8,706	1,425	594	10,725
At a point in time		5	2	35	42
Revenue including share of joint ventures and associates		8,711	1,427	629	10,767
Over time		7,584	1,425	438	9,447
At a point in time		5	2	35	42
Group revenue		7,589	1,427	473	9,489

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

4 Revenue continued

4.2 Disaggregation of revenue continued

For the year ended 31 December 2024

		Revenue by primary geographical markets				Revenue by types of assets serviced				
		United Kingdom £m	United States £m	Rest of world £m	Total £m	Buildings £m	Infrastructure £m	Utilities £m	Other £m	Total £m
Construction	Revenue including share of joint ventures and associates	3,010	3,638	1,551	8,199	4,178	3,465	417	139	8,199
Services	Group revenue	3,010	3,619	1	6,630	3,420	2,657	414	139	6,630
Support Services	Revenue including share of joint ventures and associates	1,209	–	1	1,210	12	782	385	31	1,210
	Group revenue	1,209	–	1	1,210	12	782	385	31	1,210
Infrastructure Investments	Revenue including share of joint ventures and associates	201	401	4	606	445 ⁺	153	8	–	606
	Group revenue	99	295	–	394	390 ⁺	4	–	–	394
Total revenue	Revenue including share of joint ventures and associates	4,420	4,039	1,556	10,015	4,635	4,400	810	170	10,015
	Group revenue	4,318	3,914	2	8,234	3,822	3,443	799	170	8,234

+ Includes rental income of £48m including share of joint ventures and associates or £26m excluding share of joint ventures and associates.

		Timing of revenue recognition			
		Construction Services £m	Support Services £m	Infrastructure Investments £m	Total £m
Over time		8,194	1,209	587	9,990
At a point in time		5	1	19	25
Revenue including share of joint ventures and associates		8,199	1,210	606	10,015
Over time		6,625	1,209	375	8,209
At a point in time		5	1	19	25
Group revenue		6,630	1,210	394	8,234

4.3 Transaction price allocated to the remaining performance obligations (excluding joint ventures and associates)

	2026	2027	2028	Total
	£m	£m	onwards £m	
Construction Services	6,573	3,472	5,965	16,010
Support Services	1,098	826	1,710	3,634
Infrastructure Investments	141	63	2,329	2,533
Total transaction price allocated to remaining performance obligations	7,812	4,361	10,004	22,177

The total transaction price allocated to the remaining performance obligations represents the contracted revenue to be earned by the Group for distinct goods and services which the Group has promised to deliver to its customers. These include promises which are partially satisfied at the period end or those which are unsatisfied but which the Group has committed to providing. In deriving this transaction price, any element of variable revenue is estimated at a value that is highly probable not to reverse in the future. The transaction price above does not include any estimated revenue to be earned on framework contracts for which a firm order or instruction has not been received from the customer.



5 Segment analysis

Reportable segments of the Group:

- › Construction Services – activities resulting in the physical construction of an asset;
- › Support Services – activities which support existing assets or functions such as asset maintenance and refurbishment; and
- › Infrastructure Investments – acquisition, operation and disposal of infrastructure assets such as roads, hospitals, student accommodation, military housing, multifamily residences, offshore transmission networks, waste and biomass and other concessions. This segment also includes the Group's housing development division.

5.1 Total Group

	2025					2024				
	Construction Services £m	Support Services £m	Infrastructure Investments £m	Corporate activities £m	Total £m	Construction Services £m	Support Services £m	Infrastructure Investments £m	Corporate activities £m	Total £m
Income statement – performance by activity										
Revenue including share of joint ventures and associates	8,711	1,427	629	–	10,767	8,199	1,210	606	–	10,015
Share of revenue of joint ventures and associates	(1,122)	–	(156)	–	(1,278)	(1,569)	–	(212)	–	(1,781)
Group revenue	7,589	1,427	473	–	9,489	6,630	1,210	394	–	8,234
Group operating profit/(loss) ¹	117	122	(5)	(46)	188	118	93	17	(39)	189
Share of results of joint ventures and associates	54	–	10	–	64	41	–	18	–	59
Profit/(loss) from operations ¹	171	122	5	(46)	252	159	93	35	(39)	248
Non-underlying items:										
– amortisation of acquired intangible assets	(1)	–	(2)	–	(3)	(1)	–	(3)	–	(4)
– provision recognised in relation to claims made under the Building Safety Act	(37)	–	–	–	(37)	(83)	–	–	–	(83)
– net release/(charge) recognised in relation to a legacy claim received for a project completed in 2012 in Texas	49	–	–	–	49	(52)	–	–	–	(52)
– gain on disposal of Omnicom Balfour Beatty	–	23	–	–	23	–	–	–	–	–
– net release of provisions relating to Rail Germany	–	–	–	–	–	21	–	–	–	21
– recognition of insurance recovery in relation to rectification works on a development in London	–	–	–	–	–	43	–	–	–	43
	11	23	(2)	–	32	(72)	–	(3)	–	(75)
Profit/(loss) from operations	182	145	3	(46)	284	87	93	32	(39)	173
Investment income					80					82
Finance costs					(41)					(41)
Profit before taxation					323					214

¹ Before non-underlying items (Notes 2.10 and 10).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5 Segment analysis continued

5.1 Total Group continued

	2025					2024				
	Construction Services £m	Support Services £m	Infrastructure Investments £m	Corporate activities £m	Total £m	Construction Services £m	Support Services £m	Infrastructure Investments £m	Corporate activities £m	Total £m
Assets and liabilities by activity										
Contract assets	134	67	37	–	238	116	70	43	–	229
Contract liabilities – current	(742)	(319)	(1)	–	(1,062)	(506)	(188)	(3)	–	(697)
Inventories	71	41	43	–	155	47	48	63	–	158
Trade and other receivables – current	1,005	171	43	34	1,253	939	99	22	39	1,099
Trade and other payables – current	(1,627)	(212)	(61)	(57)	(1,957)	(1,470)	(198)	(59)	(51)	(1,778)
Provisions – current	(228)	(19)	(4)	(15)	(266)	(213)	(6)	(3)	(17)	(239)
Working capital*	(1,387)	(271)	57	(38)	(1,639)	(1,087)	(175)	63	(29)	(1,228)
Total assets	2,223	624	1,267	1,979	6,093	2,209	520	1,309	1,594	5,632
Total liabilities	(3,061)	(723)	(699)	(458)	(4,941)	(2,635)	(524)	(683)	(660)	(4,502)
Net assets	(838)	(99)	568	1,521	1,152	(426)	(4)	626	934	1,130

* Includes non-operating items and current working capital.

	2025					2024				
	Construction Services £m	Support Services £m	Infrastructure Investments £m	Corporate activities £m	Total £m	Construction Services £m	Support Services £m	Infrastructure Investments £m	Corporate activities £m	Total £m
Other information										
Capital expenditure on property, plant and equipment (Note 17)	10	22	–	17	49	7	18	–	3	28
Capital expenditure on service concession contract assets (Note 16)	–	–	79	–	79	–	–	56	–	56
Depreciation (Note 17, Note 18 and Note 19)	20	69	4	9	102	23	57	3	9	92
Gain on disposals of interests in investments (Note 35.2/35.3)	–	–	32	–	32	–	–	43	–	43
Gain on disposals of interests in investments within joint ventures and associates (Note 35.2/35.3)	–	–	4	–	4	–	–	–	–	–

	2025				2024			
	United Kingdom 2025 £m	United States 2025 £m	Rest of world 2025 £m	Total 2025 £m	United Kingdom 2024 £m	United States 2024 £m	Rest of world 2024 £m	Total 2024 £m
Performance by geographic destination								
Revenue including share of joint ventures and associates	4,778	4,891	1,098	10,767	4,420	4,039	1,556	10,015
Share of revenue of joint ventures and associates	(106)	(80)	(1,092)	(1,278)	(102)	(125)	(1,554)	(1,781)
Group revenue	4,672	4,811	6	9,489	4,318	3,914	2	8,234
Non-current assets excluding financial assets, deferred tax assets and retirement benefit assets	1,099	877	84	2,060	1,014	896	90	2,000

Major customers

Included in Group revenue are revenues of £2,687m (2024: £2,291m) from the US Government and £3,504m (2024: £3,475m) from the UK Government, which are the Group's two largest customers, through multiple central and regional bodies. These revenues are included in the results across all three reported segments.

5 Segment analysis continued

5.2 Infrastructure Investments

	2025			2024		
	Group 2025 £m	Share of joint ventures and associates (Note 20.2)* 2025 £m	Total 2025 £m	Group 2024 £m	Share of joint ventures and associates (Note 20.2)* 2024 £m	Total 2024 £m
Underlying profit/(loss) from operations¹						
UK [^]	8	–	8	(2)	9	7
North America	(18)	6	(12)	2	9	11
Gain on disposals of interests in investments (Note 35.2/35.3)	32	4	36	43	–	43
	22	10	32	43	18	61
Bidding costs and overheads	(27)	–	(27)	(26)	–	(26)
	(5)	10	5	17	18	35
Net assets/(liabilities)						
UK [^]	499	92	591	478	105	583
North America	215	173	388	193	185	378
	714	265	979	671	290	961
Non-recourse borrowings net of associated cash and cash equivalents (Note 28)	(411)	–	(411)	(335)	–	(335)
Total Infrastructure Investments net assets	303	265	568	336	290	626

+ The Group's share of the results of joint ventures and associates is disclosed net of investment income, finance costs and taxation.

[^] Including Ireland.

¹ Before non-underlying items (Notes 2.10 and 10).

6 Profit/(loss) from operations

6.1 Profit/(loss) from operations is stated after charging/(crediting)

	2025 £m	2024 £m
Depreciation of property, plant and equipment	30	31
Depreciation of right-of-use assets	68	60
Depreciation of investment properties	4	1
Amortisation of other intangible assets	9	10
Amortisation of contract fulfilment assets	12	27
Net (credit) of trade receivables impairment provision	–	(6)
Profit on disposal of property, plant and equipment	3	(2)
Government grant income	12	(9)
Cost of inventory recognised as an expense	184	141
Auditor's remuneration	6	6

6.2 Analysis of auditor's remuneration

	2025 £m	2024 £m
Services as auditor to the Company	0.8	0.8
Services as auditor to Group subsidiaries	4.3	4.4
Total audit fees	5.1	5.2
Audit-related assurance fees	0.6	0.6
Other assurance fees*	0.1	–
Total non-audit fees	0.7	0.6
Total fees in relation to audit and other services	5.8	5.8

* Other assurance fees relate to the limited assurance review over the reporting of selected sustainability data including the Group's Scope 1 and 2 greenhouse gas emissions, emissions intensity and social value.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7 Employee costs

7.1 Group

	2025 £m	2024 £m
Employee costs during the year		
Wages and salaries	1,427	1,398
Redundancy costs	7	5
Social security costs	125	101
Pension costs (Note 31)	67	59
Share-based payments (Note 36)	38	26
	1,664	1,589

	2025 Number	2024 Number
Average number of Group employees		
Construction Services	12,221	11,971
Support Services	5,130	4,751
Infrastructure Investments	1,777	1,695
Corporate	162	151
	19,290	18,568

Detailed disclosures of items of remuneration, including those accruing under the Company's equity-settled share-based payment arrangements, can be found within the Remuneration report on pages 130 to 160.

7.2 Company

The Company did not have any employees and did not incur any employee costs in the year (2024: £nil). Balfour Beatty Group Employment Ltd, which was established in February 2013, remains the employing entity for the Balfour Beatty Group's UK employees.

8 Investment income

	2025 £m	2024 £m
Subordinated debt interest receivable	26	17
Interest receivable on PPP financial assets (Note 22)	–	2
Interest receivable on other infrastructure concession assets	1	–
Interest received on bank deposits	51	40
Other interest receivable and similar income	1	2
Impairment reversal of joint ventures and associates loans	–	17
Net finance income on pension scheme assets and obligations (Note 31.2)	1	4
	80	82

9 Finance costs

	2025 £m	2024 £m
Non-recourse borrowings		
– bank loans and overdrafts	14	12
US private placement		
– finance cost	10	10
Interest on lease liabilities (Note 29)	9	7
Fair value loss on investment asset (Note 21)	–	2
Other interest payable		
– committed facilities	2	2
– letter of credit fees	–	1
– other finance charges	4	4
Impairment of joint ventures and associates		
– loans	1	2
– accrued interest	1	1
	41	41

The net impairment of loans to joint ventures and associates and accrued interest receivable of £2m (2024: £14m net impairment reversal) relates to expected credit loss assessments performed. All of the net impairment reversals relate to subordinated debt and accrued interest receivable from joint ventures and associates held within the Infrastructure Investments segment.

10 Non-underlying items

	2025 £m	2024 £m
Items credited to/(charged against) profit		
10.1 Amortisation of acquired intangible assets	(3)	(4)
10.2 Other non-underlying items:		
– net release/(charge) recognised in relation to a claim received for a legacy project completed in 2012 in Texas	49	(52)
– provision recognised in relation to claims made under the Building Safety Act	(37)	(83)
– gain on disposal of Omnicom Balfour Beatty	23	–
– recognition of insurance recovery in relation to rectification works on a development in London	–	43
– net release of provisions relating to Rail Germany	–	21
Total other non-underlying items	35	(71)
Credited to/(charged against) profit before taxation	32	(75)
10.3 Tax (charge)/credit:		
– tax on amortisation of acquired intangible assets	2	1
– tax on other items above	(9)	25
Total tax (charge)/credit	(7)	26
Credited to/(charged against) profit for the year	25	(49)

10.1 The amortisation of acquired intangible assets comprises: customer contracts £2m (2024: £3m); and customer relationships £1m (2024: £1m).

The charge was recognised in the following segments: Construction Services £1m (2024: £1m); and Infrastructure Investments £2m (2024: £3m).

10.2.1 In 2024 the Group recognised a provision of £52m for a claim received from the North Texas Tollway Authority (NTTA) on a project to provide design and build services in relation to the extension of NTTA's President George Bush Turnpike Highway (SH161 in Texas) through a joint operation formed with Fluor Enterprise Inc. in which the Group owned a 40% share. This project completed in 2012. This provision, net of insurance recoveries, represented damages awarded to NTTA through a jury verdict in November 2024, and also included pre-judgement interest and legal costs. This charge was recognised in the Construction Services segment in 2024 and included within the Group's non-underlying results due to the size of the provision.

The Group maintained the view that these damages are a result of design elements of the contract which were performed by subcontractors to the joint operation. In 2025, an all-party settlement was reached between NTTA and the joint operation as well as its design subcontractors. The Group's share of the settlement was fully funded by its insurers resulting in no cost to the Group. As such, the Group has released this provision in full after taking into account legal cost incurred.

10.2.2 In 2024, following further developments and clarifications in the legal landscape of the Building Safety Act (BSA), introduced in 2022, progression of the Group's investigation and due diligence as well as adjudications on claims received to date, the Group reassessed its provision for BSA claims which resulted in an increase in the provision of £83m. The provision did not include potential recoveries from third parties. The increase was recognised in non-underlying due to its size and the nature of the cost, which arose from a change in legislation.

In 2025, the Group increased its provision by £37m as a result of new claims received in the period, settlements and reassessments to previously provided claims, together with legal costs incurred. Consistent with the treatment adopted in 2024, this charge was recognised within non-underlying and in the Construction Services segment.

10.2.3 On 1 August 2025, the Group completed the disposal of Omnicom Balfour Beatty, its specialist rail measurement hardware and intelligent software business, for a consideration of £24m to Hitachi Rail. After deducting cost of disposal, the Group recorded a gain on disposal of £23m within its non-underlying results in the year. Refer to Note 35.2.

The gain on disposal has been recognised in the Support Services segment.

10.3.1 The amortisation of acquired intangible assets gave rise to a tax credit of £2m (2024: £1m credit).

10.3.2 The remaining non-underlying items recognised in the Group's operating profit gave rise to a current tax charge of £9m (2024: £25m credit), of which £12m charge relates to the net release recognised in relation to a legacy project completed in 2012 (SH161 in Texas), £9m credit relating to the increase in provision for BSA claims and £6m charge relates to the disposal of Omnicom Balfour Beatty.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

11 Income taxes

11.1 Income tax charge/(credit)

	2025			2024
	Underlying items ¹ £m	Non-underlying items (Note 10) £m	Total £m	Total £m
Total UK tax	48	(3)	45	29
Total non-UK tax	4	10	14	7
Total tax charge*	52	7	59	36
UK current tax				
– current tax	28	(3)	25	7
– adjustments in respect of previous periods	3	–	3	5
	31	(3)	28	12
Non-UK current tax				
– current tax	3	–	3	14
– adjustments in respect of previous periods	(1)	–	(1)	2
	2	–	2	16
Total current tax	33	(3)	30	28
UK deferred tax				
– origination and reversal of temporary differences	22	–	22	22
– adjustments in respect of previous periods	(5)	–	(5)	(5)
	17	–	17	17
Non-UK deferred tax				
– origination and reversal of temporary differences	1	11	12	(6)
– adjustments in respect of previous periods	1	(1)	–	(3)
	2	10	12	(9)
Total deferred tax	19	10	29	8
Total tax charge*	52	7	59	36

x Excluding joint ventures and associates.

1 Before non-underlying items (Notes 2.10 and 10).

The Group has recognised a £7m tax charge (2024: £26m credit) within non-underlying items in the year. Refer to Note 10.3.1 and 10.3.2.

The Group tax charge excludes amounts for joint ventures and associates (refer to Note 20.2), except where tax is levied at the Group level.

In addition to the Group tax charge, tax of £11m has been credited (2024: £36m) directly to Group other comprehensive income, comprising: a tax credit of £15m for subsidiaries (2024: £26m); and a tax charge in respect of joint ventures and associates of £4m (2024: £10m credit). A tax credit of £5m (2024: £4m) has been recognised directly in Group equity relating to share-based payments comprising a current tax credit of £3m (2024: £2m) and a deferred tax credit of £2m (2024: £2m). Refer to Note 33.1.

11.2 Income tax charge/(credit) reconciliation

	2025 £m	2024 £m
Profit before taxation including share of results from joint ventures and associates	324	214
Less: share of results of joint ventures and associates	(64)	(59)
Profit before taxation	260	155
Add: non-underlying items (credited)/charged excluding share of joint ventures and associates	(33)	75
Underlying profit before taxation for subsidiaries ¹	227	230
Tax on underlying profit before taxation at standard UK corporation tax rate of 25% (2024: 25%)	57	58
Adjusted for the effects of:		
Expenses not deductible for tax purposes and other permanent items	6	–
Non-taxable disposals	(6)	–
Tax levied at Group level on share of joint ventures' and associates' profits [#]	5	3
Utilisation of other losses not previously recognised	(10)	(1)
Current year losses not recognised	–	1
Effect of tax rates in non-UK jurisdictions	2	2
Adjustments in respect of previous periods	(2)	(1)
Total tax charge on underlying profit	52	62
Add: tax charge/(credit) in non-underlying items (Note 10.3)	7	(26)
Total tax charge on profit from operations	59	36

These are mainly in connection with US joint ventures and associates where tax is levied at the Group level rather than within the share of joint ventures and associates.

1 Before non-underlying items (Notes 2.10 and 10).

The Organisation for Economic Co-operation and Development's (OECD) released Pillar Two model rules in December 2021 introducing a global minimum tax rate of 15% to address the tax concerns about uneven profit distribution and tax contributions of large multinational corporations.

The Pillar Two top-up tax rules were substantially enacted in the UK in 2023 with application from 1 January 2024. Having carried out a detailed assessment of the Pillar 2 rules and its application, the Group has determined that no top-up is owed for any of its operations globally, as it is subject to taxes exceeding the global minimum in every jurisdiction in which it operates.

The Group has applied the temporary mandatory relief from deferred tax accounting for the impacts of any top-up tax and accounts for it as a current tax when it is incurred.

12 Earnings per share

Earnings

	2025		2024	
	Basic £m	Diluted £m	Basic £m	Diluted £m
Earnings	263	263	178	178
Amortisation of acquired intangible assets – including tax credit of £2m (2024: £1m credit)	1	1	3	3
Other non-underlying items – including tax charge of £9m (2024: £25m credit)	(26)	(26)	46	46
Underlying earnings	238	238	227	227

	2025		2024	
	Basic m	Diluted m	Basic m	Diluted m
Weighted average number of ordinary shares	499	505	521	528

The basic earnings per ordinary share is calculated by dividing the profit for the year attributable to equity holders by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares and shares held in the Employee Share Ownership Trust.

The diluted earnings per ordinary share uses an adjusted weighted average number of shares and includes shares that are potentially outstanding in relation to the equity-settled share-based payment arrangements detailed in Note 36.

Potential dilutive effect of ordinary shares issuable under equity-settled share-based payment arrangements is 6m (2024: 7m).

Earnings per share

	2025		2024	
	Basic pence	Diluted pence	Basic pence	Diluted pence
Earnings per ordinary share	52.6	52.0	34.2	33.7
Amortisation of acquired intangible assets after tax	0.3	0.2	0.6	0.6
Other non-underlying items after tax	(5.3)	(5.2)	8.8	8.7
Underlying earnings per ordinary share	47.6	47.0	43.6	43.0

13 Dividends

	2025		2024	
	Per share Pence	Amount £m	Per share Pence	Amount £m
Proposed dividends for the year				
Interim – current year	4.2	20	3.8	19
Final – current year	9.8	47^{&}	8.7	44
	14.0	67	12.5	63
Recognised dividends for the year				
Final – prior year		44		42
Interim – current year		20		19
		64		61

& Amount dependent on number of shares on the register on 15 May 2026.

Subject to approval at the Annual General Meeting on 7 May 2026, the final 2025 dividend will be paid on 1 July 2026 to holders on the register on 15 May 2026 by direct credit or, where no mandate has been given, by cheque posted by 1 July 2026. The ordinary shares will be quoted ex-dividend on 14 May 2026. The last date for Dividend Reinvestment Plan (DRIP) elections will be 10 June 2026.

14 Intangible assets – goodwill

	Cost £m	Accumulated impairment losses £m	Carrying amount £m
At 1 January 2024	1,069	(224)	845
Currency translation differences	5	4	9
At 31 December 2024	1,074	(220)	854
Currency translation differences	(33)	(2)	(35)
At 31 December 2025	1,041	(222)	819

Carrying amounts of goodwill by segment

	2025			2024		
	United Kingdom £m	United States £m	Total £m	United Kingdom £m	United States £m	Total £m
Construction						
Services	260	436	696	260	468	728
Support Services	73	–	73	73	–	73
Infrastructure						
Investments	–	50	50	–	53	53
Group	333	486	819	333	521	854

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

14 Intangible assets – goodwill continued

Carrying amounts of goodwill by cash-generating unit (CGU)

	2025		2024	
	£m	Pre-tax discount rate	£m	Pre-tax discount rate
		%		%
UK Regional and Engineering Services	249	10.9%	248	10.8%
Balfour Beatty Construction Group Inc	414	11.1%	445	11.2%
Rail UK	68	11.0%	68	11.2%
Balfour Beatty Investments US	50	11.3%	53	11.2%
Other	38	11.0%	40	10.9%
Group total	819		854	

The recoverable amount of goodwill is based on value-in-use, a key input of which is forecast cash flows. The Group's cash flow forecasts are based on the expected future revenues and margins of each CGU, giving consideration to the current level of confirmed and anticipated orders. Cash flow forecasts for the next three years are based on the Group's Three-Year Plan, which covers the period from 2026 to 2028. The cash flow forecasts for each CGU were compiled from each of its constituent business units as part of the Group's annual financial planning process.

The other key inputs in assessing each CGU are its long-term growth rate and discount rate. The discount rates have been calculated using the Weighted Average Cost of Capital (WACC) method, which takes account of the Group's estimated optimal capital structure (financial risk) as well as the nature of each CGU's business (operational risk). Long-term growth rates are assumed to be the estimated future GDP growth rates based on published independent forecasts for the country or countries in which each CGU operates, less 1.0% to reflect current economic uncertainties and their consequent estimated effect on public sector spending on infrastructure.

In the derivation of each CGU's value-in-use, a terminal value is assumed based on a multiple of earnings before interest and tax. The multiple is applied to a terminal cash flow, which is the normalised cash flow in the last year of the forecast period. However, due to the long-term nature and the degree of predictability of some contracts within Balfour Beatty Investments US, the forecast period used in the derivation of this CGU's value-in-use extends beyond the Group's three-year cash flow forecast period in line with the duration of the contracts disclosed in Note 42(e). The EBIT multiple is calculated using the Gordon Growth Model and is a factor of the discount rate and growth rate for each CGU. The nominal terminal value is discounted to present value.

	2025			2024		
	Inflation rate %	Real growth rate %	Nominal long-term growth rate applied* %	Inflation rate %	Real growth rate %	Nominal long-term growth rate applied* %
UK Regional and Engineering Services	2.5	1.2	3.7	2.4	1.2	3.6
Balfour Beatty Construction Group Inc	2.3	1.6	3.9	2.2	1.7	3.9
Rail UK	2.5	1.2	3.7	2.4	1.2	3.6
Balfour Beatty Investments US	2.3	1.6	3.9	2.2	1.7	3.9
Other	2.4	1.4	3.8	2.3	1.5	3.8

x These nominal long-term growth rates are reduced by 1.0% when performing goodwill assessments to reflect current economic uncertainties and their consequent estimated effect on public sector spending on infrastructure.

Sensitivities

The Group's impairment review is sensitive to changes in the key assumptions used. The major assumptions that result in significant sensitivities are the discount rate and the long-term growth rate, and for certain CGUs, changes to underlying cash projections.

A reasonable possible change in key assumptions would not give rise to an impairment in any of the Group's CGUs.



15 Intangible assets – other

	Customer contracts £m	Customer relationships £m	Brand names £m	Infrastructure Investments intangibles £m	Software and other £m	Total £m
Cost or valuation						
At 1 January 2024	230	52	3	248	128	661
Currency translation differences	4	1	–	–	–	5
Reclassified to service concession contract asset (Note 16)	–	–	–	(11)	–	(11)
At 31 December 2024	234	53	3	237	128	655
Currency translation differences	(16)	(4)	–	–	(1)	(21)
At 31 December 2025	218	49	3	237	127	634
Accumulated amortisation						
At 1 January 2024	(182)	(46)	(3)	(18)	(124)	(373)
Currency translation differences	(3)	(1)	–	–	–	(4)
Charge for the year	(3)	(1)	–	(5)	(1)	(10)
At 31 December 2024	(188)	(48)	(3)	(23)	(125)	(387)
Currency translation differences	14	3	–	–	1	18
Charge for the year	(2)	(1)	–	(5)	(1)	(9)
At 31 December 2025	(176)	(46)	(3)	(28)	(125)	(378)
Carrying amount						
At 31 December 2025	42	3	–	209	2	256
At 31 December 2024	46	5	–	214	3	268

Intangible assets are amortised on a straight-line basis over their expected useful lives, which are one to four years for customer contracts, three to ten years for customer relationships, three to seven years for software, and up to five years for brand names, except for customer contracts and relationships relating to Balfour Beatty Investments North America which are amortised on a basis matching the returns earned over the life of the underlying contracts and relationships of up to 50 years.

The Infrastructure Investments intangible assets are amortised on a straight-line basis over the life of the projects, which is 50 years.

Other intangible assets are amortised over periods up to 10 years.

16 Service concession contract asset

	Total cost £m
Reclassified from intangible assets – other (Note 15)	11
Additions	56
Reclassify arrangement fee to borrowings (Note 34.3)	(3)
Amortisation of fair value adjustment on service concession loan (Note 34.3)	5
At 31 December 2024	69
Additions	79
Net interest capitalised	1
Amortisation of fair value adjustment on service concession loan (Note 34.3)	5
At 31 December 2025	154

Service concession contract asset of £154m (2024: £69m) relates to the University of Sussex's West Slope student accommodation project which features demand risk under IFRIC 12 Service Concession Arrangements. This has been classified as a service concession contract asset whilst the asset is in the construction phase. Construction of the student accommodation commenced in December 2023 and is anticipated to complete in 2028. In the year, construction spend was £79m (2024: £56m).

In 2023, a fair value movement of £19m was recognised against the value of the asset, which will unwind over the course of the construction phase. The unwind in 2025 amounted to £5m (2024: £5m).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

17 Property, plant and equipment

	Land and buildings £m	Plant and equipment £m	Assets in the course of construction £m	Total £m
Cost or valuation				
At 1 January 2024	61	301	14	376
Currency translation differences	1	1	–	2
Transfers	–	4	(4)	–
Additions	2	19	7	28
Removal of fully depreciated assets/assets scrapped	(1)	(5)	–	(6)
Disposals	–	(16)	–	(16)
At 31 December 2024	63	304	17	384
Currency translation differences	(1)	(7)	–	(8)
Transfers	1	5	(6)	–
Additions	16	26	7	49
Removal of fully depreciated assets/assets scrapped	–	(3)	–	(3)
Disposals	–	(16)	–	(16)
At 31 December 2025	79	309	18	406
Accumulated depreciation				
At 1 January 2024	(44)	(191)	–	(235)
Currency translation differences	–	(1)	–	(1)
Charge for the year	(4)	(27)	–	(31)
Removal of fully depreciated assets/assets scrapped	1	5	–	6
Disposals	–	13	–	13
At 31 December 2024	(47)	(201)	–	(248)
Currency translation differences	1	4	–	5
Charge for the year	(4)	(26)	–	(30)
Removal of fully depreciated assets/assets scrapped	–	3	–	3
Disposals	–	15	–	15
At 31 December 2025	(50)	(205)	–	(255)
Carrying amount				
At 31 December 2025	29	104	18	151
At 31 December 2024	16	103	17	136

Except for land and assets in the course of construction, the costs of property, plant and equipment are depreciated on a straight-line basis over their expected useful lives. Buildings are depreciated at 2.5% per annum and plant and equipment is depreciated at 4% to 33% per annum.

18 Right-of-use assets

	Land and buildings £m	Plant and equipment £m	Motor vehicles £m	Total £m
Cost or valuation				
At 1 January 2024	89	55	128	272
Currency translation differences	1	–	–	1
Additions	15	19	47	81
Removal of fully depreciated assets/assets scrapped	(11)	(7)	(12)	(30)
Transfers	–	15	(15)	–
Disposals	(2)	(2)	(12)	(16)
At 31 December 2024	92	80	136	308
Currency translation differences	(4)	–	–	(4)
Additions	15	28	72	115
Removal of fully depreciated assets/assets scrapped	(11)	(7)	(18)	(36)
Lease modification	(6)	–	–	(6)
Disposals	(4)	–	(15)	(19)
At 31 December 2025	82	101	175	358
Accumulated depreciation				
At 1 January 2024	(46)	(25)	(66)	(137)
Charge for the year	(15)	(13)	(32)	(60)
Removal of fully depreciated assets/assets scrapped	11	7	12	30
Transfers	–	(10)	10	–
Disposals	1	1	10	12
At 31 December 2024	(49)	(40)	(66)	(155)
Currency translation differences	2	–	–	2
Charge for the year	(14)	(15)	(39)	(68)
Removal of fully depreciated assets/assets scrapped	11	7	18	36
Lease modification	3	–	–	3
Disposals	4	–	12	16
At 31 December 2025	(43)	(48)	(75)	(166)
Carrying amount				
At 31 December 2025	39	53	100	192
At 31 December 2024	43	40	70	153

19 Investment properties

	Cost £m	Accumulated depreciation £m	Carrying amount £m
At 1 January 2024	76	(10)	66
Additions	36	–	36
Depreciation charge for the year	–	(1)	(1)
At 31 December 2024	112	(11)	101
Currency translation differences	(6)	2	(4)
Additions	36	–	36
Disposal of Foundry Court (Note 35.2.3)	(34)	9	(25)
Depreciation charge for the year	–	(4)	(4)
At 31 December 2025	108	(4)	104

Investment properties are held by the Group to generate rental income and capital appreciation. The Group has chosen to account for its investment property assets under the cost method. In 2025, the Group acquired a new multifamily housing development in Conroe, Texas, for £36m. The Group has non-recourse project-specific financing amounting to £68m (2024: £73m), which is secured through floating charges over the properties.

Once a property is ready for use, the Group ceases capitalisation of interest cost and commences depreciation on the property, on a straight-line basis over 25 years. The Group generated £16m (2024: £10m) of rental income from its investment properties.

The fair value of the Group's investment properties at 31 December 2025 is £110m (2024: £142m). The fair value of investment properties is determined using the discounted cash flow (DCF) method. The main exception to the use of DCF is for US multifamily housing projects, which are valued based on periodic broker reports. Further details regarding the valuation techniques are included in the Directors' valuation on pages 33 and 34. The fair value measurements for investment property has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Any contractual obligations relating to investment properties will be attributed to Group's committed equity funding for these assets. Refer to Note 42(f).

20 Investments in joint ventures and associates

20.1 Movements

	Net assets ⁺ £m	Loans [^] £m	Total £m
At 1 January 2024	316	73	389
Currency translation differences	4	–	4
Income recognised	59	–	59
Fair value revaluation of PPP financial assets (Note 33.1)	(48)	–	(48)
Fair value revaluation of cash flow hedges (Note 33.1)	10	–	10
Tax on items taken directly to other comprehensive income (Note 33.1)	10	–	10
Dividends	(71)	–	(71)
Additions	15	–	15
Acquisition of DTO (Note 35.1)	6	–	6
Transfer movement in negative investment in joint venture to provisions (Note 27)	(3)	–	(3)
Loans repaid	–	(1)	(1)
Net impairment reversal of loans to joint ventures and associates (Note 8)	–	15	15
At 31 December 2024	298	87	385
Currency translation differences	(19)	(1)	(20)
Income recognised	64	–	64
Fair value revaluation of PPP financial assets (Note 33.1)	8	–	8
Fair value revaluation of cash flow hedges (Note 33.1)	8	–	8
Actuarial movements on retirement obligations	1	–	1
Tax on items taken directly to other comprehensive income (Note 33.1)	(4)	–	(4)
Dividends*	(59)	–	(59)
Additions	12	–	12
Disposals			
– Streetlighting projects (Note 35.2.4)	(4)	(3)	(7)
– Connect CNDR Ltd (Note 35.2.5)	(5)	(3)	(8)
– Offshore transmission projects (Note 35.2.6)	20	(26)	(6)
Transfer net movement in negative investment in joint venture from provisions (Note 27)	(5)	–	(5)
Return of equity*	(5)	–	(5)
Loans repaid	–	(1)	(1)
At 31 December 2025	310	53	363

+ Includes goodwill and intangible assets arising on acquisition of the Group's interests in investments in joint ventures and associates.

[^] Loans include subordinated debt receivable from joint ventures and associates within the Infrastructure Investments segment.

* Includes dividends of £1m and return of equity of £4m relating to the disposal of Paces Brook. See Note 35.2.2.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

20 Investments in joint ventures and associates continued

20.1 Movements continued

The principal joint ventures and associates are shown in Note 42.

The amount of the Group's share of borrowings of joint ventures and associates which was supported by the Group and the Company was £nil (2024: £nil).

The non-recourse borrowings of joint venture and associate entities relating to infrastructure concessions projects are repayable over periods extending up to 2066. The non-recourse borrowings arise under facilities taken out by project-specific joint venture and associate concession companies. The borrowings of each concession company are secured by a combination of fixed and floating charges over that concession company's interests in its project's assets and revenues and the shares in the concession company held by its immediate parent company. A significant part of these loans has been swapped into fixed rate debt by the use of interest rate swaps.

As disclosed in Note 42(f), the Group has committed to provide its share of further equity funding of joint ventures and associates in Infrastructure Investments' projects and military housing concessions. Further, in respect of a number of these investments the Group has committed not to dispose of its equity interest until construction is complete. As is customary in such projects, banking covenants restrict the payment of dividends and other distributions.

20.2 Share of results and net assets of joint ventures and associates

	2025						2024					
	Construction Services £m	Support Services £m	Infrastructure Investments			Total £m	Construction Services £m	Support Services £m	Infrastructure Investments			Total £m
			UK [^] £m	North America £m	Total £m				UK [^] £m	North America £m	Total £m	
Income statement												
Revenue	1,122	–	108	48	156	1,278	1,569	–	104	108	212	1,781
Operating profit excluding gain on disposals of interests in investments	58	–	13	16	29	87	40	–	33	17	50	90
Gain on disposals of interests in investments	–	–	–	4	4	4	–	–	–	–	–	–
Operating profit	58	–	13	20	33	91	40	–	33	17	50	90
Investment income	3	–	56	13	69	72	9	–	66	15	81	90
Finance costs	(1)	–	(67)	(23)	(90)	(91)	(1)	–	(61)	(23)	(84)	(85)
Profit before taxation	60	–	2	10	12	72	48	–	38	9	47	95
Taxation	(6)	–	(2)	–	(2)	(8)	(7)	–	(11)	–	(11)	(18)
Profit after taxation from joint ventures and associates	54	–	–	10	10	64	41	–	27	9	36	77
Adjustment for expected credit losses at Group level	–	–	–	–	–	–	–	–	(18)	–	(18)	(18)
Profit after taxation	54	–	–	10	10	64	41	–	9	9	18	59

[^] Including Ireland.



20 Investments in joint ventures and associates continued

20.2 Share of results and net assets of joint ventures and associates continued

Balance sheet	2025					2024					
	Construction Services £m	Infrastructure Investments			Total £m	Construction Services £m	Support Services £m	Infrastructure Investments			Total £m
		UK [^] £m	North America £m	Total £m				UK [^] £m	North America £m	Total £m	
Non-current assets											
Intangible assets											
– Infrastructure Investments	–	13	–	13	13	–	–	13	–	13	13
– other	8	4	–	4	12	9	–	11	1	12	21
Property, plant and equipment	22	–	85	85	107	24	–	–	39	39	63
Investment properties	–	–	120	120	120	–	–	–	173	173	173
Investments in joint ventures and associates	3	–	–	–	3	4	1	–	–	–	5
Money market funds	–	–	–	–	–	–	–	–	1	1	1
PPP financial assets	–	579	251	830	830	–	–	833	266	1,099	1,099
Military housing projects	–	–	109	109	109	–	–	–	116	116	116
Other non-current assets	82	13	7	20	102	115	–	23	8	31	146
Current assets											
Cash and cash equivalents	237	142	17	159	396	334	–	158	24	182	516
Other current assets	377	76	6	82	459	395	–	87	2	89	484
Total assets	729	827	595	1,422	2,151	881	1	1,125	630	1,755	2,637
Current liabilities											
Borrowings – non-recourse	–	(25)	(47)	(72)	(72)	–	–	(35)	–	(35)	(35)
Other current liabilities	(458)	(148)	(9)	(157)	(615)	(607)	(1)	(172)	(5)	(177)	(785)
Non-current liabilities											
Borrowings – non-recourse	(97)	(533)	(367)	(900)	(997)	(104)	–	(750)	(438)	(1,188)	(1,292)
Other non-current liabilities	(106)	(83)	–	(83)	(189)	(116)	–	(149)	–	(149)	(265)
Total liabilities	(661)	(789)	(423)	(1,212)	(1,873)	(827)	(1)	(1,106)	(443)	(1,549)	(2,377)
Net assets	68	38	172	210	278	54	–	19	187	206	260
Goodwill	30	–	–	–	30	32	–	–	–	–	32
Reclassify negative investment to provisions	–	2	–	2	2	7	–	–	–	–	7
Loans to joint ventures and associates	–	53	–	53	53	–	–	86	–	86	86
Total investment in joint ventures and associates	98	93	172	265	363	93	–	105	187	292	385

[^] Including Ireland.

The Group's investment in military housing joint ventures' and associates' projects is recognised at its remaining equity investment plus the value of the Group's accrued returns from the underlying projects. The military housing joint ventures and associates have total non-recourse net borrowings of £1,669m (2024: £2,053m). Note 42(e) details the Group's military housing projects.

On certain Infrastructure Investments concessions where net fair value revaluations of PPP financial assets and cash flow hedges resulted in the Group's carrying value of these investments being negative, the Group has not recognised losses beyond the carrying value of its investments. This is because the Group has not committed to provide any further funding to these investments and the borrowings within these concessions are non-recourse to the Group. At 31 December 2025, the unrecognised cumulative net fair value charges to other comprehensive income amounted to £35m (2024: £56m).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

20 Investments in joint ventures and associates continued

20.3 Aggregate information of joint ventures and associates

	2025			2024		
	Joint ventures £m	Associates £m	Total £m	Joint ventures £m	Associates £m	Total £m
The Group's share of profit from operations	52	12	64	47	12	59
The Group's share of other comprehensive income	23	–	23	(25)	–	(25)
Aggregate carrying amount of the Group's interest	254	109	363	269	116	385

20.4 Details of material joint ventures

	Gammon China Ltd		Connect Plus (M25) Ltd	
	2025 £m	2024 £m	2025 £m	2024 £m
Proportion of the Group's ownership interest in the joint venture	50%	50%	15%	15%
Income statement				
Revenue	2,179	3,099	236	223
Underlying operating profit^A	80	74	20	20
Investment income	7	19	147	149
Finance costs	(2)	(2)	(95)	(99)
Income tax charge	(12)	(13)	(18)	(18)
Profit	73	78	54	52
Total other comprehensive income/(loss)	3	(2)	28	(58)
Total comprehensive income/(loss) (100%)	76	76	82	(6)
Group's share of total comprehensive income/(loss)	38	38	12	(1)
Dividends received by the Group during the year	38	39	6	5

	Gammon China Ltd		Connect Plus (M25) Ltd	
	2025 £m	2024 £m	2025 £m	2024 £m
Balance sheet				
Non-current assets	215	289	1,529	1,556
Current assets				
Cash and cash equivalents	406	632	133	128
Other current assets	720	775	82	78
	1,126	1,407	215	206
Current liabilities				
Trade and other payables	(731)	(1,010)	(62)	(59)
Provisions	(32)	(45)	–	–
Borrowings – non-recourse	–	–	(54)	(19)
Other current liabilities	(59)	(79)	(12)	(14)
	(822)	(1,134)	(128)	(92)
Non-current liabilities				
Trade and other payables	(157)	(172)	–	–
Provisions	(41)	(39)	–	–
Borrowings – non-recourse	(194)	(209)	(1,017)	(1,097)
Other non-current liabilities (including shareholder loans)	(14)	(21)	(364)	(382)
	(406)	(441)	(1,381)	(1,479)
Net assets (100%)	113	121	235	191
Reconciliation of the above summarised financial information to the carrying amount of the interest in the above joint ventures recognised in the consolidated financial statements:				
Net assets of joint venture (100%)	113	121	235	191
Group's share of net assets	57	61	35	29
Add: Group's interest in shareholder loans	–	–	25	26
Goodwill	30	32	–	–
Carrying amount of the Group's interest in the joint venture	87	93	60	55

^A Includes depreciation charge of £12m (2024: £14m) and amortisation charge of £12m (2024: £12m) for Gammon China Ltd. There were no depreciation or amortisation charges for Connect Plus (M25) Ltd (2024: Enil).



20 Investments in joint ventures and associates continued

20.5 Cash flow from/(to) joint ventures and associates

	Infrastructure Investments				Infrastructure Investments			
	UK [^] 2025 £m	North America 2025 £m	Other 2025 £m	Total 2025 £m	UK [^] 2024 £m	North America 2024 £m	Other 2024 £m	Total 2024 £m
Cash flows from investing activities								
Dividends from joint ventures and associates	6	15 [*]	38	59	10	16	45	71
Subordinated debt interest received	3	–	–	3	7	–	–	7
Investments in and loans to joint ventures and associates	–	(11)	–	(11)	(1)	(13)	(6)	(20)
Equity	(1)	(11)	–	(12)	(2)	(13)	–	(15)
Acquisition of DTO (Note 35.1)	–	–	–	–	–	–	(6)	(6)
Subordinated debt repaid	1	–	–	1	1	–	–	1
Return of equity from joint ventures and associates	–	5 [*]	–	5	–	–	–	–
Net cash flow from joint ventures and associates	9	9	38	56	16	3	39	58

[^] Including Ireland.

* Includes dividends from joint venture of £1m and return of equity of £4m for the disposal of Paces Brook. See Note 35.2.2.

20.6 Share of reserves of joint ventures and associates

	Accumulated (loss)/profit £m	Hedging reserve £m	PPP financial assets £m	Currency translation reserve £m	Total (Note 33.1) £m
At 1 January 2024	(42)	(38)	8	45	(27)
Currency translation differences	–	–	–	3	3
Income recognised	59	–	–	–	59
Fair value revaluation of PPP financial assets	–	–	(48)	–	(48)
Fair value revaluation of cash flow hedges	–	10	–	–	10
Tax on items taken directly to other comprehensive income	–	(2)	12	–	10
Dividends	(71)	–	–	–	(71)
At 31 December 2024	(54)	(30)	(28)	48	(64)
Currency translation differences	–	–	–	(13)	(13)
Income recognised	64	–	–	–	64
Fair value revaluation of PPP financial assets	–	–	8	–	8
Fair value revaluation of cash flow hedges	–	8	–	–	8
Tax on items taken directly to other comprehensive income	–	(2)	(2)	–	(4)
Dividends	(59)	–	–	–	(59)
Recycling of reserves to the income statement on disposal	–	8	16	–	24
Reserve transfers relating to joint ventures and associates	(1)	(1)	6	–	4
Actuarial movements on retirement benefit liabilities	1	–	–	–	1
At 31 December 2025	(49)	(17)	–	35	(31)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21 Investments

21.1 Group

	Investments in mutual funds £m	Other £m	Total £m
At 1 January 2024	19	9	28
Currency translation differences	1	–	1
Fair value gains/(losses)	2	(2)	–
Interest accrued	1	–	1
Disposals	–	(2)	(2)
Benefits paid	(3)	–	(3)
Dividends	–	(1)	(1)
At 31 December 2024	20	4	24
Currency translation differences	(1)	–	(1)
Fair value gains	1	–	1
Interest accrued	1	–	1
Benefits paid	(6)	–	(6)
Dividends	–	(1)	(1)
At 31 December 2025	15	3	18

The investments in mutual funds comprise holdings in a number of funds, based on employees' investment elections, in respect of the deferred compensation obligations of the Group as disclosed in Note 31.2. The fair value of these investments is £15m (2024: £19m), determined by the market price of the funds at the reporting date.

Other investments relate to the Group's interest in two Limited Partnerships (LPs) incorporated in Bermuda. The principal activity of the two LPs is to receive carried interest from a fund. Carry interest refers to a performance fee payable once the performance of the fund exceeds agreed hurdles. During the year, the Group recognised £nil fair value movements in relation to its carry interest (2024: £2m loss). The fund maturity date has been extended by three years to January 2028, with one remaining asset to be disposed. All gains will be realised by the final maturity date. Dividends of £1m were received from the fund in the year (2024: £1m).

21.2 Company

	2025 £m	2024 £m
Investment in subsidiaries	1,792	1,779
Provisions	(26)	(26)
	1,766	1,753

The increase of investment in subsidiaries of £13m (2024: £8m) relates to new capital injected into the Company's existing subsidiaries. Including provisions recognised to date, the Directors have assessed the Company's investment in subsidiaries to be fully recoverable.

22 PPP financial assets

	Economic infrastructure £m	Social infrastructure £m	Total £m
At 1 January 2024	19	5	24
Income recognised in the income statement:			
– interest income (Note 8)	2	–	2
Losses recognised in the statement of comprehensive income:			
– fair value movements	(1)	(1)	(2)
Other movements:			
– cash expenditure	3	2	5
– cash received	(6)	(2)	(8)
At 31 December 2024	17	4	21
Other movements:			
– cash expenditure	3	1	4
– cash received	(6)	(1)	(7)
At 31 December 2025	14	4	18

Assets constructed by PPP subsidiary concession companies are classified as financial assets measured at fair value through OCI and are denominated in sterling. The maximum exposure to credit risk at the reporting date is the fair value of the PPP financial assets.

There were no impairment provisions in 2025 or 2024.



23 Inventories

	2025 £m	2024 £m
Raw materials and consumables	107	95
Development and housing land and work in progress	43	63
Manufacturing work in progress	4	–
Finished goods and goods for resale	1	–
	155	158

24 Contract balances

The timing of revenue recognition, billings and cash collection results in trade receivables (billed amounts), contract assets (unbilled amounts) and customer advances and deposits (contract liabilities) on the Group's balance sheet. For services in which revenue is earned over time, amounts are billed in accordance with contractual terms, either at periodic intervals or upon achievement of contractual milestones. The timing of revenue recognition is measured in accordance with the progress of delivery on a contract which could either be in advance or in arrears of billing, resulting in either a contract asset or a contract liability.

24.1 Contract assets

	£m
At 1 January 2024	300
Currency translation differences	3
Transfers from contract assets recognised at the beginning of the year to receivables	(220)
Increase related to services provided in the year	168
Reclassified from contract liabilities (Note 24.2)	(16)
Impairments on contract assets recognised at the beginning of the year	(6)
At 31 December 2024	229
Currency translation differences	(9)
Transfers from contract assets recognised at the beginning of the year to receivables	(201)
Increase related to services provided in the year	248
Reclassified from contract liabilities (Note 24.2)	(20)
Impairments on contract assets recognised at the beginning of the year	(9)
At 31 December 2025	238

24.2 Contract liabilities

	£m
At 1 January 2024	(602)
Currency translation differences	(6)
Revenue recognised against contract liabilities at the beginning of the year	537
Increase due to cash received, excluding amounts recognised as revenue during the year	(644)
Reclassified to contract assets (Note 24.1)	16
At 31 December 2024	(699)
Currency translation differences	30
Revenue recognised against contract liabilities at the beginning of the year	631
Increase due to cash received, excluding amounts recognised as revenue during the year	(1,048)
Reclassified to contract assets (Note 24.1)	20
Businesses disposed	3
At 31 December 2025	(1,063)

The amount of revenue recognised in the year from performance obligations satisfied (or partially satisfied) in previous periods amounted to £1m (2024: £2m).



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

25 Trade and other receivables

	Group 2025 £m	Group 2024 £m	Company 2025 £m	Company 2024 £m
Current				
Trade receivables	702	616	–	–
Less: provision for impairment of trade receivables	(2)	(2)	–	–
	700	614	–	–
Due from joint ventures and associates	19	16	–	–
Due from joint operation partners	2	5	–	–
Contract fulfilment assets	9	17	–	–
Contract retentions receivable	264	242	–	–
Accrued income	20	12	–	–
Prepayments	160	65	–	–
Other receivables*	79	128	2	1
	1,253	1,099	2	1
Non-current				
Due from subsidiaries	–	–	296	367
Due from joint ventures and associates	107	123	1	1
Contract fulfilment assets	21	34	–	–
Contract retentions receivable	119	102	–	–
Other receivables*	49	67	1	2
	296	326	298	370
Total trade and other receivables	1,549	1,425	300	371
Comprising				
Financial assets (Note 41)	1,359	1,360	300	371
Non-financial assets:				
– prepayments	160	65	–	–
– contract fulfilment assets^	30	–	–	–
	1,549	1,425	300	371

+ Includes insurance recoveries recognised in relation to rectification works on a development in London (Note 10.2).

^ Contract fulfilment assets have been presented as a non-financial asset in 2025. This was previously presented as a financial asset in 2024 and has not been re-presented in the comparative period as the Directors do not consider this to be material.

Based on prior experience, an assessment of the current economic environment and a review of the financial circumstances of individual customers, the Directors believe no further credit risk provision is required in respect of the financial assets.

The Directors consider that the carrying values of current and non-current trade and other receivables approximate their fair values.

Amounts due from subsidiaries of the Company are repayable on demand and have been adjusted for expected credit losses, which are not material.

Maturity profile of impaired trade receivables and trade receivables past due but not impaired

	Impaired		Past due but not impaired	
	Group 2025 £m	Group 2024 £m	Group 2025 £m	Group 2024 £m
Up to three months	–	–	41	36
Three to six months	–	–	5	7
Six to nine months	–	–	5	4
Nine to twelve months	–	–	6	1
More than twelve months	2	2	37	28
	2	2	94	76

At 31 December 2025, trade receivables of £94m (2024: £76m) were past due but not impaired. These relate to a number of individual customers where there is no reason to believe that the receivable is not recoverable.



26 Trade and other payables

	Group 2025 £m	Group 2024 £m	Company 2025 £m	Company 2024 £m
Current				
Trade and other payables	707	625	–	–
Accruals	895	813	3	3
Contract retentions payable	244	230	–	–
VAT, payroll taxes and social security	111	108	–	–
Due to joint ventures and associates	–	2	–	–
Due to subsidiaries	–	–	1,106	655
	1,957	1,778	1,109	658
Non-current				
Accruals	12	10	–	–
Contract retentions payable	88	75	–	–
Due to joint ventures and associates	–	3	–	–
Borrowings from subsidiaries	–	–	283	274
	100	88	283	274
Total trade and other payables	2,057	1,866	1,392	932
Comprising				
Financial liabilities (Note 41)	1,914	1,734	1,392	932
Non-financial liabilities:				
– accruals not at amortised cost	32	24	–	–
– VAT, payroll taxes and social security	111	108	–	–
	2,057	1,866	1,392	932

Borrowings from subsidiaries include a loan to the Company from Balfour Beatty Overseas Investments Limited. The loan matures in December 2033 and bears interest at 1.35% plus SONIA. Amounts due to the Company's subsidiaries are repayable on demand.

Maturity profile of the Group's non-current financial liabilities at 31 December

	2025			2024			
	Accruals £m	Contract retentions payable £m	Total £m	Accruals £m	Contract retentions payable £m	Due to joint ventures and associates £m	Total £m
Due within one to two years	9	71	80	5	39	1	45
Due within two to five years	3	16	19	5	36	1	42
Due after more than five years	–	1	1	–	–	1	1
	12	88	100	10	75	3	88

The Directors consider that the carrying values of current and non-current trade and other payables and contract retentions payable approximate their fair values. The fair value of non-current trade and other payables and contract retentions payable has been determined by discounting future cash flows using yield curves and exchange rates prevailing at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

27 Provisions

	Contract provisions £m	Employee provisions £m	Other provisions £m	Total £m
At 1 January 2024	352	33	32	417
Currency translation differences	1	–	–	1
Reclassified from accruals	1	–	1	2
Transfers	(10)	–	10	–
Charged/(credited) to the income statement:				
– additional provisions	365	9	13	387
– unused amounts reversed	(54)	(3)	(7)	(64)
Utilised during the year	(113)	(7)	(3)	(123)
Transfer movement in negative investment in joint venture to provisions (Note 20.1)	–	–	(3)	(3)
At 31 December 2024	542	32	43	617
Currency translation differences	(8)	–	–	(8)
Reclassified from accruals	2	–	–	2
Charged/(credited) to the income statement:				
– additional provisions	208	8	7	223
– unused amounts reversed	(110)	(1)	–	(111)
Utilised during the year	(120)	(6)	(3)	(129)
Transfer net movement in negative investment in joint venture held in provisions to investment in joint venture (Note 20.1)	–	–	(5)	(5)
At 31 December 2025	514	33	42	589

	2025				2024			
	Contract provisions £m	Employee provisions £m	Other provisions £m	Total £m	Contract provisions £m	Employee provisions £m	Other provisions £m	Total £m
Due within one year	242	9	15	266	214	7	18	239
Due within one to two years	119	5	7	131	196	6	5	207
Due within two to five years	86	6	11	103	105	6	12	123
Due after more than five years	67	13	9	89	27	13	8	48
	514	33	42	589	542	32	43	617

Contract provisions include construction insurance liabilities, principally in the Group's self-insurance arrangements, which cover claims relating to contractors all risk, public liability and professional indemnity. Contract provisions also include loss provisions, and defect and warranty provisions on contracts, primarily construction contracts, that have reached practical completion. There is a latent defect period for which the provision is held, but where there are known identified issues then the provision may be required to cover rectification work over a more extended period. Contract provisions also include provisions made for Building Safety Act claims received (refer to Note 10.2.2). This provision is subject to significant estimation uncertainties with regards to quantum and timing (refer to Note 2.28(d)).

Employee provisions are principally liabilities relating to employers' liability insurance retained in the Group's self-insurance arrangements.

Other provisions principally comprise: motor and other insurance liabilities in the Group's self-insurance arrangements; legal claims and costs, where provision is made for the Directors' best estimate of known legal claims, investigations and legal actions in progress; and environmental provisions.

The Group takes actuarial advice when establishing the level of provisions in the Group's self-insurance arrangements and certain other categories of provision. Insurance-related provisions within these categories were £83m (2024: £71m) as follows: Contract provisions £46m (2024: £50m); Employee provisions £34m (2024: £15m); and Other, mainly motor, provisions £3m (2024: £6m).



28 Cash and cash equivalents and borrowings

28.1 Group

	2025			2024		
	Current £m	Non-current £m	Total £m	Current £m	Non-current £m	Total £m
Unsecured borrowings at amortised cost						
– bank overdrafts	(68)	–	(68)	(185)	–	(185)
– US private placement (Note 28.2)	–	(153)	(153)	–	(165)	(165)
	(68)	(153)	(221)	(185)	(165)	(350)
Cash and deposits at amortised cost	1,191	–	1,191	1,084	–	1,084
Term deposits at amortised cost	476	–	476	209	–	209
Cash and cash equivalents (excluding infrastructure concessions)	1,667	–	1,667	1,293	–	1,293
	1,599	(153)	1,446	1,108	(165)	943
Non-recourse infrastructure concessions project finance loans at amortised cost with final maturity between 2026 and 2072	(37)	(567)	(604)	(11)	(589)	(600)
Infrastructure concessions cash and cash equivalents	193	–	193	265	–	265
	156	(567)	(411)	254	(589)	(335)
Net cash/(borrowings)	1,755	(720)	1,035	1,362	(754)	608

The Company, together with certain of its UK and US subsidiaries, operates notional pooling facilities with main relationship UK and US clearing banks where overdraft balances are offset with cash balances and interest is calculated on a net basis. During the year ended 31 December 2025, the Group maintained a net cash position on these pooling facilities, so there was no interest payable to the bank in respect of these bank overdrafts. Overdraft balances and cash held at these banks have been reported gross in the Group balance sheet as there was no legal right of offset and no intention to settle the bank overdrafts at the balance sheet date.

The loans relating to project finance arise under non-recourse facilities taken out by project-specific subsidiary companies. The loans of each company are secured by a combination of fixed and floating charges over that company's interests in its project's assets and revenues and the shares in the company held by its immediate parent company.

Term deposits are held on a short-term basis and are readily accessible to the Group at any time with insignificant break costs.

Included in cash and cash equivalents is restricted cash of £16m (2024: £16m) held by the Group's self-insurance company, Delphian Insurance Company Ltd, which is subject to Isle of Man insurance solvency regulations.

Cash and cash equivalents also include: £134m (2024: £158m) within construction project bank accounts which is used for project-specific expenditure; £425m (2024: £382m) in relation to the Group's share of cash held by joint operations which is used for expenditure within the joint operation projects; and £193m (2024: £265m) relating to maintenance and other reserve accounts in Infrastructure Investments subsidiaries, of which £164m (2024: £234m) is reserved for the construction of University of Sussex's West Slope student accommodation project.

Maturity profile of the Group's borrowings at 31 December

	2025			2024		
	Non-recourse project finance £m	Other borrowings £m	Total £m	Non-recourse project finance £m	Other borrowings £m	Total £m
Due on demand or within one year	(37)	(68)	(105)	(11)	(185)	(196)
Due within one to two years	(60)	(26)	(86)	(56)	–	(56)
Due within two to five years	(138)	(59)	(197)	(166)	(91)	(257)
Due after more than five years	(369)	(68)	(437)	(367)	(74)	(441)
	(604)	(221)	(825)	(600)	(350)	(950)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

28 Cash and cash equivalents and borrowings continued

28.1 Group continued

The carrying values of the Group's borrowings are equal to the fair values at the reporting date. The fair values are determined by discounting future cash flows using yield curves and exchange rates prevailing at the reporting date.

Undrawn Group committed borrowing facilities at 31 December in respect of which all conditions precedent were satisfied

	2025			2024		
	Non-recourse project finance £m	Other borrowings £m	Total £m	Non-recourse project finance £m	Other borrowings £m	Total £m
Expiring in one year or less	–	–	–	–	–	–
Expiring in more than one year but not more than two years	–	30	30	–	–	–
Expiring in more than two years	–	450	450	–	480	480
	–	480	480	–	480	480

The Group retains its core Revolving Credit Facility (RCF) with a maturity of June 2028. The RCF remains a Sustainability Linked Loan (SLL) and the Group continues to be incentivised to deliver annual measurable performance improvement in three key areas: Carbon Emissions, Social Value generation and an independent Environmental, Social and Governance (ESG) rating score. The RCF remained undrawn at 31 December 2025.

The Group retains an additional £30m bilateral committed facility that has materially the same terms and conditions as the RCF, with a maturity of December 2027. The facility is also a SLL, including metrics that mirror the RCF. As of 31 December 2025, the facility remained undrawn.

28.2 US private placement

The US Private Placement (USPP) notes comprise a series of US-denominated loan notes with a weighted average maturity of 4.9 years and an average coupon rate of 6.5% per annum. The earliest maturity for these notes will be in June 2027 for US\$35m.

The Group's US Private Placement (USPP) notes of US\$208m comprises US\$35m of notes maturing in June 2027 at a fixed coupon of 6.31%, US\$80m of notes maturing in June 2029 at a fixed coupon of 6.39%, US\$25m maturing in May 2031 at a fixed coupon of 6.71%, US\$43m of notes maturing in June 2032 at a fixed coupon of 6.45% and US\$25m maturing in May 2036 at a fixed coupon of 6.96%.

At 31 December 2025, the US\$208m USPP notes have an average coupon of 6.5% per annum and a remaining average maturity of 4.9 years.

28.3 Company

	2025			2024		
	Current £m	Non-current £m	Total £m	Current £m	Non-current £m	Total £m
Cash	202	–	202	218	–	218
Term deposits	461	–	461	200	–	200
Bank overdrafts	–	–	–	(171)	–	(171)
US private placement (Note 28.2)	–	(153)	(153)	–	(165)	(165)
Net cash/ (borrowings)	663	(153)	510	247	(165)	82



29 Lease liabilities

29.1 Movements

	Land and buildings £m	Plant and equipment £m	Motor vehicles £m	Total £m
At 1 January 2024	49	31	63	143
Additions	15	19	47	81
Payments made for lease liabilities*	(17)	(14)	(35)	(66)
Transfers	–	5	(5)	–
Disposals	–	(1)	(2)	(3)
Interest on lease liabilities	2	2	3	7
At 31 December 2024	49	42	71	162
Currency translation differences	(1)	(1)	–	(2)
Additions	15	28	72	115
Payments made for lease liabilities*	(16)	(18)	(43)	(77)
Lease modification	(6)	–	–	(6)
Disposals	–	–	(3)	(3)
Interest on lease liabilities	2	2	5	9
At 31 December 2025	43	53	102	198

+ Payments made for lease liabilities include an interest element of £9m (2024: £7m).

29.2 Maturity analysis – contractual undiscounted cash flows

	2025				2024			
	Land and buildings £m	Plant and equipment £m	Motor vehicles £m	Total £m	Land and buildings £m	Plant and equipment £m	Motor vehicles £m	Total £m
Due within one year	13	14	43	70	15	13	29	57
Due within one to two years	9	11	36	56	11	10	24	45
Due within two to five years	16	20	6	42	19	19	21	59
Due after more than five years	9	13	26	48	12	3	–	15
Total undiscounted cash flows	47	58	111	216	57	45	74	176

29.3 Amounts recognised in the income statement

	2025 £m	2024 £m
Interest on lease liabilities	9	7
Expenses relating to short-term leases	154	125

**NOTES TO THE FINANCIAL STATEMENTS CONTINUED****30 Deferred tax****30.1 Group**

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same tax authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Net deferred tax position at 31 December

	Group 2025 £m	Group 2024 £m
Deferred tax assets	199	200
Deferred tax liabilities	(153)	(153)
	46	47

Net deferred tax position

	Depreciation in excess of capital allowances £m	Retirement benefits £m	Unrelieved trading losses £m	Share-based payments £m	Provisions £m	Fair value adjustments £m	Other GAAP differences £m	Research and development credits £m	Total £m
At 1 January 2024	3	(22)	205	6	24	(99)	(89)	–	28
Currency translation differences	–	–	–	–	–	(1)	–	–	(1)
(Charged)/credited to income statement	(4)	(8)	(12)	(1)	10	–	7	–	(8)
Credited to other comprehensive income	–	26	–	–	–	–	–	–	26
Credited to equity	–	–	–	2	–	–	–	–	2
At 31 December 2024	(1)	(4)	193	7	34	(100)	(82)	–	47
Currency translation differences	–	–	–	–	(2)	7	6	–	11
Transfers	–	–	–	1	(1)	–	–	–	–
(Charged)/credited to income statement	(10)	(2)	(8)	1	(4)	–	(6)	–	(29)
Credited to other comprehensive income	–	15	–	–	–	–	–	–	15
Credited to equity	–	–	–	2	–	–	–	–	2
At 31 December 2025	(11)	9	185	11	27	(93)	(82)	–	46

Movement for the year in the net deferred tax position

	Group £m
At 1 January 2024	28
Currency translation differences	(1)
Charged to income statement	(8)
Credited to other comprehensive income	26
Credited to equity	2
At 31 December 2024	47
Currency translation differences	11
Charged to income statement	(29)
Credited to other comprehensive income	15
Credited to equity	2
At 31 December 2025	46

The table below shows the deferred tax assets and liabilities before being offset where they relate to income taxes levied by the same tax authority.

30 Deferred tax continued

30.1 Group continued

Net deferred tax position continued

	Property, plant and equipment £m	Right-of-use assets £m	Lease liabilities £m	Depreciation in excess of capital allowances £m
At 1 January 2024	1	(5)	7	3
(Charged)/credited to income statement	(4)	2	(2)	(4)
At 31 December 2024	(3)	(3)	5	(1)
(Charged)/credited to income statement	1	–	(1)	–
Transfers	–	(5)	5	–
(Charged)/credited to income statement	(9)	3	(4)	(10)
At 31 December 2025	(11)	(5)	5	(11)

At the balance sheet date, the Group had unused trading tax losses of £1,093m (2024: £1,136m) available for offset against future profits, of which £732m (2024: £807m) arose in the UK, £19m (2024: £5m) in the US and £342m (2024: £324m) in other jurisdictions.

A deferred tax asset has been recognised in respect of £736m (2024: £767m) of such losses, of which £719m (2024: £763m) have been recognised in the UK and £17m (2024: £4m) in the US. In considering the amount of deferred tax asset to be recognised for UK and US tax losses, the potential use of those losses based on the latest current and forecast business performance was assessed, and losses were recognised where it is probable that they will be utilised. No deferred tax asset has been recognised in respect of the losses of £357m (2024: £369m) where it is considered that it is not probable that they will be utilised due to restrictions in use and unpredictability of future profitability. Of the Group's tax losses, £7m (2024: £6m) will expire within 20 years after the year in which they arose, using losses incurred in earlier years before those incurred in later years. Other losses will be carried forward indefinitely.

In addition to the losses referred to above, at 31 December 2025 the Group had UK capital losses available to carry forward of £1.4bn (2024: £1.4bn). No deferred tax assets have been recognised in respect of these losses as there are no capital profits forecast against which these losses can be utilised.

Deferred tax liabilities on fair value adjustments of £93m (2024: £100m) relate to temporary differences arising on goodwill and intangibles. Deferred tax liabilities on other GAAP differences of £82m (2024: £82m) relate to temporary differences on joint ventures.

At the reporting date, undistributed reserves of non-UK subsidiaries, joint ventures and associates for which deferred tax liabilities have not been recognised were £542m (2024: £637m) in respect of subsidiaries and £37m (2024: £41m) in respect of joint ventures and associates. No liability has been recognised in respect of these differences because either no temporary difference arises or the timing of any distribution is under the Group's control and no distribution which gives rise to taxation is contemplated.

Deferred tax asset of £6m (2024: £5m) on other temporary differences has not been recognised.

30.2 Company

The table below shows the deferred tax assets and liabilities before being offset where they relate to income taxes levied by the same tax authority.

	Unrelieved trading losses £m	Share-based payments £m	Total deferred tax assets £m
At 1 January 2024	4	1	5
Credited to income statement	3	–	3
At 31 December 2024	7	1	8
Credited to income statement	1	–	1
At 31 December 2025	8	1	9

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

31 Retirement benefit assets and liabilities

31.1 Introduction

The Group, through trustees, operates a number of defined contribution and defined benefit pension schemes.

Defined contribution schemes are those where the Group's obligation is limited to the amount that it contributes to the scheme and the scheme members bear the investment and actuarial risks.

Defined benefit schemes are schemes other than defined contribution schemes where the Group's obligation is to provide specified benefits on retirement.

IAS 19 Employee Benefits (IAS 19) prescribes the accounting for defined benefit schemes in the Group's financial statements. Obligations are calculated using the projected unit credit method and discounted to a net present value using the market yield on high-quality corporate bonds. The pension expense relating to current service cost is charged to contracts or overheads based on the function of scheme members and is included in cost of sales and net operating expenses. The net finance income arising from the expected interest income on plan assets and interest cost on scheme obligations is included in investment income. Actuarial gains and losses are reported in the statement of comprehensive income. The IAS 19 accounting valuations are set out in Note 31.2.

A different calculation is used for the formal triennial funding valuations undertaken by the scheme trustees to determine the future Company contribution level necessary so that over time the scheme assets will meet the scheme obligations. The principal difference between the two methods is that under the funding basis the obligations are discounted using a rate of return reflecting the composition of the assets in the scheme, rather than the rate of return on high-quality corporate bonds as required by IAS 19 for the financial statements. Details of the latest formal triennial funding valuations are set out in Note 31.3.

The assets of the schemes do not include any direct holdings of the Group's financial instruments, nor any property occupied by, or other assets of, the Group.

Principal schemes

The Group's principal schemes are the Balfour Beatty Pension Fund (BBPF), which includes defined contribution and defined benefit sections, and the Balfour Beatty Shared Cost Section of the Railways Pension Scheme (RPS). The defined benefit sections of both schemes are funded and closed to new members with the exception of employees where employment has transferred to the Group under certain agreed arrangements. Pension benefits for defined benefit schemes are based on employees' pensionable service and their pensionable salary.

The schemes operate under trust law and are managed and administered by trustees on behalf of the members in accordance with the terms of the trust deed and rules and relevant legislation. Defined benefit contributions are determined in consultation with the trustees, after taking actuarial advice. The trustees are responsible for establishing the investment strategy and ensuring that there are sufficient assets to meet the cost of current and future benefits.

These schemes expose the Group to investment and actuarial risks where additional contributions may be required if assets are not sufficient to pay future pension benefits:

- ▶ investment risk: the investment portfolio is subject to a range of risks typical of the investments held; for example, credit risk on corporate bond holdings; and
- ▶ actuarial risk: the ultimate cost of providing pension benefits is affected by inflation rates and members' life expectancy. The net present value of the obligations is affected by the market yield on high-quality corporate bonds used to discount the obligations.

Changes in the principal actuarial assumptions based on market data, such as inflation and the discount rate, and experience, such as life expectancy, expose the Group to fluctuations in the net IAS 19 liability and the net finance cost.

Balfour Beatty Pension Fund

The investment strategy of the BBPF is to hold assets of appropriate liquidity and marketability to generate income and capital growth. The BBPF invests partly in a diversified range of assets including corporate bonds, equities and hedge funds in anticipation that, over the longer term, they will grow in value faster than the scheme's obligations. The BBPF has been undertaking a phased withdrawal from equities and hedge funds. The remaining BBPF assets are principally fixed and index-linked bonds and derivatives, providing protection against movements in inflation and interest rates and hence enhancing the resilience of the funding level of the scheme. The performance of the assets is measured against market indices.

The BBPF's defined benefit section is exposed to a number of liability related risks, namely changes in gilt yields, inflation and the longevity of the scheme's members.

With respect to interest rate and inflation risks, the trustee seeks to mitigate the majority of these risks through its liability hedging portfolio. This is a segregated portfolio of hedging assets which includes physical gilts, gilt repurchase agreements and interest rate and inflation swaps. The current objective of the portfolio is to hedge 100% of the impact that changes in interest rates and inflation can have on the funding position.

The BBPF's Fiduciary Manager and Investment Committee closely monitor the collateral being held within the liability hedging portfolio to ensure that the scheme holds sufficient collateral to support its liability hedging programme.

With respect to longevity risk the BBPF has a longevity swap contract as part of the investment portfolio which will provide income in the event that pensions are paid out for longer. The fair value of the longevity swap has been included as part of the fair value of plan assets.

The Group operates a Scottish Limited Partnership (SLP) structure which holds the Group's 40% interest in the Birmingham Hospital PFI investment and the Group's 15% share of the Connect Plus (M25) asset. The BBPF is a partner in the SLP and is entitled to a share of the income of the SLP. In accordance with IFRS 10 Consolidated Financial Statements, the SLP is deemed to be controlled by the Group, which retains the ability to substitute the investment in the Birmingham Hospital PFI investment and the Connect Plus (M25) asset for other investments from time to time.

31 Retirement benefit assets and liabilities continued

31.1 Introduction continued

Balfour Beatty Pension Fund continued

Under IAS 19, the investment held by the BBPF in the SLP does not constitute a plan asset and therefore the pension deficit presented in these financial statements does not reflect the BBPF's interest in the SLP. Distributions from the SLP to the BBPF are reflected in the Group's financial statements as pension contributions on a cash basis. In 2025, the BBPF received distributions of £2m from the SLP (2024: £2m), which were used to pay defined contribution costs. The Company and the trustees have agreed that the BBPF's partnership interest in the SLP will be terminated in 2026.

Balfour Beatty and the trustees of the BBPF have reconfirmed their commitment to a journey plan approach to managing the BBPF with the aim of reaching self-sufficiency by 2026. The Company and trustees previously agreed the 31 March 2022 formal valuation and as a result Balfour Beatty made deficit contributions to the BBPF of £5m in 2025 (2024: £22m). The Company and trustees have now agreed the 31 March 2025 formal valuation and as a result, the Company made a deficit contribution to the BBPF of £30m in February 2026.

The Company and the trustees have agreed that once the Defined Benefit section moves into surplus as measured on an agreed set of parameters, further surplus can be used by the Company to meet its existing obligations to the Defined Contribution section of the BBPF. Given the current strong position of the BBPF, the Group is expecting to start receiving a cash benefit from the surplus by 2027. In certain circumstances, were the funding level in the Defined Benefit section to fall below certain pre-agreed thresholds, surplus offset in this way would need to be repaid to the Defined Benefit section by the Company.

This agreement constitutes a minimum funding requirement (MFR) under IFRIC 14 IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. The Group has not recognised any liabilities in relation to this MFR as any surplus of deficit contributions to the BBPF would be recoverable by way of a refund and the Group has the unconditional right to the surplus and controls the run-off of the benefit obligations once all other obligations of the BBPF have been settled.

Railways Pension Scheme

The RPS is a shared cost scheme. The legal responsibility of the Group in the RPS is approximately 60% of the scheme's assets and liabilities based on the relevant provisions of the trust deed and rules and trustee guidelines regarding future surplus apportionments and deficit financing.

The assumed cost of providing future service benefits is split between the Group and the members in the ratio 60:40.

Because of a declining population of active members, it has become less likely that the Group's costs of meeting any deficits would be capped in line with its strict legal obligation of 60% as members might only be able to afford to fund a small proportion of the scheme deficit. It has therefore been assumed that the Group will be responsible for 100% of any deficit and the balance sheet assets and obligations disclosed, therefore, are equal to 100% of the total scheme assets and obligations.

The RPS invests in a range of pooled investment funds intended to generate a combination of capital growth and income and, as determined by the trustee, taking account of the characteristics of the obligations and the trustee's attitude to risk. The majority of the RPS's assets that are intended to generate additional returns, over the rate at which the obligations are expected to grow, are invested in three pooled growth funds. These funds are invested in a wide range of asset classes and the fund manager Railpen has the discretion to vary the asset allocation to reflect its views on the relative attractiveness of different asset classes at any time. The remaining assets in the RPS are principally invested in the Liability Driven Investment (LDI) Pooled Fund, which invests in a range of fixed interest and inflation-linked UK government bonds and derivatives; and the Long-Term Income Pooled Fund, which invests in a range of illiquid, cash flow-generating assets including infrastructure, real estate and credit.

The RPS is exposed to a number of liability related risks, namely changes in gilt yields, inflation and the longevity of the scheme's members. With respect to interest rate and inflation risks, the strategic asset allocation was reviewed and amended in 2023 to mitigate these risks by increasing the allocation to fixed and index-linked bond pooled funds and amended further in 2025 by investing in the LDI Pooled Fund. The current objective of the portfolio is to hedge around 100% of the impact that changes in interest rates and inflation can have on the funding position.

The formal triennial funding valuation of the RPS as at 31 December 2022 was completed in March 2024, with the Company agreeing to continue to make fixed deficit contributions of £6m per annum until February 2025. This agreement constitutes an MFR under IFRIC 14 IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. The Company has not recognised any liabilities in relation to this MFR as any surplus of deficit contributions to the RPS would be recoverable by way of a refund and the Group has the unconditional right to the surplus and controls the run-off of the benefit obligations once all other obligations of the RPS have been settled. The next formal triennial funding valuation is due with effect from 31 December 2025.

Other schemes

Other schemes comprise unfunded post-retirement benefit obligations in Europe, the majority of which are closed to new entrants, and deferred compensation schemes in North America, where an element of employees' compensation is deferred and invested in investments in mutual funds (as disclosed in Note 21.1) in a trust, the assets of which are for the ultimate benefit of the employees but are available to the Group's creditors in the event of insolvency.

The Group also participates in The Plumbing & Mechanical Services Industry Pension Scheme (Plumbers Scheme), which is an industry-wide non-associated multi-employer defined benefit scheme. As the Plumbers Scheme does not segregate assets and liabilities between the different participating employers, the Group's only obligation to the Plumbers Scheme is to pay the contributions requested by the scheme trustees as they fall due. In accordance with IAS 19, this obligation has been accounted for on a defined contribution basis and any employer contributions paid are charged to the income statement. To confirm, there have been no such contributions over 2025.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

31 Retirement benefit assets and liabilities continued

31.1 Introduction continued

Membership of the principal schemes

	Balfour Beatty Pension Fund 2025			Railways Pension Scheme 2025			Balfour Beatty Pension Fund 2024			Railways Pension Scheme 2024		
	Number of members	Defined benefit obligations £m	Average duration Years	Number of members	Defined benefit obligations £m	Average duration Years	Number of members	Defined benefit obligations £m	Average duration Years	Number of members	Defined benefit obligations £m	Average duration Years
Defined benefit												
– active members	1	–	13	57	26	14	1	1	11	61	25	15
– deferred pensioners	7,665	753	15	843	78	14	8,223	912	16	896	80	15
– pensioners, widow(er)s and dependants	16,630	1,469	8	1,951	174	9	16,656	1,335	8	1,948	182	10
Defined contribution	16,951	–	–	–	–	–	16,619	–	–	–	–	–
Total	41,247	2,222	11	2,851	278	11	41,499	2,248	11	2,905	287	12

31.2 IAS 19 accounting valuations

Principal actuarial assumptions for the IAS 19 accounting valuations of the Group's principal schemes

	2025		2024	
	Balfour Beatty Pension Fund %	Railways Pension Scheme %	Balfour Beatty Pension Fund %	Railways Pension Scheme %
Discount rate	5.50	5.50	5.55	5.55
Inflation rate – RPI	2.90	2.90	3.25	3.25
– CPI	2.40	2.50	2.75	2.90
Future increases in pensionable salary	2.40	2.50	2.75	2.90
Rate of increase in pensions in payment (or such other rate as is guaranteed)	2.80	2.60	3.05	2.95

The BBPF actuary undertakes regular mortality investigations as part of the formal triennial valuation based on the experience exhibited by pensioners of the BBPF and due to the size of the membership of the BBPF is able to make comparisons of this experience with the mortality rates set out in the various published mortality tables. This research is taken into account in the BBPF's mortality assumptions, with the last such mortality investigation performed over 2025 as part of the 31 March 2025 triennial valuation. The mortality assumptions as at 31 December 2025 have been updated from those adopted at the previous year end to reflect this mortality investigation, and reflect the experience of BBPF pensioners for the period to 30 September 2024, with the exception that the future improvements assumptions have been updated to reflect the most recent model available, with the Group setting future improvements in line with the Continuous Mortality Investigation (CMI) 2024 core projections model.

Similarly, the RPS actuary also undertakes regular mortality investigations as part of the formal triennial valuation based on the experience exhibited by pensioners of the RPS, with the last such analysis being completed as part of the 31 December 2022 triennial valuation. With no new mortality investigation performed over the year, the mortality assumptions as at 31 December 2025 are consistent with those adopted at the previous year end, with the exception that the future improvements assumptions have been updated to reflect the most recent model available.



31 Retirement benefit assets and liabilities continued

31.2 IAS 19 accounting valuations continued

BBPF life expectancies

	2025 Average life expectancy at 65 years of age		2024 Average life expectancy at 65 years of age	
	Male	Female	Male	Female
Members in receipt of a pension	21.9	23.1	21.3	23.0
Members not yet in receipt of a pension (current age 50)	22.7	24.0	22.2	23.9

RPS life expectancies

	2025 Average life expectancy at 65 years of age		2024 Average life expectancy at 65 years of age	
	Male	Female	Male	Female
RPS life expectancies				
Members in receipt of a pension	21.1	22.8	20.8	22.7
Members not yet in receipt of a pension (current age 50)	21.9	23.7	21.6	23.6

Amounts recognised in the income statement

The BBPF defined contribution employer contributions paid and charged to the income statement have been separately identified in the table below and the defined contribution section assets and liabilities amounting to £934m (2024: £803m) have been excluded from the tables on pages 226 to 229. Defined contribution charges for other schemes include contributions to multi-employer pension schemes.

	2025				2024			
	Balfour Beatty Pension Fund £m	Railways Pension Scheme £m	Other schemes £m	Total £m	Balfour Beatty Pension Fund £m	Railways Pension Scheme £m	Other schemes £m	Total £m
Group								
Current service cost	(1)	(1)	–	(2)	(1)	(1)	(1)	(3)
Defined contribution charge	(58)	–	(7)	(65)	(50)	–	(6)	(56)
Included in employee costs (Note 7)	(59)	(1)	(7)	(67)	(51)	(1)	(7)	(59)
Interest income	123	15	–	138	118	15	–	133
Interest cost	(120)	(15)	(2)	(137)	(113)	(15)	(1)	(129)
Net finance income/(cost) (Note 8)	3	–	(2)	1	5	–	(1)	4
Total (charged)/credited to income statement	(56)	(1)	(9)	(66)	(46)	(1)	(8)	(55)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

31 Retirement benefit assets and liabilities continued

31.2 IAS 19 accounting valuations continued

Amounts recognised in the statement of comprehensive income

	2025				2024			
	Balfour Beatty Pension Fund £m	Railways Pension Scheme £m	Other schemes £m	Total £m	Balfour Beatty Pension Fund £m	Railways Pension Scheme £m	Other schemes £m	Total £m
Actuarial movements on pension scheme obligations	(10)	4	(2)	(8)	207	29	(1)	235
Actuarial movements on pension scheme assets	(50)	(4)	–	(54)	(292)	(45)	–	(337)
Total actuarial movements recognised in the statement of comprehensive income (Note 33.1)	(60)	–	(2)	(62)	(85)	(16)	(1)	(102)
Cumulative actuarial movements recognised in the statement of comprehensive income	(481)	(34)	(25)	(540)	(421)	(34)	(23)	(478)

The actual return on plan assets was a gain of £84m (2024: £204m loss).

Amounts recognised in the balance sheet

	2025				2024			
	Balfour Beatty Pension Fund £m	Railways Pension Scheme £m	Other schemes [†] £m	Total £m	Balfour Beatty Pension Fund £m	Railways Pension Scheme £m	Other schemes [†] £m	Total £m
Present value of obligations	(2,222)	(279)	(32)	(2,533)	(2,248)	(287)	(34)	(2,569)
Fair value of plan assets	2,213	272	–	2,485	2,291	280	–	2,571
(Liabilities)/assets in the balance sheet	(9)	(7)	(32)	(48)	43	(7)	(34)	2

[†] Investments in mutual funds of £16m (2024: £20m) are held to satisfy the Group's deferred compensation obligations (Note 21.1).

The defined benefit obligations comprise £32m (2024: £34m) arising from wholly unfunded plans and £2,501m (2024: £2,535m) arising from plans that are wholly or partly funded.

There was a small reduction in corporate bond yields over 2025, which led to a corresponding decrease in the IAS 19 discount rate. There was also a reduction in future inflationary expectations over the year, with an overall decrease in the present value of obligations from 31 December 2024 to 31 December 2025 as a result of financial actuarial movements over 2025. However, this was more than offset by the membership experience loss arising from the update in calculations to reflect the membership data underlying the 31 March 2025 BBPF valuation.

There was also a small reduction of the schemes' assets (excluding the value of the longevity hedge) due to changes in financial market conditions over the year, which is to be expected given the level of hedging in place.

In June 2023, the High Court handed down a decision in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes due to the lack of actuarial confirmation required by law. On 2 September 2025, the Government published draft amendments to the Pensions Scheme Bill which would give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historical benefit changes met the necessary standards. The draft legislation will need to be agreed by both Houses of Parliament before it passes into law.

Following the publication of draft legislation, the Group does not expect the Virgin Media ruling to give rise to any additional liabilities and so the defined benefit obligations for the BBPF and the RPS have not been adjusted and continue to reflect the benefits currently administered.



31 Retirement benefit assets and liabilities continued

31.2 IAS 19 accounting valuations continued

Movement in the present value of obligations

	2025				2024			
	Balfour Beatty Pension Fund £m	Railways Pension Scheme £m	Other schemes £m	Total £m	Balfour Beatty Pension Fund £m	Railways Pension Scheme £m	Other schemes £m	Total £m
At 1 January	(2,248)	(287)	(34)	(2,569)	(2,501)	(320)	(35)	(2,856)
Currency translation differences	–	–	1	1	–	–	1	1
Current service cost	(1)	(1)	–	(2)	(1)	(1)	(1)	(3)
Interest cost	(120)	(15)	(2)	(137)	(113)	(15)	(1)	(129)
Actuarial movements from reassessing the difference between RPI and CPI	2	–	–	2	(2)	–	–	(2)
Actuarial movements from changes in demographic assumptions	–	(2)	–	(2)	3	1	–	4
Other financial actuarial movements	21	6	(2)	25	214	28	(1)	241
Experience losses	(33)	–	–	(33)	(8)	–	–	(8)
Total actuarial movements	(10)	4	(2)	(8)	207	29	(1)	235
Benefits paid	157	20	5	182	160	20	3	183
At 31 December	(2,222)	(279)	(32)	(2,533)	(2,248)	(287)	(34)	(2,569)

Movement in the fair value of plan assets

	2025			2024		
	Balfour Beatty Pension Fund £m	Railways Pension Scheme £m	Total £m	Balfour Beatty Pension Fund £m	Railways Pension Scheme £m	Total 2024 £m
At 1 January	2,291	280	2,571	2,602	323	2,925
Interest income	123	15	138	118	15	133
Actuarial movements	(50)	(4)	(54)	(292)	(45)	(337)
Contributions from employer						
– regular funding	1	1	2	1	1	2
– ongoing deficit funding	5	–	5	22	6	28
Benefits paid	(157)	(20)	(177)	(160)	(20)	(180)
At 31 December	2,213	272	2,485	2,291	280	2,571

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

31 Retirement benefit assets and liabilities continued

31.2 IAS 19 accounting valuations continued

Fair value of the assets held by the schemes at 31 December

	2025			2024		
	Balfour Beatty Pension Fund £m	Railways Pension Scheme [†] £m	Total £m	Balfour Beatty Pension Fund £m	Railways Pension Scheme [†] £m	Total £m
Return-seeking	222	94	316	285	105	390
– Developed nation equities [#]	79	–	79	95	–	95
– Hedge funds [#]	55	–	55	101	–	101
– Return-seeking growth pooled funds [§]	–	94	94	–	105	105
– Other return-seeking assets ^{#@}	88	–	88	89	–	89
Liability-matching bond-type assets	1,743	161	1,904	1,740	172	1,912
– Corporate bonds	1,059	–	1,059	954	–	954
– Fixed interest gilts	823	–	823	844	–	844
– Index-linked gilts [^]	(87)	3	(84)	6	113	119
– Currency hedging	8	–	8	(18)	–	(18)
– Liability-matching pooled funds [~]	–	158	158	–	59	59
– Interest and inflation rate swaps	(60)	–	(60)	(46)	–	(46)
Property [#]	28	–	28	29	–	29
Secure income assets ^{%%}	92	–	92	100	–	100
Fair value longevity swap ^{&}	(34)	–	(34)	(25)	–	(25)
Cash and other	162	17	179	162	3	165
Total	2,213	272	2,485	2,291	280	2,571

[†] The amounts represent 100% of the scheme's assets.

[^] Index-linked gilts totalling £3m (2024: £113m) are held in a pooled investment vehicle with underlying securities that have quoted prices in active markets. Included in index-linked gilts are loan repurchase agreements with a liability of £542m at 31 December 2025 (2024: £411m).

[#] Level 3 assets with valuations based on unobservable inputs held by the BBPF include hedge funds, property funds, developed nation equities, secure income assets, other return-seeking assets and £239m of corporate bonds, and total £520m (2024: £527m). These are pooled investments stated at fair value provided by the fund managers, of which £125m (2024: £170m) have been valued on September 2025 valuations and £1m (2024: £13m) on November 2025 valuations, for which valuations were adjusted for cash movements that occurred in the last quarter of the year as a result of December 2025 valuations not being available as at the reporting date. The Directors consider these values to be a fair approximation for these assets at 31 December 2025.

[@] Other return-seeking assets are alternative beta assets, which provide exposure to a range of risk premia that are intended to diversify portfolio returns from traditional equity and credit markets.

[%] Secure income assets reflect more illiquid investments that offer long-term contractual cash flows that can be used for the payment of pensions.

^{\$} The RPS return-seeking growth pooled funds assets are the Growth Pooled Fund, Illiquid Growth Pooled Fund and the Private Equity Pooled Fund.

[~] The RPS liability-matching pooled funds are the LDI Pooled Fund and the Long-Term Income Pooled Fund.

[&] The fair market value of the longevity swap is calculated by taking the present value of the expected cash flows from the floating leg using a market-related discount rate and current best-estimates of market mortality assumptions and risk fees, less the corresponding present value of the fixed leg cash flows that are required under the contract. As at 31 December 2025, the fair value has been calculated using the cash flows from the experience collateral calculations performed by Zurich Assurance Limited as at 31 October 2025 (with the floating leg reflecting member mortality experience up to 30 September 2025), rolled forward and adjusted to allow for the relevant assumptions at 31 December 2025.

31 Retirement benefit assets and liabilities continued**31.2 IAS 19 accounting valuations** continued

Estimated contributions expected to be paid to the Group's principal defined benefit schemes during 2026

	Balfour Beatty Pension Fund 2026 £m	Railways Pension Scheme 2026 £m	Total 2026 £m
Regular funding	2	1	3
Ongoing deficit funding	30	–	30
Total contributions	32	1	33
Estimated BBPF running costs to be funded from deficit contributions	–	–	–
Estimated total cash contributions	32	1	33

The sensitivity analysis below has been determined based on reasonably possible changes in key assumptions occurring at the end of the reporting period. In each case the relevant change in assumption occurs in isolation from potential changes in other assumptions. In practice more than one variable is likely to change at the same time. The sensitivities have been calculated using the projected unit credit method.

Sensitivity of the Group's retirement benefit obligations to different actuarial assumptions

Assumptions	2025				2024			
	Sensitivity to increase in assumptions		Sensitivity to decrease in assumptions		Sensitivity to increase in assumption		Sensitivity to decrease in assumption	
	(Decrease)/ increase in obligations %	(Decrease)/ increase in obligations £m	Increase/ (decrease) in obligations %	Increase/ (decrease) in obligations £m	(Decrease)/ increase in obligations %	(Decrease)/ increase in obligations %	Increase/ (decrease) in obligations %	Increase/ (decrease) in obligations %
Discount rate (0.5% change)	(5.0)%	(124)	5.4%	136	(5.2)%	(132)	5.7%	145
Market expectation of RPI inflation (0.5% change)	3.5%	87	(3.7)%	(93)	3.6%	90	(3.7)%	(94)
Salary growth (0.5% change)	<0.1%	–	<(0.1)%	–	<0.1%	–	<(0.1)%	–
Life expectancy (1 year change)	4.0%	101	(4.2)%	(105)	3.7%	95	(3.8)%	(96)

Sensitivity of the Group's retirement benefit assets to changes in market conditions

	2025		2024	
	(Decrease)/ increase in assets %	(Decrease)/ increase in assets £m	(Decrease)/ increase in assets %	(Decrease)/ increase in assets %
Increase in interest rates (0.5%)	(4.9)%	(123)	(5.0)%	(127)
Increase in market expectation of RPI inflation (0.5%)	3.4%	85	3.4%	88

The asset sensitivities only take into account the impact of the changes in market conditions on bond-type assets. The value of the schemes' return-seeking assets is not directly correlated with movements in interest rates or RPI inflation.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

31 Retirement benefit assets and liabilities continued

31.2 IAS 19 accounting valuations continued

Year end historical information for the Group's retirement defined benefit schemes

	2025 £m	2024 £m	2023 £m	2022 £m	2021 £m
Present value of obligations	(2,533)	(2,569)	(2,856)	(2,803)	(4,201)
Fair value of assets	2,485	2,571	2,925	3,026	4,432
Surplus	(48)	2	69	223	231
Experience adjustment for obligations	(33)	(8)	(2)	21	1
Experience adjustment for assets	(54)	(337)	(106)	(1,368)	87
Total deficit funding	5	28	25	41	39

31.3 Latest formal triennial funding valuations

	Balfour Beatty Pension Fund £m	Railways Pension Scheme £m
Date of last formal triennial funding valuation	31/03/2025	31/12/2022
Scheme deficit		
Market value of assets	3,055	342
Present value of obligations	(3,062)	(342)
Surplus in defined benefit scheme	(7)	–
Funding level	99.8%	100.0%

32 Share capital

	2025		2024	
	Million	£m	Million	£m
Called-up share capital in issue	493	247	517	259

All issued ordinary shares are fully paid. Ordinary shares have a nominal value of £0.50 each and carry no right to fixed income but each share carries the right to one vote at general meetings of the Company. No ordinary shares were issued during the current or prior year.

In 2025 the Company commenced the fifth phase of its share buyback programme, which completed on 12 December 2025. The Company purchased 24.2m (2024: 27.1m) shares for a total consideration of £125m (2024: £100m) and held those shares in treasury with no voting rights. The purchase of those shares, together with associated fees and stamp duty amounting to £1m (2024: £1m), utilised £126m (2024: £101m) of the Company's distributable profits.

On 24 December 2025, the Company cancelled the 24.2m treasury shares purchased through the 2025 phase of its share buyback programme (2024: 27.1m). This cancellation resulted in a decrease in called-up share capital in issue of £12m (2024: £13m) and a corresponding increase in the capital redemption reserve.



33 Movements in equity

33.1 Group

	Called-up share capital 2025 £m	Share premium account 2025 £m	Capital redemption reserve 2025 £m	Share of joint ventures' and associates' reserves (Note 20.6) 2025 £m	Other reserves				Retained profits 2025 £m	Non- controlling interests 2025 £m	Total 2025 £m
					Hedging reserves 2025 £m	PPP financial assets 2025 £m	Currency translation reserve 2025 £m	Other ^μ 2025 £m			
At 1 January 2025	259	176	87	(64)	(4)	(1)	121	46	501	9	1,130
Profit for the year	-	-	-	64	-	-	-	-	199	1	264
Currency translation differences	-	-	-	(13)	-	-	(19)	-	-	-	(32)
Actuarial movements on retirement benefit assets/liabilities	-	-	-	1	-	-	-	-	(62)	-	(61)
Fair value revaluations											
– PPP financial assets	-	-	-	8	-	-	-	-	-	-	8
– cash flow hedges	-	-	-	8	-	-	-	-	-	-	8
– investments in mutual funds measured at fair value through OCI	-	-	-	-	-	-	-	1	-	-	1
Recycling of reserves to income statement	-	-	-	24	-	-	-	-	-	-	24
Tax on items recognised in other comprehensive income	-	-	-	(4)	-	-	-	-	15	-	11
Total comprehensive income/(loss) for the year	-	-	-	88	-	-	(19)	1	152	1	223
Ordinary dividends	-	-	-	-	-	-	-	-	(64)	(1)	(65)
Joint ventures' and associates' dividends	-	-	-	(59)	-	-	-	-	59	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	(126)	-	(126)
Cancellation of ordinary shares	(12)	-	12	-	-	-	-	-	-	-	-
Movements relating to share-based payments ⁺	-	-	-	-	-	-	-	2	(12)	-	(10)
Movements relating to disposals of joint ventures and associates	-	-	-	4	-	-	-	-	(4)	-	-
At 31 December 2025	247	176	99	(31)	(4)	(1)	102	49	506	9	1,152

^μ Other reserves include £22m of special reserve.

⁺ Movements relating to share-based payments include a £5m tax credit recognised directly within retained profits.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

33 Movements in equity continued

33.1 Group continued

	Called-up share capital 2024 £m	Share premium account 2024 £m	Capital redemption reserve 2024 £m	Share of joint ventures' and associates' reserves (Note 20.6) 2024 £m	Other reserves				Retained profits 2024 £m	Non- controlling interests 2024 £m	Total 2024 £m
					Hedging reserves 2024 £m	PPP financial assets 2024 £m	Currency translation reserve 2024 £m	Other ^μ 2024 £m			
At 1 January 2024	272	176	74	(27)	(5)	1	115	46	546	10	1,208
Profit for the year	-	-	-	59	-	-	-	-	119	-	178
Currency translation differences	-	-	-	3	-	-	6	-	-	-	9
Actuarial movements on retirement benefit assets/liabilities	-	-	-	-	-	-	-	-	(102)	-	(102)
Fair value revaluations											
– PPP financial assets	-	-	-	(48)	-	(2)	-	-	-	-	(50)
– cash flow hedges	-	-	-	10	1	-	-	-	-	-	11
– investments in mutual funds measured at fair value through OCI	-	-	-	-	-	-	-	2	-	-	2
Tax on items recognised in other comprehensive income	-	-	-	10	-	-	-	-	26	-	36
Total comprehensive income/(loss) for the year	-	-	-	34	1	(2)	6	2	43	-	84
Ordinary dividends	-	-	-	-	-	-	-	-	(61)	(1)	(62)
Joint ventures' and associates' dividends	-	-	-	(71)	-	-	-	-	71	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	(101)	-	(101)
Cancellation of ordinary shares	(13)	-	13	-	-	-	-	-	-	-	-
Movements relating to share-based payments ⁺	-	-	-	-	-	-	-	(2)	3	-	1
At 31 December 2024	259	176	87	(64)	(4)	(1)	121	46	501	9	1,130

^μ Other reserves include £22m of special reserve.

⁺ Movements relating to share-based payments include a £4m tax credit recognised directly within retained profits.



33 Movements in equity continued

33.2 Company

	Called-up share capital £m	Share premium account £m	Capital redemption reserve £m	Other reserves		Retained profits £m	Total £m
				Special reserve £m	Other £m		
At 1 January 2024	272	176	74	22	127	659	1,330
Profit for the year	-	-	-	-	-	135	135
Currency translation differences	-	-	-	-	-	2	2
Total comprehensive profit for the year	-	-	-	-	-	137	137
Ordinary dividends	-	-	-	-	-	(61)	(61)
Purchase of treasury shares	-	-	-	-	-	(101)	(101)
Cancellation of ordinary shares	(13)	-	13	-	-	-	-
Movements relating to share-based payments*	-	-	-	-	8	(11)	(3)
At 31 December 2024	259	176	87	22	135	623	1,302
Profit for the year	-	-	-	-	(1)	136	135
Currency translation differences	-	-	-	-	-	(2)	(2)
Total comprehensive profit for the year	-	-	-	-	(1)	134	133
Ordinary dividends	-	-	-	-	-	(64)	(64)
Purchase of treasury shares	-	-	-	-	-	(126)	(126)
Cancellation of ordinary shares	(12)	-	12	-	-	-	-
Movements relating to share-based payments*	-	-	-	-	13	(28)	(15)
At 31 December 2025	247	176	99	22	147	539	1,230

+ Movements relating to share-based payments include Enil tax credit (2024: Enil) recognised directly within retained profits.

As permitted under Section 408 of the Companies Act 2006, the Company has elected not to present its statement of comprehensive income (including the profit and loss account) for the year. Balfour Beatty plc reported a profit for the financial year ended 31 December 2025 of £135m (2024: £135m).

During the year, £126m of the Company's distributable profits were utilised for the purchase of shares into treasury (2024: £101m) and 24.2m (2024: 27.1m) treasury shares were cancelled. See Note 32.

The majority of the retained profits of Balfour Beatty plc are distributable. By special resolution on 13 May 2004, confirmed by the court on 16 June 2004, the share premium account was reduced by £181m and the £4m capital redemption reserve was cancelled, effective on 25 June 2004, and a special reserve of £185m was created. This reserve becomes distributable to the extent of future increases in share capital and share premium account, of which Enil occurred in 2025 (2024: Enil).



34 Notes to the statement of cash flows continued

34.2 Cash and cash equivalents

	2025		2024	
	Group £m	Company £m	Group £m	Company £m
Cash and deposits	1,191	202	1,084	218
Term deposits	476	461	209	200
Cash balances within infrastructure concessions	193	–	265	–
Bank overdrafts	(68)	–	(185)	(171)
	1,792	663	1,373	247

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term, highly liquid investments with original maturities of less than three months.

34.3 Analysis of movements in borrowings

	Infrastructure concessions non-recourse project finance £m	US private placement £m	Bank overdrafts £m	Total £m
At 1 January 2024	(570)	(162)	(104)	(836)
Currency translation differences	(1)	(4)	–	(5)
Proceeds of loans	(36)	(39)	(185)	(260)
Repayments of loans	9	40	104	153
Arrangement fees	3	–	–	3
Amortisation of fair value adjustment on loan	(5)	–	–	(5)
At 31 December 2024	(600)	(165)	(185)	(950)
Currency translation differences	4	12	–	16
Proceeds of loans	(22)	–	(68)	(90)
Repayments of loans – other	8	–	185	193
Repayment of loan – disposal of Foundry Court (Note 35.2.3)	22	–	–	22
Loan indexation	(11)	–	–	(11)
Amortisation of fair value adjustment on loan	(5)	–	–	(5)
At 31 December 2025	(604)	(153)	(68)	(825)

The Group retains its core Revolving Credit Facility (RCF) with a maturity of June 2028. The RCF remains a Sustainability Linked Loan (SLL) and the Group continues to be incentivised to deliver annual measurable performance improvement in three key areas: Carbon Emissions, Social Value generation and an independent Environmental, Social and Governance (ESG) rating score. The RCF remained undrawn at 31 December 2025.

The Group retains an additional £30m bilateral committed facility that has materially the same terms and conditions as the RCF, with a maturity of December 2027. The facility is also an SLL, including metrics that mirror the RCF. As of 31 December 2025, the facility remained undrawn.

The US private placement (USPP) notes are comprised of a series of US-denominated loan notes with a weighted average maturity of 4.9 years and an average coupon rate of 6.5% per annum. The earliest maturity for these notes will be in June 2027 for US\$35m.

35 Acquisitions and disposals

35.1 Current and prior year acquisitions

There were no acquisitions in 2025.

In 2024, the Group acquired an additional 17% of Denver Transit Operators LLC (DTO), an existing joint venture of the Group, for a purchase price of £6m, which increased the Group's holding in this joint venture to 50%. The Group continues to apply equity-method accounting for DTO and has recognised a customer contract intangible asset of £9m as a result of this acquisition. Refer to Note 20.2.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

35 Acquisitions and disposals continued

35.2 Current year disposals

Notes	Disposal date	Entity/asset	Structure of sale	Percentage disposed %	Cash consideration £m	Net (assets)/ liabilities disposed £m	Amount recycled from reserves £m	Direct cost incurred £m	Underlying gain £m	Non-underlying gain £m
35.2.1	1 August 2025	Omnicom Balfour Beatty	Asset sale	n/a	24	2	–	(3)	–	23
35.2.2	30 September 2025	Paces Brook [^]	Asset sale	n/a	5	(1)	–	–	4	–
35.2.3	18 December 2025	Foundry Courtyard (Kennedy Street)	Asset sale	n/a	48	(25)	–	–	23	–
35.2.4	19 December 2025	Sunderland Street Lighting, South Tyneside Street Lighting, Coventry Street Lighting, Cambridgeshire Street Lighting and Northamptonshire Street Lighting projects [#]	Equity sale	20% respectively	7	(7)	–	–	–	–
35.2.5	19 December 2025	Connect CNDR Ltd [#]	Equity sale	25%	6	(6)	1	–	1	–
35.2.6	23 December 2025	Gwynt y Môr, Humber Gateway & Thanet offshore transmission projects [#]	Equity sale	60%; 20%; 20% respectively	74	(43)	(25)	–	6	–
35.2.7		Other [#]		n/a	2	–	–	–	2	–
					166	(80)	(24)	(3)	36	23
		Less: Repayment of debt following disposal of Foundry Courtyard			(22)					
		Less: Cash proceeds not included in the Directors' valuation ⁺			(24)					
		Disposal proceeds per the Directors' valuation (page 33)			120					

Disposal of joint venture.

[^] Disposal of asset within a joint venture entity.

⁺ The Directors' valuation does not include proceeds in relation to the Group's sale of Omnicom Balfour Beatty.

[~] Proceeds from the sale within joint venture entities are included within Dividends received from joint ventures and associates – Infrastructure Investments and within Return of equity from joint ventures and associates in the statement of cash flows.

35.2.1 On 1 August 2025, the Group completed the disposal of Omnicom Balfour Beatty, its specialist rail measurement hardware and intelligent software business, for a consideration of £24m to Hitachi Rail. After deducting cost of disposal, the Group recorded a gain on disposal of £23m within its non-underlying results in the year. Refer to Note 10.2.3.

35.2.2 On 30 September 2025, the Group disposed of its Paces Brook asset, a 260-unit multifamily residential project located in Columbia, South Carolina, for a cash consideration of £5m. The asset disposal resulted in a gain of £4m being recognised in underlying operating profit.

35.2.3 On 18 December 2025, the Group disposed of its Foundry Courtyard (Kennedy Street) asset, a 536-bed student accommodation building located in Glasgow for a cash consideration of £48m. The asset disposal resulted in a gain of £23m being recognised in underlying operating profit.

35.2.4 On 19 December 2025, the Group disposed of its entire interest in five street lighting projects for a cash consideration of £7m. The infrastructure concession disposal resulted in a net gain of £nil being recognised in underlying operating profit, comprising a gain of £nil in respect of the investment in the joint ventures.

35.2.5 On 19 December 2025, the Group disposed of its 25% interest in Connect CNDR Ltd for a cash consideration of £6m. The infrastructure concession disposal resulted in a net gain of £1m being recognised in underlying operating profit, comprising a gain of £nil in respect of the Group's investment in the joint ventures of £8m and £2m of upstream loan from the joint venture, and a gain of £1m related to the recycling of revaluation reserves to the income statement.

35.2.6 On 23 December 2025, the Group disposed of its entire interest in its three offshore transmission projects for a cash consideration of £74m. The infrastructure concession disposal resulted in a net gain of £6m being recognised in underlying operating profit, comprising a gain of £31m in respect of the Group's investment in the joint ventures of £6m and £37m of accrued interest receivable from the joint venture, and a loss of £25m related to the recycling of revaluation reserves to the income statement.

35.2.7 In December 2024, the Group partially disposed of its interests in the four phases of its Northside at UTD portfolio, located in Richardson (Dallas), Texas. This partial disposal resulted in the Group retaining a 5% share in each of the phases. The Group received consideration of £43m and recognised an underlying gain of £43m in 2024.

35 Acquisitions and disposals continued

35.2 Current year disposals continued

As part of this disposal, the Group is entitled to receive additional proceeds over the next five years subject to certain conditions. At the time of the disposal, the Group did not include an estimate of this contingent consideration within its assessment of the gain on disposal as there was significant uncertainty as to whether these conditions would be met. At the half year, the Group received an additional £2m of proceeds. This additional gain of £2m has been recognised as an underlying gain consistent with the Group's treatment of the gain on disposal previously recognised. No further additional proceeds have been recognised in the Group's results at this stage and will only be recognised once further cash proceeds have been received.

35.3 Prior year disposals

During 2024, the Group partially disposed of one of its portfolio of Infrastructure Investments assets as detailed below. The gain recognised from the disposal is recorded within the Group's gain on disposal of interests in investments.

Notes	Disposal date	Entity/asset	Structure of sale	Percentage disposed %	Cash consideration £m	Net assets disposed £m	Amount recycled from reserves £m	Underlying gain £m
35.3.1	16 December 2024	Northside at UTD Phases 1 – 4 [#]	Equity interest sale	5% – 65%	43	–	–	43
					43	–	–	43

[#] Disposal of joint venture.

35.3.1 On 16 December 2024, the Group disposed of 5%, 5%, 65% and 60% of its interests respectively in the four phases of its Northside at UTD portfolio, which is located in Richardson (Dallas), Texas, for a cash consideration of £43m. The Group retains a 5% interest in all the entities within this portfolio. The disposal resulted in an underlying gain of £43m.

36 Share-based payments

The Company operates three equity-settled share-based payment arrangements, namely the Performance Share Plan (PSP), the Deferred Bonus Plan (DBP) and the Restricted Share Plan (RSP). The Group recognised total expenses relating to equity-settled share-based payment transactions of £16m (2024: £10m). Refer to the Remuneration report for details of the PSP and DBP schemes.

The Company also operates three cash-settled share-based payment arrangements, namely the Shadow PSP (SPSP), the Shadow RSP (SRSP) and the Shadow Deferred Bonus Plan (SDBP). These share-based payment arrangements mirror the conditions of the equity-settled PSP, RSP and DBP plans, the only difference being they are settled in cash. The Group recognised total expenses relating to cash-settled share-based payment transactions of £22m (2024: £16m).

Movements in share plans

Equity-settled share-based payment awards

	2025			2024		
	PSP conditional awards	DBP conditional awards	RSP conditional awards	PSP conditional awards	DBP conditional awards	RSP conditional awards
Number of awards						
Outstanding at 1 January	7,544,002	2,040,062	2,747,083	8,224,917	2,053,723	3,379,603
Granted during the year	4,594,453	571,490	565,747	2,467,740	595,706	743,784
Awards in lieu of dividends	286,812	40,114	50,262	–	62,168	87,033
Forfeited during the year	(644,849)	(31,859)	(176,657)	(626,202)	(124,033)	(230,607)
Exercised during the year	(3,141,847)	(841,357)	(1,183,344)	(2,522,453)	(547,502)	(1,232,730)
Outstanding at 31 December	8,638,571	1,778,450	2,003,091	7,544,002	2,040,062	2,747,083
Exercisable at 31 December	–	–	–	–	–	–
Weighted average remaining contractual life (years)	1.4	1.2	1.5	1.1	1.1	1.4
Weighted average share price at the date of exercise for awards exercised in the year (pence)	436.2	434.0	602.1	376.8	370.1	396.9



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

36 Share-based payments continued

Movements in share plans continued

Equity-settled share-based payment awards continued

The principal assumptions, including expected volatility determined from the historical weekly share price movements over the three-year period immediately preceding the award date, used by the consultants in the stochastic model for the 33.3% of the PSP awards granted in 2025 subject to market conditions, were:

Award date	Name of award	Number of awards	Closing share price on award date Pence	Expected volatility of shares %	Expected term of awards Years	Risk-free interest rate %	Calculated fair value of an award Pence
28 March 2025	PSP award	3,742,257	447.2	22.39%	3.0	4.03	287.0
8 September 2025	PSP award	263,338	618.5	27.03%	0.5	3.40	444.6
8 September 2025	PSP award	191,255	618.5	25.78%	1.5	4.13	421.2
8 September 2025	PSP award	397,643	618.5	22.39%	2.5	4.03	397.1

For the 66.7% of the PSP awards granted in 2025 subject to non-market conditions and for the DBP and RSP awards granted in 2025, the fair value of the awards is the closing share price on the date of grant.

Cash-settled share-based payment awards

	2025			2024		
	SPSP conditional awards	SDBP conditional awards	SRSP conditional awards	SPSP conditional awards	SDBP conditional awards	SRSP conditional awards
Number of awards						
Outstanding at 1 January	6,607,721	1,217,898	1,204,233	6,488,988	1,250,240	1,235,902
Granted during the year	134,178	241,396	308,331	2,203,042	259,366	365,500
Awards in lieu of dividends	230,431	18,543	25,372	–	35,778	36,404
Forfeited during the year	(395,921)	(63,349)	(60,587)	(13,483)	–	(90,617)
Exercised during the year	(2,601,080)	(622,974)	(427,732)	(2,070,826)	(327,486)	(342,956)
Outstanding at 31 December	3,975,329	791,514	1,049,617	6,607,721	1,217,898	1,204,233
Exercisable at 31 December	–	–	–	–	–	–
Weighted average remaining contractual life (years)	0.76	1.15	1.54	1.18	0.94	1.59
Weighted average share price at the date of exercise for awards exercised in the year (pence)	436.2	434.0	626.1	380.9	382.9	367.4

As at 31 December 2025, the Group's liability in respect of outstanding cash-settled share-based payment awards amounted to £27m (2024: £21m). This liability has been recorded within accruals.

37 Commitments

Capital expenditure authorised and contracted for which has not been provided for in the financial statements amounted to £9m (2024: £11m) in the Group and £nil (2024: £nil) in the Company.

The Group has committed to provide its share of further equity funding and subordinated debt in Infrastructure Investments projects which have reached financial close. Refer to Note 42(f).

38 Contingent liabilities

The Company and certain subsidiary undertakings have, in the normal course of business, given guarantees and entered into counter-indemnities in respect of bonds relating to the Group's own contracts and given guarantees in respect of their share of certain contractual obligations of joint ventures and associates and certain retirement benefit liabilities of the Balfour Beatty Pension Fund and the Railways Pension Scheme. Guarantees are treated as contingent liabilities until such time as it becomes probable payment will be required under the terms of the guarantee.

Provision has been made for the Directors' best estimate of known legal claims, investigations and legal actions in progress. This includes, but is not limited to, any new claims that may arise relating to fire safety regulations under the Building Safety Act. The Group assesses the likelihood of success of claims, actions or ongoing investigations, taking into consideration any legal advice received. No provision is made where the Directors consider that the action is unlikely to succeed, or that the Group cannot make a sufficiently reliable estimate of the potential obligation. However, in certain cases where assessments are ongoing and the Group cannot yet conclude whether it is probable the claim is valid, a possible obligation may exist at 31 December 2025. In respect of these cases, it is not practicable to estimate the financial effect based on the current status of the assessments.

39 Events after the reporting date

In the period from 1 January 2026 to 9 March 2026 (the latest practicable date prior to the date of this Annual Report and Accounts), the Company purchased 3.1m ordinary shares, which are held in treasury with no voting rights, for a total consideration of £23m (including stamp duty and fees).

In early 2026, the Group reached agreement with the trustees of the Balfour Beatty Pension Fund (BBPF) over the triennial valuation of the Defined Benefit section of the BBPF as at 31 March 2025. The Group made a one-off contribution of £30m in February 2026, as stipulated in the recent agreement, and no further contributions are expected to be made.

The Company and the trustees have agreed that once the Defined Benefit section moves into surplus as measured on an agreed set of parameters, further surplus can be used by the Company to meet its existing obligations to the Defined Contribution section of the BBPF. Given the current strong position of the BBPF, the Group is expecting to start receiving a cash benefit from the surplus by 2027. In certain circumstances, were the funding level in the Defined Benefit section to fall below certain pre-agreed thresholds, surplus offset in this way would need to be repaid to the Defined Benefit section by the Company.

40 Related party transactions

Joint ventures and associates

The Group has contracted with, provided services to, and received management fees from, certain joint ventures and associates amounting to £466m (2024: £438m). These transactions occurred in the normal course of business at market rates and terms. In addition, the Group procured equipment and labour on behalf of certain joint ventures and associates which were recharged at cost with no mark-up. The amounts due from or to joint ventures and associates at the reporting date are disclosed in Notes 25 and 26 respectively.

Transactions with non-Group members

The Group also entered into transactions and had amounts outstanding with related parties which are not members of the Group as set out below. This company was a related party as it was controlled, jointly controlled or under significant influence by a Director of Balfour Beatty plc.

	2025 £m	2024 £m
Site Assist Software Limited⁺		
Purchase of services	1	1

⁺ Transactions disclosed with Site Assist Software Limited relate to the period from 1 January 2025 to 8 September 2025. After this date the company ceased to be a related party of the Group due to Leo Quinn stepping down from the role of Group Chief Executive.

All transactions with this related party were conducted on normal commercial terms, equivalent to those conducted with external parties. No guarantees have been given or received. No expense has been recognised in the year for bad or doubtful debts in respect of amounts owed by this related party.

Compensation of key management personnel of the Company

	2025 £m	2024 £m
Short-term benefits	3.868	3.409
Share-based payments	5.054	2.420
	8.922	5.829

Key management personnel comprise the executive Directors who are directly responsible for the Group's activities and the Non-executive Directors. The compensation included above is in respect of the period of the year during which the individuals were Directors. Further details of Directors' emoluments, post-employment benefits and interests are set out in the Remuneration report on pages 130 to 160.

During 2025, a member of the Group's staff was seconded on a full-time basis to The 5% Club, a charity which is a dynamic movement of employer-members working to create a shared prosperity across the UK by driving 'earn and learn' skills training. The expense for the salary cost was borne by the Group and no consideration was received in return. The 5% Club ceased to be a related party to the Group after Leo Quinn stepped down from his role as Group Chief Executive on 8 September 2025.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

41 Financial instruments

Capital risk management

The Group manages its capital to ensure its ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital. The components of capital are as follows: equity attributable to equity holders of the Company comprising issued ordinary share capital, reserves and retained earnings as disclosed in Notes 32 and 33; US private placement as disclosed in Note 28; and cash and cash equivalents and borrowings as disclosed in Note 28.

The Group maintains or adjusts its capital structure through the payment of dividends to equity holders, issue of new shares and buyback of existing shares, and drawdown of new borrowings and repayment of existing borrowings. The policy of the Group is to ensure an appropriate balance between cash, borrowings (other than the non-recourse borrowings of companies engaged in Infrastructure Investments projects), working capital and the value in the Infrastructure Investments investment portfolio.

The overall capital risk management strategy of the Group remains unchanged from 2024.

In 2025 the Company commenced the fifth phase of its share buyback programme, which completed on 12 December 2025. The Company purchased 24.2m (2024: 27.1m) shares for a total consideration of £125m (2024: £100m) and held these shares in treasury with no voting rights. The purchase of these shares, together with associated fees and stamp duty amounting to £1m (2024: £1m), utilised £126m (2024: £101m) of the Company's distributable profits.

On 24 December 2025, the Company cancelled the 24.2m treasury shares purchased through the 2025 phase of its share buyback programme (2024: 27.1m). This cancellation resulted in a decrease in called-up share capital in issue of £12m (2024: £13m) and a corresponding increase in the capital redemption reserve.

Categories of financial instruments

	2025				2024				
	Loans and receivables at amortised cost, cash and deposits £m	Financial liabilities at amortised cost £m	Financial assets at fair value through OCI £m	Financial assets at fair value through P&L £m	Loans and receivables at amortised cost, cash and deposit £m	Financial liabilities at amortised cost £m	Financial assets at fair value through OCI £m	Financial assets at fair value through P&L £m	Derivatives £m
Financial assets									
Mutual funds	–	–	16	–	–	–	20	–	–
Other investment assets	–	–	–	2	–	–	–	4	–
PPP financial assets	–	–	18	–	–	–	21	–	–
Cash and deposits	1,860	–	–	–	1,558	–	–	–	–
Trade and other receivables [^]	1,359	–	–	–	1,360	–	–	–	–
Total	3,249	–	34	2	2,918	–	41	4	–
Financial liabilities									
Trade and other payables	–	(1,914)	–	–	–	(1,734)	–	–	–
Unsecured borrowings	–	(221)	–	–	–	(350)	–	–	–
Infrastructure concessions non-recourse term loans	–	(604)	–	–	–	(600)	–	–	–
Derivatives	–	–	–	–	–	–	–	–	(1)
Total	–	(2,739)	–	–	–	(2,684)	–	–	(1)
Net	3,249	(2,739)	34	2	2,918	(2,684)	41	4	(1)
Current year comprehensive income/(loss) excluding share of joint ventures and associates	77	(30)	1	–	63	(29)	2	(2)	1

[^] Contract fulfilment assets have been presented as a non-financial asset in 2025. This was previously presented as a financial asset in 2024 and has not been re-presented in the comparative period as the Directors do not consider this to be material. Refer to Note 25.



41 Financial instruments continued

Derivatives

	Financial liabilities 2025			Financial liabilities 2024		
	Current £m	Non-current £m	Total £m	Current £m	Non-current £m	Total £m
Forward exchange contracts						
Held for trading at fair value through income statement	–	–	–	–	(1)	(1)
	–	–	–	–	(1)	(1)

Non-derivative financial liabilities gross maturity

The following table details the remaining contractual maturity for the Group's non-derivative financial liabilities. The table reflects the undiscounted contractual maturities of the financial liabilities including interest that will accrue on those liabilities except where the Group is entitled to and intends to repay the liability before its maturity. At 31 December 2025, the Group does not intend to repay any of these liabilities earlier than their contractual maturity dates. Settlement of loans for non-recourse project finance may be subject to the Group's disposal plans for its Infrastructure Investment assets; however, this is not reflected in the table below.

Maturity profile of the Group's non-derivative financial liabilities at 31 December

	2025							2024+						
	Non-recourse project finance £m	Other borrowings £m	Other financial liabilities £m	Total non- derivative financial liabilities £m	Discount £m	Future interest payments £m	Carrying value £m	Non-recourse project finance £m	Other borrowings £m	Other financial liabilities £m	Total non- derivative financial liabilities £m	Discount £m	Future interest payments £m	Carrying value £m
Due on demand or within one year	(49)	(78)	(1,824)	(1,951)	2	20	(1,929)	(23)	(196)	(1,655)	(1,874)	1	22	(1,851)
Due within one to two years	(73)	(35)	(70)	(178)	3	19	(156)	(69)	(11)	(36)	(116)	3	21	(92)
Due within two to five years	(172)	(78)	(19)	(269)	11	42	(216)	(205)	(117)	(42)	(364)	14	51	(299)
Due after more than five years	(914)	(79)	(1)	(994)	368	188	(438)	(921)	(90)	(1)	(1,012)	372	198	(442)
	(1,208)	(270)	(1,914)	(3,392)	384	269	(2,739)	(1,218)	(414)	(1,734)	(3,366)	390	292	(2,684)
Discount	384	–	–	384				390	–	–	390			
Future interest payments	220	49	–	269				228	64	–	292			
Carrying value	(604)	(221)	(1,914)	(2,739)				(600)	(350)	(1,734)	(2,684)			

+ Re-presented to include and separately disclose future interest payments in the maturity profile.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

41 Financial instruments continued

Derivative financial liabilities gross maturity

The following table details the Group's expected maturity for its derivative financial liabilities. The table reflects the undiscounted net cash inflows/(outflows) on the derivative instruments that settle on a net basis (interest rate swaps) and undiscounted gross inflows/(outflows) for those derivatives that are settled on a gross basis (foreign exchange contracts). When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates, using the yield curves at the reporting date.

Maturity profile of the Group's derivatives at 31 December

	2025			2024		
	Payable £m	Receivable £m	Net payable £m	Payable £m	Receivable £m	Net payable £m
Due on demand or within one year	(9)	9	–	(37)	36	(1)
Due within one to two years	–	–	–	(7)	6	(1)
Due within two to five years	–	–	–	–	–	–
Total	(9)	9	–	(44)	42	(2)

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk; credit risk; and liquidity risk. The Group's financial risk management strategy seeks to minimise the potential adverse effect of these risks on the Group's financial performance.

Financial risk management is carried out centrally by Group Treasury under policies approved by the Board. Group Treasury liaises with the Group's business units to identify, evaluate and hedge financial risks. The Board provides written principles for overall financial risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is monitored through the Group's internal audit and risk management procedures. The Group uses derivative financial instruments to hedge certain risk exposures. The Group does not trade in financial instruments, including derivative financial instruments, for speculative purposes.

(a) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:

- ▶ forward foreign exchange contracts to hedge the exchange rate risk arising on trading activities transacted in a currency that is not the functional currency of the business unit; and

- ▶ interest rate swaps to mitigate the cash flow variability in non-recourse project finance loans arising from variable interest rates on borrowings.

There has been no material change to the Group's exposure to market risks and there has been no change in how the Group manages those risks since 2024.

(i) Foreign currency risk management

The Group operates internationally and is exposed to foreign exchange risk arising from exposure to various currencies, primarily to US dollars, euros and Hong Kong dollars. Foreign exchange risk arises from future trading transactions, assets and liabilities and net investments in foreign operations.

Group policy requires business units to manage their transactional foreign exchange risk against their functional currency. Whenever a current or future foreign currency exposure is identified with sufficient reliability, Group Treasury enters into forward contracts on behalf of business units to cover 100% of foreign exchange risk above materiality levels determined by the Chief Financial Officer.

As at 31 December 2025, the notional principal amounts of foreign exchange contracts in respect of foreign currency transactions where hedge accounting is not applied was £9m (2024: £42m) receivable and £9m (2024: £44m) payable with related cash flows expected to occur within one year (2024: two years). The foreign exchange gains or losses resulting from fair valuing these unhedged foreign exchange contracts will affect the income statement throughout the same periods.

The Group has not designated any forward exchange contracts as cash flow hedges in 2024 and 2025.

The Group's investments in foreign operations are exposed to foreign currency translation risks. The Group does not enter into forward foreign exchange or other derivative contracts to hedge foreign currency denominated net assets.

At 31 December 2025, the Group held US\$208m of debt in the form of US private placement (USPP) notes. The USPP notes are designated as a net investment hedge against changes in the value of the Group's US net assets due to exchange movements. The Group reassessed the US\$208m hedge at 31 December 2025 and concluded that the hedge continued to be effective. Exchange movements in the year led to a £12m decrease in the carrying amount of the liability on the Group's balance sheet (2024: £4m increase). A 5% increase/decrease in the US dollar to sterling exchange rate would lead to a £7m decrease (2024: £8m)/£8m increase (2024: £9m) in the carrying amount of the liability on the Group's balance sheet, with the movement recognised in other comprehensive income.

The hedging policy is reviewed periodically. At the reporting date there had been no change to the hedging policy since 2024.

(ii) Interest rate risk management

Interest rate risk arises in the Group's non-recourse project companies which borrow funds at both floating and fixed interest rates and hold financial assets measured at fair value through OCI. Floating rate borrowings expose the Group to cash flow interest rate risk. The Group's policy to manage this risk is to swap floating rate interest to fixed rate, using interest rate swap contracts.

In an interest rate swap, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. The net effect of a movement in interest rates on income would be immaterial. The fair value of interest rate swaps is determined by discounting the future cash flows using the yield curve at the reporting date.

41 Financial instruments continued

Financial risk factors continued

(a) Market risk continued

(ii) Interest rate risk management continued

During 2025 and 2024, the Group's non-recourse project subsidiaries' borrowings at variable rates of interest were denominated in sterling. The notional principal amounts of the subsidiaries' interest rate swaps outstanding at 31 December 2025 totalled £12m (2024: £17m) with maturities that match the maturity of the underlying borrowings of six years. At 31 December 2025, the fixed interest rate was 5.1% (2024: 5.1%) and the principal floating rates are SONIA plus a fixed margin. A 50 basis point increase/decrease in the interest rate on floating rate borrowings for interest rate swaps would lead to a £nil increase (2024: £nil)/£nil decrease (2024: £nil) in amounts taken directly to other comprehensive income by the Group in relation to the Group's exposure to interest rates on the PPP financial assets and cash flow hedges of its Infrastructure Investments subsidiaries.

Interest rate risk also arises on the Group's cash and cash equivalents, term deposits and other borrowings. Other than the non-recourse project subsidiaries' borrowings at variable rates of interest, all the debt of the Group is held at fixed interest rates. A 50 basis point increase/decrease in the interest rate of each currency in which these financial instruments are held would lead to an £8m decrease (2024: £7m)/£8m increase (2024: £7m) in the Group's net finance cost.

(iii) Price risk management

The Group's principal price risk exposure arises in its Infrastructure Investments concessions. At the commencement of the concession, an element of the unitary payment by the customer is indexed to offset the effect of inflation on the concession's costs. The Group is exposed to price risk to the extent that inflation differs from the index used.

(b) Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations, resulting in financial loss. Credit risk arises from cash and deposits, derivative financial instruments, loans provided to joint ventures and associates and credit exposures to customers, including outstanding receivables and committed transactions. The Group has a policy of assessing the creditworthiness of potential customers before entering into transactions set by the Board for the Group.

For cash and deposits and derivative financial instruments, the Group has a policy of only using counterparties that are independently rated with a minimum long-term credit rating of BBB- and at 31 December 2025 this criterion was met (2024: BBB-). The credit rating of a financial institution will determine the amount and duration for which funds may be deposited under individual risk limits set by the Board for the Group and subsidiary companies. Management monitors the utilisation of these credit limits regularly.

For trade and other receivables, credit evaluation is performed on the financial condition of accounts receivable using independent ratings where available or by assessment of the customer's credit quality based on its financial position, past experience and other factors. The Group's most significant customers are public or regulated industry entities which generally have high credit ratings or are of a high credit quality due to the nature of the customer. As such, the Group does not expect material credit losses to occur on balances owed to the Group by its public or regulated customers. This is in line with the Group's experience in the past of recovering balances owed by these customers.

The Group is exposed to credit risk on loans provided to joint ventures and associates and accrued interest on those loans, as the repayment of these amounts is contingent on the performance of the underlying concession or operation. In the Infrastructure Investments segment the concessions are typically financed by a combination of non-recourse external borrowings and subordinated loans provided by the joint venture partners. The Group assesses any expected credit losses on its loans provided to joint ventures and associates by comparing the carrying value of the relevant investment in joint venture or associate balance (which includes the loans provided and any accrued interest) to future cash flows expected to be received from the joint venture or associate, discounted where appropriate.

The maximum exposure to credit risk in respect of the above at the reporting date is the carrying value of financial assets recorded in the financial statements, net of any allowance for losses.

There has been no material change to the Group's exposure to credit risks and there has been no change in how the Group manages those risks since 2024.

(c) Liquidity risk

The Group manages liquidity risk by maintaining adequate cash balances and banking facilities, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Details of undrawn committed borrowing facilities are set out in Note 28.1. The maturity profile of the Group's financial liabilities is set out on page 241.

There has been no material change to the Group's exposure to liquidity risks and there has been no change in how the Group manages those risks since 2024.

Fair value estimation

The Group holds certain financial instruments on the balance sheet at their fair values. The following hierarchy classifies each class of financial asset or liability in accordance with the valuation technique applied in determining its fair value.

There have been no transfers between these categories during 2025 or 2024.

Level 1 – The fair value is calculated based on quoted prices traded in active markets for identical assets or liabilities.

The Group holds investments in mutual funds measured at fair value through OCI which are traded in active markets and valued at the closing market price at the reporting date.

Level 2 – The fair value is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows utilising yield curves at the reporting date and taking into account own credit risk. Own credit risk for Infrastructure Investments' swaps is not material and is calculated using the following credit valuation adjustment (CVA) calculation: loss given default multiplied by exposure multiplied by probability of default.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED**41 Financial instruments** continued**Financial risk factors** continued**(c) Liquidity risk** continued**Fair value estimation** continued

The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the reporting date and yield curves derived from quoted interest rates matching the maturities of the foreign exchange contracts. Own credit risk for the other derivative liabilities is not material and is calculated by applying a relevant credit default swap (CDS) rate obtained from a third party.

Level 3 – The fair value is based on unobservable inputs.

The fair value of the Group's PPP financial assets is determined in the construction phase by applying an attributable profit margin by reference to the construction margin on non-PPP projects reflecting the construction risks retained by the construction contractor, and fair value of construction services performed. In the operational phase it is determined by discounting the future cash flows allocated to the financial asset at a discount rate which is based on long-term gilt rates adjusted for the risk levels associated with the assets, with market-related movements in fair value recognised in other comprehensive income and other movements recognised in the income statement. Amounts originally recognised in other comprehensive income are transferred to the income statement upon disposal of the asset.

A change in the discount rate would have a significant effect on the value of the asset and a 75 basis point increase/decrease (2024: 50 basis point increase/decrease), which represents management's assessment of a reasonably possible change in the risk-adjusted discount rate, would lead to a £nil decrease (2024: £nil)/£1m increase (2024: £nil) in the fair value of the assets taken through equity. Refer to Note 22 for a reconciliation of the movement from the opening balance to the closing balance.

For PPP financial assets held in joint ventures and associates, a change in the discount rate by a 75 basis point increase/decrease (2024: 50 basis point increase/decrease), which represents management's assessment of a reasonably possible change in the risk-adjusted discount rate, would lead to a £24m decrease (2024: £21m)/£27m increase (2024: £21m) in the fair value of the assets taken through equity within the share of joint ventures' and associates' reserves.

	2025				2024			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial instruments at fair value								
Investments in mutual fund financial assets	16	–	–	16	20	–	–	20
PPP financial assets	–	–	18	18	–	–	21	21
Other investment assets	–	–	2	2	–	–	4	4
Total assets measured at fair value	16	–	20	36	20	–	25	45
Financial liabilities – forward exchange contracts	–	–	–	–	–	(1)	–	(1)
Total liabilities measured at fair value	–	–	–	–	–	(1)	–	(1)



42 Principal subsidiaries, joint ventures and associates

(a) Principal subsidiaries

	Country of incorporation or registration
Construction and Support Services	
Balfour Beatty Group Ltd	
Balfour Beatty Construction Group Inc	US
Balfour Beatty Infrastructure Inc	US
Infrastructure Investments	
Balfour Beatty Communities LLC	US
Balfour Beatty Infrastructure Investments Ltd*	
Balfour Beatty Investments Inc	US
Balfour Beatty Campus Solutions LLC	US
Balfour Beatty Developments Inc	US
Other	
Balfour Beatty Holdings Inc	US

(b) Principal joint ventures and associates

	Country of incorporation or registration	Ownership interest %
Construction and Support Services		
Gammon China Ltd	Hong Kong	50.0
Infrastructure Investments		
Connect Plus (M25) Ltd		15.0

(c) Principal joint operations

The Group carries out a number of its larger contracts in joint arrangements with other contractors so as to share resources and risk. The principal joint projects in progress during the year are shown below.

	Country of incorporation or registration	Ownership interest %
M25 Maintenance		52.5
HS2 – Area North		50.0
Central Rail Systems Alliance		40.0
Old Oak Common		42.0
Eccles/1951 Renovation and Expansion Project	US	50.0
Microsoft Campus Redevelopment	US	50.0
Knox Street Development	US	55.0
Interstate 635 LBJ East	US	45.0

Notes

- (i) Subsidiaries, joint ventures and associates whose results did not, in the opinion of the Directors, materially affect the results or net assets of the Group are not shown.
- (ii) Unless otherwise stated, 100% of the equity capital is owned and companies are registered in England and Wales and the principal operations of each company are conducted in the country of incorporation.

* Indicates held directly by Balfour Beatty plc.

A full list of the Group's related undertakings is included in Note 44.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

42 Principal subsidiaries, joint ventures and associates continued

(d) Balfour Beatty Investments UK

Roads

Balfour Beatty is a promoter, developer and investor in six road and street lighting projects to construct new roads, to upgrade and maintain existing roads and to replace and maintain street lighting. The principal contract is the project agreement with the governmental highway authority. All assets transfer to the customer at the end of the concession.

Concession company ⁽ⁱ⁾	Project	Total debt and equity funding £m	Shareholding	Method of accounting	Financial close	Duration years	Construction completion
Connect M1-A1 Ltd ⁽ⁱⁱ⁾	30km road	290	20%	JV	March 1996	30	1999
Connect A50 Ltd ⁽ⁱⁱ⁾	57km road	42	25%	JV	May 1996	30	1998
Connect A30/A35 Ltd ⁽ⁱⁱ⁾	102km road	127	20%	JV	July 1996	30	2000
Connect M77/GSO plc ⁽ⁱⁱ⁾	25km road	167	85%	JV	May 2003	32	2005
Connect Roads Derby Ltd	Streetlighting	36	100%	Subsidiary	April 2007	25	2012
Connect Plus (M25) Ltd ⁽ⁱⁱ⁾	J16 – J23, J27 – J30 and A1(M) Hatfield Tunnel	1,309	15%	JV	May 2009	30	2012

Notes

(i) Registered in England and Wales and the principal operations of each company are in England and Wales, except Connect M77/GSO plc which is registered, and conducts its principal operations, in Scotland.

(ii) Due to the shareholders' agreement between Balfour Beatty and the other shareholder requiring unanimity of agreement in respect of significant matters related to the financial and operating policies of this company, the Directors have accounted for its interest in this company as a joint venture.

Healthcare

Balfour Beatty is a promoter, developer and investor in two healthcare projects to build hospital accommodation and to provide certain non-medical facilities management services over the concession period. The principal contract for Birmingham is the project agreement between the concession company and the NHS Trust and for the Irish primary care centres, the project agreement is with the Irish Government. All assets transfer to the customer at the end of the concession.

Concession company ⁽ⁱ⁾⁽ⁱⁱ⁾	Project	Total debt and equity funding £m	Shareholding	Method of accounting	Financial close	Duration years	Construction completion
Consort Healthcare (Birmingham) Ltd	Teaching hospital and mental health hospital	553	40%	JV	June 2006	40	2011
Healthcare Centres PPP Ltd	Primary health care centres	158	40%	JV	May 2016	26	2019

Notes

(i) Registered in England and Wales and the principal operations of each company are in England and Wales, except Healthcare Centres PPP Ltd which is registered, and conducts its principal operations, in Ireland.

(ii) Due to the shareholders' agreement between Balfour Beatty and the other shareholder requiring unanimity of agreement in respect of significant matters related to the financial and operating policies of this company, the Directors have accounted for its interest in this company as a joint venture.

42 Principal subsidiaries, joint ventures and associates continued

(d) Balfour Beatty Investments UK continued

Student accommodation

Balfour Beatty is a promoter, developer and investor in four student accommodation projects. Balfour Beatty also maintains and services the facilities within these projects until the end of the contracts. The principal agreement is between the concession company and the university and the assets transfer to the customer at the end of the concession.

Concession company ⁽ⁱ⁾	Project	Total debt and equity funding £m	Shareholding	Method of accounting	Financial close	Duration years	Construction completion
Holyrood Student Accommodation SPV Ltd ⁽ⁱⁱ⁾	Edinburgh	82	20%	JV	July 2013	50	2016
Aberystwyth Student Accommodation Ltd	Aberystwyth	51	100%	Subsidiary	July 2013	35	2015
East Slope Residencies Student Accommodation LLP	Sussex	218	80%	Subsidiary	March 2017	50	2020
West Slope Residencies LLP	Sussex	343	81%	Subsidiary	December 2023	50	2028

Notes

(i) Registered in England and Wales and the principal operations of each company are in England and Wales, except Holyrood Student Accommodation SPV Ltd which is registered, and conducts its principal operations, in Scotland.

(ii) Due to the shareholders' agreement between Balfour Beatty and the other shareholder requiring unanimity of agreement in respect of significant matters related to the financial and operating policies of this company, the Directors have accounted for its interest in this company as a joint venture.

Other concessions

Pevensey Coastal Defence Ltd (PCDL) has a 25-year contract with the Environment Agency to maintain a shingle bank sea defence in East Sussex which completed in 2025. The East Wick and Sweetwater development is a London Legacy Development Corporation project, being carried out in phases, which will result in the creation of two communities, East Wick and Sweetwater, at the Queen Elizabeth Olympic Park in London. With the exception of the Eastwick and Sweetwater project, all assets transfer to the customer at the end of the relevant concession.

Concession company ⁽ⁱ⁾⁽ⁱⁱ⁾	Project	Total debt and equity funding £m	Shareholding	Method of accounting	Financial close	Duration years	Construction completion
Pevensey Coastal Defence Ltd	Sea defences	3	25%	JV	July 2000	25	n/a
East Wick and Sweetwater Projects (Phase 1) Ltd	Property development	99	50%	JV	January 2019	6	2021
East Wick and Sweetwater Projects (Phase 2) Ltd	Property development	76	50%	JV	August 2023	3	2026

Notes

(i) Registered in England and Wales and the principal operations of each company are in England and Wales.

(ii) Due to the shareholders' agreement between Balfour Beatty and the other shareholder requiring unanimity of agreement in respect of significant matters related to the financial and operating policies of this company, the Directors have accounted for its interest in these companies as a joint venture.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

42 Principal subsidiaries, joint ventures and associates continued

(e) Balfour Beatty Investments North America

Military housing

Summary Balfour Beatty through its subsidiary Balfour Beatty Communities LLC is a manager, developer, and investor in a number of US military privatisation projects associated with a total of 55 US Government military bases which include 55 military family housing communities and one unaccompanied personnel housing community that are expected to contain approximately 43,000 housing units once development, construction and renovation are complete.

The projects comprise 11 military family housing privatisation projects with the United States Department of the Army (Army), seven projects with the United States Department of the Air Force (Air Force) and two projects with the United States Department of the Navy (Navy). In addition, there is one unaccompanied personnel housing (UPH) project with the Army at Fort Stewart.

Contractual arrangements The first phase of the project, known as the initial development period, covers the period of initial construction or renovation of military housing on a base, typically lasting three to eight years. With respect to Army and Navy projects, the Government becomes a member or partner of the project entity (Project LLC); the Air Force is not a named partner or member in Balfour Beatty Communities' Project LLCs, however it contributes a commitment to provide a Government direct loan to the Project LLC and has similar rights to share in distributions and cash flows of the Project LLC. On each project, the Project LLC enters into a ground lease with the Government, which provides the Project LLC with a leasehold interest in the land and title to the improvements on the land for a period of 50 years. Each of these military housing privatisation projects includes agreements covering the management, renovation, and development of existing housing units, as well as the development, construction, renovation and management of new units during the term of the project, which, in the case of the Army, could potentially extend for up to an additional 25 years. The 50-year duration of each project calls for continuous renovation, rehabilitation, demolition and reconstruction of housing units. At the end of the ground lease term the Project LLC's leasehold interest terminates and all project improvements on the land generally transfer to the Government.

Preferred returns The projects will typically receive, to the extent that adequate funds are available, an annual minimum preferred return. On most existing projects, this annual minimum preferred return ranges from 9% to 12% of Balfour Beatty Communities' initial equity contribution to the project.

Allocation of remaining operating cash flow Operating cash flow remaining after the annual minimum preferred return is paid is shared between Balfour Beatty Communities and the reinvestment account held by the project for the benefit of the Government. On most of the existing projects, the total amount that Balfour Beatty Communities is entitled to receive (inclusive of the preferred return) is generally capped at an annual modified rate of return, or cash-on-cash return, on its initial equity contribution to the project. Historically, these caps have ranged between approximately 9% to 18% depending on the particular project and the type of return (annual modified rates of return or cash-on-cash). However, in some of the more recent projects, there are either no annual caps or lower projected annual rates of return. The total capped return generally will include the annual minimum preferred return. The reinvestment account is an account established for the benefit of the military, but funds may be withdrawn for construction, development and renovation costs during the remaining life of a privatisation project upon approval by the applicable military service.

Return of equity Generally, at the end of a project term, any monies remaining in the reinvestment account are distributed to Balfour Beatty Communities and the Army, Navy or Air Force, in a predetermined order of priority. Typically these distributions will have the effect of providing the parties with sufficient funds to provide a minimum annual return over the life of the project and a complete return of the initial capital contribution. After payment of the minimum annual return and the return of a party's initial contribution, all remaining funds will typically be distributed to the applicable military service.

Military concession company⁽¹⁾	Projects	Total project funding US\$m	Financial close	Duration years	Construction completion
Military family housing					
Fort Carson Family Housing LLC	Army base	176	November 2003	46	2004
– Fort Carson expansion		130	November 2006	43	2010
– Fort Carson GTA expansion		99	April 2010	39	2013
– Fort Carson GTA II expansion		68	June 2015	34	2018
Stewart Hunter Housing LLC	Two Army bases	374	November 2003	50	2012
Fort Hamilton Housing LLC	Army base	61	June 2004	50	2009
Fort Detrick/Walter Reed Army Medical Center Housing LLC	Two Army bases	112	July 2004	50	2008
Northeast Housing LLC	Seven Navy bases	496	November 2004	50	2010



42 Principal subsidiaries, joint ventures and associates continued

(e) Balfour Beatty Investments North America continued

Military housing continued

	Projects	Total project funding US\$m	Financial close	Duration years	Construction completion
Military concession company⁽ⁱ⁾					
Fort Eustis/Fort Story Housing LLC	Two Army bases	175	March 2005	50	2011
– Fort Eustis expansion		8	July 2010	45	2011
– Fort Eustis – Marseilles Village		26	March 2013	42	2015
Fort Bliss/White Sands Missile Range Housing LP	Two Army bases	427	July 2005	50	2011
– Fort Bliss expansion		46	December 2009	46	2011
– Fort Bliss GTA expansion phase I		156	July 2011	44	2014
– Fort Bliss GTA expansion phase II		146	November 2012	43	2016
Fort Eisenhower Housing LLC	Army base	159	May 2006	50	2012
Carlisle/Picatunny Family Housing LP	Two Army bases	84	July 2006	50	2011
– Carlisle Heritage Heights phase II		21	October 2012	44	2014
AETC Housing LP	Four Air Force bases	359	February 2007	50	2012
Southeast Housing LLC	11 Navy bases	558	November 2007	50	2013
Vandenberg Housing LP	Air Force base	155	November 2007	50	2012
Leonard Wood Family Communities LLC	Army base	231	Acquired June 2008	47	2014
AMC West Housing LP	Three Air Force bases	428	July 2008	50	2015
West Point Housing LLC	Army base	220	August 2008	50	2016
Fort Jackson Housing LLC	Army base	181	October 2008	50	2013
Lackland Family Housing LLC	Air Force base	105	Acquired December 2008	50	2013
Western Group Housing LP	Four Air Force bases	328	March 2012	50	2017
Northern Group Housing LLC	Six Air Force bases	427	August 2013	50	2019
ACC Group Housing LLC	Two Air Force bases	56	June 2014	50	2018
Military unaccompanied personnel housing					
Stewart Hunter Housing LLC		36	January 2008	50	2010

Note

(i) Registered in the US and the principal operations of each project are conducted in the US.

The Group evaluated each of its interests in the military housing projects to determine if the entities should be consolidated. This analysis included, but was not limited to, identifying the activities that most significantly impact an entity's economic performance, which party or parties control those activities and the risks associated with these entities. Decision-making power over key facets of the contracts was evaluated when determining which party or parties had control over the activities that most significantly impacted a project's economics. Based on this review, the Directors consider that the Group does not have the power to direct these activities and does not have control and therefore the Group does not consolidate the military housing projects and accounts for these projects as investments in associates.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

42 Principal subsidiaries, joint ventures and associates continued

(e) Balfour Beatty Investments North America continued

Aviation

Summary Balfour Beatty is a developer, operator and investor in an automated people mover at Los Angeles International Airport. The people mover will be a 2.25-mile above ground airport transport system.

Contractual arrangements The principal contract is the project agreement between the concession partnership and the airport authority. All assets transfer to the authority at the end of the concession.

Concession company	Project	Total project funding US\$m	Shareholding	Method of accounting	Financial close	Duration years	Construction completion
LAX Integrated Express Solutions LLC ⁽ⁱ⁾⁽ⁱⁱ⁾	LINXS	2,828	27%	JV	June 2018	30	2024

Notes

(i) Registered in the US and the principal operations of the project are conducted in the US.

(ii) Due to the shareholders' agreement between Balfour Beatty and the other shareholder requiring unanimity of agreement in respect of significant matters related to the financial and operating policies of this company, the Directors have accounted for its interest in this company as a joint venture.

Residential investments

Summary Balfour Beatty is a developer, operator and investor in nine multifamily residential projects.

Contractual arrangements Balfour Beatty has acquired residential apartment buildings for ten multifamily residential projects. For all residential projects, the entities have entered into agreements with Balfour Beatty Communities LLC to perform the operations and renovation work.

Residential investments ⁽ⁱ⁾⁽ⁱⁱ⁾	Total project funding US\$m	Shareholding	Method of accounting	Financial close	Renovation completion
Carolina Cove (Wilmington) Owner LLC (North Carolina)	48	50%	JV	December 2017	2022
Lexington (Ridgeland) Owner, LLC (Jackson, Mississippi)	27	50%	JV	August 2018	2025
Landings (Jacksonville) Owner, LLC (Florida)	48	50%	JV	August 2019	2025
Retreat at Schillinger (Mobile) Owner, LLC (Alabama)	33	50%	JV	December 2019	2026
Chenal Pointe (Little Rock) Owner, LLC (Arkansas)	34	50%	JV	October 2020	2027
San Mateo (Kissimmee) Owner, LLC (Florida)	81	50%	JV	August 2021	2027
View SA LLC (San Antonio, Texas)	76	87%	JV	June 2022	2025
Mt Laurel, LLC (New Jersey)	80	31%	JV	June 2024	2025
Gathering at Arbor Greens (Florida)	59	50%	JV	March 2025	2026
River Pointe (Conroe) Owner, LLC (Texas)	47	100%	Subsidiary	April 2025	2026

Notes

(i) Registered in the US and the principal operations of each project are conducted in the US.

(ii) Due to the shareholders/partnership agreement between Balfour Beatty and the other shareholder/partner requiring unanimity of agreement in respect of significant matters related to the financial and operating policies of this undertaking, the Directors have accounted for its interests in these undertakings as a joint venture.

Student accommodation

Summary Balfour Beatty is also a developer and owner of seven student accommodation projects.

Contractual arrangements The principal contracts in the student accommodation projects are the ground leases, development leases and operating agreements with the state universities setting out the obligations for the construction, operation and maintenance of the student accommodation including lifecycle replacement during the concession period. The Tallahassee and Denton projects are investments in existing off-campus student housing communities which are structured as subsidiaries.



42 Principal subsidiaries, joint ventures and associates continued

(e) Balfour Beatty Investments North America continued

Student accommodation continued

Concession company ⁽ⁱ⁾⁽ⁱⁱ⁾	Total project funding US\$m	Shareholding	Method of accounting	Financial close	Duration years	Construction/renovation completion
Northside Campus Partners LP (Texas Dallas)	54	5%	JV	March 2015	61	2016
Northside Campus Partners 2, LP (Texas Dallas)	67	5%	JV	February 2017	61	2018
Northside Campus Partners 3, LP (Texas Dallas)	36	5%	JV	June 2019	61	2020
Northside Campus Partners 4, LP (Texas Dallas)	70	5%	JV	December 2019	61	2021
Swiftsure Housing Partners, LLC (Vanderbilt)	154	23%	JV	April 2021	45	2023
Oktiv (Tallahassee) Owner, LLC (Florida)	53	100%	Subsidiary	June 2023		2025
Leonard (Denton) Owner, LLC (Texas)	45	100%	Subsidiary	December 2024		2026

Notes

(i) Registered in the US and the principal operations of each project are conducted in the US.

(ii) Due to the shareholders/partnership agreement between Balfour Beatty and the other shareholder/partner requiring unanimity of agreement in respect of significant matters related to the financial and operating policies of this undertaking, the Directors have accounted for its interests in these undertakings as a joint venture.

(f) Balfour Beatty Investments UK and North America

Total future committed equity and debt funding for Infrastructure Investments' project companies

Concessions	2026 £m	2027 £m	2028 £m	2029 onwards £m	Total £m
UK					
Student accommodation	–	19	13	–	32
Other concessions	4	–	–	–	4
	4	19	13	–	36
North America					
Aviation	21	–	–	–	21
	21	–	–	–	21
	25	19	13	–	57
Projects at financial close	21	19	13	–	53
Projects at preferred bidder stage	4	–	–	–	4
Total	25	19	13	–	57

43 Audit exemptions taken for subsidiaries

The following subsidiaries are exempt from the requirements under the Companies Act 2006 relating to the audit of individual financial statements by virtue of Section 479A of the Act.

	Company registration number
Education Investments Holdings Ltd	6863458
Consort Healthcare Infrastructure Investments Ltd	6859623
Manchester Residences (New Cross) Ltd	11201596
South Cambridgeshire Investments Holdings Limited	12843704

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

44 Details of related undertakings of Balfour Beatty plc as at 31 December 2025

In accordance with Section 409 of the Companies Act 2006 a full list of subsidiaries, partnerships, associates and joint ventures, including the principal activity, the country of incorporation and the effective percentage of equity owned as at 31 December 2025 is disclosed below. Unless otherwise stated, all interests are in the ordinary share capital or shares of common stock in the entity and are held indirectly by the Company, and all entities operate principally in their country of incorporation. All subsidiaries had a reporting period ended 31 December 2025 and are wholly owned and consolidated into the Group's results, except where indicated.

Subsidiary undertakings incorporated in the United Kingdom

Entity	Principal activity
Q14 Quorum Business Park, Benton Lane, Newcastle upon Tyne NE12 8BU	
Aberystwyth Student Accommodation Ltd	Infrastructure Concession
Balfour Beatty Infrastructure Investments Ltd ⁽ⁱ⁾	Investment Holding Company
Balfour Beatty Infrastructure Partners Member Ltd	Dormant
Balfour Beatty Infrastructure Projects Investments Ltd	Investment Holding Company
Balfour Beatty Investments Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty OFTO Holdings Ltd	Investment Holding Company
Balfour Beatty Rail Corporate Services Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty WorkSmart Ltd	Agent of Balfour Beatty Group Ltd
BBI Holdings Australia Ltd	Dormant
BBPF LLP ⁽ⁱⁱⁱ⁾	Investment Partnership
Connect Roads Derby Holdings Ltd	Investment Holding Company
Connect Roads Derby Ltd	Infrastructure Concession
Connect Roads Infrastructure Investments Ltd	Investment Holding Company
Consort Healthcare Infrastructure Investments Ltd	Investment Holding Company
East Slope Residencies Facilities Management Ltd	Infrastructure Concession
East Slope Residencies Holdings Ltd	Investment Holding Company
East Slope Residencies Partner Ltd	Investment Holding Company
East Slope Residencies plc ⁽ⁱⁱ⁾	Infrastructure Concession
East Slope Residencies Student Accommodation LLP ^{(ii) (iii)}	Infrastructure Concession

Entity	Principal activity
Education Investments Holdings Ltd	Investment Holding Company
Initial GP1 Ltd	Investment Holding Company
Manchester Residences (New Cross) Ltd	Infrastructure Concession
South Cambridgeshire Investments Holdings Ltd	Investment Holding Company
Urban Fox Networks (UK) Ltd ^(vi)	Infrastructure Concession
West Slope Residencies Facilities Management Ltd	Infrastructure Concession
West Slope Residencies Finance Ltd	Infrastructure Concession
West Slope Residencies Holdings Ltd ^(v)	Investment Holding Company
West Slope Residencies LLP ^{(iii) (v)}	Infrastructure Concession
West Slope Residencies Partner Ltd	Investment Holding Company
West Stratford Developments Ltd ^(iv)	Investment Holding Company
5 Churchill Place, Canary Wharf, London E14 5HU	
Avatar Ltd	Dormant
Balfour Beatty Build Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Building Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty CE Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Civil Engineering (SW) Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Civil Engineering Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Civils Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Const Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Construction (SW) Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Construction International Ltd	Agent of Balfour Beatty Group Ltd

Entity	Principal activity
Balfour Beatty Construction Northern Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Engineering Services (HY) Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Engineering Ltd	Dormant
Balfour Beatty Group Employment Ltd	Employer For UK Workforce
Balfour Beatty Group Ltd	Construction & Support Services
Balfour Beatty Homes Ltd	Agent of Manring Homes Ltd
Balfour Beatty International Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Investment Holdings Ltd ⁽ⁱⁱ⁾	Investment Holding Company
Balfour Beatty Management Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Nominees Ltd	Nominee Company
Balfour Beatty Overseas Investments Ltd	Investment Holding Company
Balfour Beatty Overseas Ltd	Investment Holding Company
Balfour Beatty Property Ltd ⁽ⁱⁱ⁾	Agent of Balfour Beatty plc
Balfour Beatty Rail Infrastructure Services Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Rail Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Rail Projects Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Rail Technologies Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Rail Track Systems Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Refurbishment Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Regional Construction Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Utility Solutions Ltd	Agent of Balfour Beatty Group Ltd
Balfour Kilpatrick Ltd	Dormant
BB Indonesia Ltd	Support Services



44 Details of related undertakings of Balfour Beatty plc as at 31 December 2025 continued

Subsidiary undertakings incorporated in the United Kingdom continued

Entity	Principal activity
5 Churchill Place, Canary Wharf, London E14 5HU continued	
Balvac Ltd	Agent of Balfour Beatty Group Ltd
Bical Construction Ltd	Agent of Balfour Beatty Group Ltd
Bignell & Associates Ltd	Agent of Balfour Beatty Group Ltd
Birse Group Ltd	Investment Holding Company
Birse Metro Ltd	Dormant
Bnoms Ltd ⁽ⁱ⁾	Nominee Company
BPH Equipment Ltd	Agent of Balfour Beatty Group Ltd
Cowlin Group Ltd	Dormant
Devonshire House Three Ltd	Dormant
Guinea Investments Ltd	Investment Holding Company
G. N. Haden & Sons Ltd	Dormant
Haden Building Services Ltd	Dormant
Haden Young Ltd ⁽ⁱ⁾	Dormant
Hall & Tawse Western Ltd	Dormant
Laser Rail Ltd	Agent of Balfour Beatty Group Ltd
Lounsdale Electric Ltd	Dormant
Manring Homes Ltd ⁽ⁱ⁾	Property Investment
Multibuild (Construction & Interiors) Ltd	Agent of Balfour Beatty Group Ltd
Office Projects (Interiors) Ltd	Agent of Balfour Beatty Group Ltd
Raynesway Construction Ltd	Agent of Balfour Beatty Group Ltd
Strata Construction Ltd	Dormant
Hereford Steel Works, Holmer Road, Hereford HR4 9SW	
Painter Brothers Ltd	Agent of Balfour Beatty Group Ltd
Kings Business Park, Kings Drive, Prescot, Merseyside L34 1PJ	
Balfour Beatty Pension Trust Ltd ⁽ⁱ⁾	Pension Fund Trustee
C/O Mcgrigors Belfast LLP, Arnott House, 12–16 Bridge Street, Belfast BT1 1LS, Northern Ireland	
Balfour Kilpatrick	Dormant
Northern Ireland Ltd	
The Curve Building, Axis Business Park, Hurricane Way, Langley, Berkshire SL3 8AG	
Balfour Beatty Ground Engineering Ltd	Agent of Balfour Beatty Group Ltd

Entity	Principal activity
Balfour Beatty Infrastructure Services Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Living Places Ltd	Agent of Balfour Beatty Group Ltd
Sunderland Streetlighting Ltd	Agent of Balfour Beatty Group Ltd
Testing and Analysis Ltd	Agent of Balfour Beatty Group Ltd
Maxim 7, Maxim Office Park, Parklands Avenue, Eurocentral, Holytown ML1 4WQ	
Balfour Beatty Construction Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Construction Scottish & Southern Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Kilpatrick Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Rail Residuary Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Regional Civil Engineering Ltd	Agent of Balfour Beatty Group Ltd
BBPFS LP ⁽ⁱⁱⁱ⁾	Investment Partnership
Glasgow Residences (Kennedy Street) Holdings Ltd	Investment Holding Company
Glasgow Residences (Kennedy Street) LLP ⁽ⁱⁱⁱ⁾	Infrastructure Concession
Glasgow Residences (Kennedy Street) SPV Ltd	Infrastructure Concession
Hall & Tawse Ltd	Dormant
Initial Founder Partner GP1 Ltd	Investment Holding Company
Midmill Business Park, Tumulus Way, Kintore, Aberdeenshire AB51 0TG	
Balfour Beatty Engineering Services (CL) Ltd	Agent of Balfour Beatty Group Ltd
Tower Bridge House, St Katharine's Way, London E1W 1DD	
Balfour Beatty Power Construction Ltd	Dormant
Balfour Beatty Power Networks (Distribution Services) Ltd	Dormant
Branlow Ltd	Dormant – In liquidation
Mansell Maintenance Ltd	Dormant
30 Old Bailey, London EC4M 7AU	
Birse Construction Ltd	Investment Holding Company – In liquidation

Entity	Principal activity
Edgar Allen Engineering Ltd	Dormant – In liquidation
Mansell plc	Investment Holding Company – In liquidation
West Service Road, Raynesway, Derby DE21 7BG	
Balfour Beatty Plant & Fleet Services Ltd	Agent of Balfour Beatty Group Ltd
C/O Mazars LLP, 100 Queen Street, Glasgow G1 3DN, Scotland	
Balfour Beatty Engineering Services (LEL) Ltd	Dormant – In liquidation
Lumina Building, 40 Ainslie Road, Hillington Park, Glasgow G52 4RU	
Shaw-Petrie Ltd	Dormant
42–44 Clarendon Road, Watford, Hertfordshire WD17 1DR	
Barlow & Young, Ltd	Dormant
Haden International Ltd	Dormant
Fourth Floor, 130 Wilton Road, London SW1V 1LQ	
00158345 Ltd	Dormant
01198171 Ltd	Dormant
BICC Dormant One Ltd	Dormant
Devonshire House Dormant One Ltd	Dormant
Third Floor, Devonshire House, Mayfair Place, London W1X 5FH	
BICC Thermoheat Ltd	Dormant

Notes

(i) Held directly by Balfour Beatty plc.

(ii) 80% owned.

(iii) Partnership interests held.

(iv) 31 March year end.

(v) 81% owned.

(vi) The Group holds a 77.8% direct interest in Urban Fox Networks (UK) Ltd and an indirect interest of 5.6% through the Group interest in Urban Electric Networks Ltd.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

44 Details of related undertakings of Balfour Beatty plc as at 31 December 2025 continued

Subsidiary undertakings incorporated outside the United Kingdom

Entity	Principal activity	Entity	Principal activity	Entity	Principal activity
Australia		Ireland		Balfour Beatty LLC Investment Holding Company	
Level 12, 680 George Street, Sydney, NSW 2000		25 North Wall Quay, Dublin 1		300 Galleria Parkway, Suite 2050, Atlanta, GA 30339	
Balfour Beatty Australian Limited Partnership ⁽ⁱⁱ⁾	Holding company	Balfour Beatty Ireland Ltd	Support Services	Balfour Beatty Infrastructure, Inc	Construction Services
Balfour Beatty Australia Pty Ltd	Construction & Support Services	Isle of Man		Corporation Service Company, 1127 Broadway Street NE, Suite 310, Salem OR 97301	
Bahamas		Tower House, Loch Promenade, Douglas IM1 2LZ, Isle of Man		Balfour Beatty Rock Springs, LLC Business Services	
The Alexander Corporate Group Limited, One Millars Court, P.O. Box N-7117, Nassau		Delphian Insurance Company Ltd ⁽ⁱ⁾ Insurance Company		Corporation Service Company, 1703 Laurel Street, Columbia, SC 29201	
Balfour Beatty Bahamas Ltd	Dormant	Jersey		National Casualty and Assurance, Inc Insurance Company	
Canada		12 Castle Street, St. Helier, Jersey		Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808	
Borden Ladner Gervais LLP, 22 Adelaide Street West, Suite 3400, Toronto, ON, M5H 4E3		Balfour Beatty Employees Trustees Ltd ⁽ⁱ⁾ Employee Trust		Balfour Beatty Infrastructure Holding Company	
BB Group Canada Inc	Investment Holding Company	Malaysia		Balfour Beatty Campus Solutions, LLC	
Taylor McCaffrey LLP, 900-400 St. Mary Avenue, Winnipeg, MB, R3C 4K5		12th Floor, Menara Symphony, No 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor		Balfour Beatty Communities, LLC	
Balfour Beatty Communities GP, Inc	Infrastructure Investment	Balfour Beatty Rail Design International Sdn Bhd		Balfour Beatty Construction D.C., LLC	
Balfour Beatty Communities, LP ⁽ⁱⁱ⁾	Infrastructure Investment	Netherlands		Balfour Beatty Construction, LLC	
Balfour Beatty Construction, LP ⁽ⁱⁱ⁾	Construction Services	Rapenburgerstraat 177/B, 1011 VM Amsterdam		Balfour Beatty Developments HoldCo, LLC	
Balfour Beatty Construction GP, Inc	Construction Services	Balfour Beatty Netherlands B.V. Investment Holding Company		Balfour Beatty Developments, Inc	
Balfour Beatty Investments GP, Inc	Infrastructure Investment	Romania		Balfour Beatty Equipment, LLC	
Balfour Beatty Investments, LP ⁽ⁱⁱ⁾	Infrastructure Investment	23 General Ernest Brosteanu Street, 1st District, 010527, Bucharest		Balfour Beatty Investments, Inc	
Germany		S.C. Balfour Beatty Rail S.R.L. Dormant – In liquidation		Balfour Beatty Management Inc	
Garmischer Strasse 35, 81373 Munich		Sri Lanka		Balfour Beatty/Benham Military Communities LLC ^(iv)	
Balfour Beatty Rail GmbH	Dormant	Phase 3 Investment Promotion Zone, Katunayake, Colombo, Western Province		Balfour Beatty/PHELPS Military Communities LLC ^(iv)	
BICC Holdings GmbH	Dormant	Balfour Beatty Ceylon (Private) Ltd Support Services		Balfour Beatty Military Housing Development LLC	
Schreck-Mieves GmbH	Dormant	Thailand		Balfour Beatty Military Housing Investments LLC	
Hong Kong		9 Soi Santisuk, Sithisarn Road, Huay Kwang, Bangkok		Balfour Beatty Military Housing Management LLC	
5/F, Manulife Place, 348 Kwun Tong Road, Kowloon Hong Kong		Asia Trade Development Co Ltd Dormant			
Balfour Beatty Hong Kong Ltd	Construction & Support Services	Balfour Beatty Construction (Thailand) Co Ltd Dormant			
India		Balfour Beatty Holdings (Thailand) Co Ltd Dormant			
6th Floor, N-1 Balsa Block, Manyata Embassy Business Park, Nagavara, Rachenahalli Village, Bangalore – 560045, India		Balfour Beatty Thai Ltd Dormant			
Balfour Beatty Infrastructure India Pvt. Ltd	Engineering Design Consultancy	Linwood Co Ltd Dormant			
		United States			
		1011 Centre Road, Suite 310, Wilmington DE 19805			
		Balfour Beatty Holdings Inc			
		Investment Holding Company			

**44 Details of related undertakings of Balfour Beatty plc as at 31 December 2025** continued**Subsidiary undertakings incorporated outside the United Kingdom** continued

Entity	Principal activity	Entity	Principal activity	Entity	Principal activity
Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808 continued					
Balfour Beatty – Worthgroup, LLC	Construction Services	BBC Military Housing – Fort Jackson LLC	Infrastructure Investment	Northside Campus Limited Partner, LLC	Infrastructure Concession
BBC AF Housing Construction LLC	Infrastructure Investment	BBC Military Housing – Hampton Roads LLC	Infrastructure Investment	River Pointe (Conrow) Owner, LLC	Infrastructure Investment
BBC AF Management/ Development LLC	Infrastructure Investment	BBC Military Housing – Lackland LLC	Infrastructure Investment	Oktiv (Tallahassee) Owner, LLC	Infrastructure Investment
BBC Independent Member I, Inc	Infrastructure Investment	BBC Military Housing – Leonard Wood LLC	Infrastructure Investment	Corporation Service Company, 300 Deschutes Way SW, Suite 304, Tumwater WA 98501	
BBC Independent Member II, Inc	Infrastructure Investment	BBC Military Housing – Navy Northeast LLC ^(v)	Infrastructure Investment	Howard S. Wright Construction Co	Dormant
BBC Military Housing – ACC Group, LLC	Infrastructure Investment	BBC Military Housing – Navy Southeast LLC	Infrastructure Investment	HSW, Inc	Dormant
BBC Military Housing – AETC General Partner LLC ⁽ⁱⁱⁱ⁾	Infrastructure Investment	BBC Military Housing – Northern Group, LLC	Infrastructure Investment	CSC – Nevada, C/O CSC Services of Nevada, Inc., 502 East John Street, Carson City, Nevada 89706	
BBC Military Housing – AETC Limited Partner LLC ⁽ⁱⁱⁱ⁾	Infrastructure Investment	BBC Military Housing – Stewart Hunter LLC	Infrastructure Investment	Balfour Beatty-Golden Construction Company	Construction Services
BBC Military Housing – AMC General Partner LLC	Infrastructure Investment	BBC Military Housing – Vandenberg General Partner LLC ^(v)	Infrastructure Investment	Balfour Beatty Construction Company, Inc	Construction Services
BBC Military Housing – AMC Limited Partner LLC	Infrastructure Investment	BBC Military Housing – Vandenberg Limited Partner LLC ^(v)	Infrastructure Investment	Balfour Beatty Construction Group, Inc	Construction Services
BBC Military Housing – Bliss/ WSMR General Partner LLC	Infrastructure Investment	BBC Military Housing – West Point LLC	Infrastructure Investment	Notes	
BBC Military Housing – Bliss/ WSMR Limited Partner LLC	Infrastructure Investment	BBC Military Housing – Western General Partner, LLC	Infrastructure Investment	(i) Held directly by Balfour Beatty plc.	
BBC Military Housing – Carlisle/ Picatinny General Partner LLC	Infrastructure Investment	BBC Military Housing – Western Limited Partner, LLC	Infrastructure Investment	(ii) Partnership interests held.	
BBC Military Housing – Carlisle/ Picatinny Limited Partner LLC	Infrastructure Investment	BBC Multifamily Holdings, LLC	Infrastructure Investment	(iii) 80% interest held.	
BBC Military Housing – FDWR LLC ^(v)	Infrastructure Investment	BBCS – Northside Campus LLC	Infrastructure Investment	(iv) 89% interest held.	
BBC Military Housing – Fort Carson LLC	Infrastructure Investment	BBCS Development, LLC	Infrastructure Investment	(v) 90% interest held.	
BBC Military Housing – Fort Eisenhower LLC	Infrastructure Investment	BBD View GP LLC	Infrastructure Investment		
BBC Military Housing – Fort Hamilton LLC	Infrastructure Investment	BB Developments Sub Holdco, LLC	Infrastructure Investment		
		BICC Cables Corporation	Business Services		
		Leonard (Denton) Owner, LLC	Infrastructure Investment		

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

44 Details of related undertakings of Balfour Beatty plc as at 31 December 2025 continued

Joint ventures incorporated in the United Kingdom

Entity	% held by the Group	Principal activity
Q14 Quorum Business Park, Benton Lane, Newcastle Upon Tyne, England, NE12 8BU		
BBDE Orbital Holdings, LLP ^{(iii) (iv)}	37.5	Investment Holding Company
Connect A30/A35 Holdings Ltd ^(iv)	20	Investment Holding Company
Connect A30/A35 Ltd ^(iv)	20	Infrastructure Concession
Connect A50 Ltd ^(iv)	25	Infrastructure Concession
Connect M1-A1 Holdings Ltd ^{(i) (iv)}	20	Investment Holding Company
Connect M1-A1 Ltd ^(iv)	20	Infrastructure Concession
Connect M77/GSO Holdings Ltd ^{(iii) (iv)}	85	Investment Holding Company
Connect M77/GSO plc ^{(iii) (iv)}	85	Infrastructure Concession
Connect Roads Ltd ^(iv)		
East Wick and Sweetwater Projects (Holdings) Ltd ^(iv)	50	Infrastructure Concession
East Wick and Sweetwater Projects (Phase 1) Ltd ^(iv)	50	Infrastructure Concession
East Wick and Sweetwater Projects (Phase 2) Ltd ^(iv)	50	Infrastructure Concession
East Wick and Sweetwater Projects (Phase 3) Ltd ^(iv)	50	Infrastructure Concession
East Wick and Sweetwater Projects (Phase 4) Ltd ^(iv)	50	Infrastructure Concession
East Wick and Sweetwater Projects (Phase 5) Ltd ^(iv)	50	Infrastructure Concession
East Wick and Sweetwater Projects (Phase 7A) Ltd ^(iv)	50	Infrastructure Concession
East Wick and Sweetwater Projects (Phase 7) Ltd ^(iv)	50	Infrastructure Concession
East Wick and Sweetwater Finance (Holdings) Ltd ^(iv)	50	Investment Holding Company
East Wick and Sweetwater Projects (Finance) Ltd ^(iv)	50	Infrastructure Concession
South Cambridgeshire Projects LLP ^(v)	50	Infrastructure Concession
Connect Plus House, St Albans Road, South Mimms, Hertfordshire EN6 3NP		
Connect Plus (M25) Holdings Ltd ^{(iii) (iv)}	15	Investment Holding Company
Connect Plus (M25) Intermediate Ltd ^{(iii) (iv)}	15	Infrastructure Concession
Connect Plus (M25) Issuer plc ^{(iii) (iv)}	15	Infrastructure Concession
Connect Plus (M25) Ltd ^{(iii) (iv)}	15	Infrastructure Concession
C/O Spaces, 100 West George Street, Glasgow, Scotland, G2 1PP		
Holyrood Holdings Ltd	20	Investment Holding Company
Holyrood Student Accommodation Holdings Ltd	20	Infrastructure Concession
Holyrood Student Accommodation Intermediate Ltd	20	Infrastructure Concession
Holyrood Student Accommodation plc	20	Infrastructure Concession
Holyrood Student Accommodation SPV Ltd	20	Infrastructure Concession
Westminster House, Crompton Way, Segensworth West, Fareham, Hampshire PO15 5SS		
Pevensey Coastal Defence Ltd	25	Infrastructure Concession

Entity	% held by the Group	Principal activity
C/O Pario Ltd, 18 Riversway Business Village, Navigation Way, Preston PR2 2YP		
Consort Healthcare (Birmingham) Funding plc	40	Infrastructure Concession
Consort Healthcare (Birmingham) Holdings Ltd	40	Investment Holding Company
Consort Healthcare (Birmingham) Intermediate Ltd	40	Infrastructure Concession
Consort Healthcare (Birmingham) Ltd	40	Infrastructure Concession
9 Amberside House, Wood Lane, Paradise Industrial Estate, Hemel Hempstead, Hertfordshire, England HP2 4TP		
Urban Electric Networks Ltd	25	Infrastructure Concession
		CWH

Notes

- (i) Held directly by Balfour Beatty plc.
- (ii) Due to the shareholders' agreement between Balfour Beatty and the other shareholders requiring unanimity of agreement in respect of significant matters related to the financial and operating policies of the company, the Directors consider that the Group does not control the company and it has been accounted as a joint venture.
- (iii) The Group owned a 37.5% partnership interest in BBDE Orbital Holdings LLP at 31 December 2022. Connect Plus (M25) Holdings Ltd and its subsidiaries are 40% owned by BBDE Orbital Holdings LLP.
- (iv) 31 March year end.
- (v) Partnership interests held.

44 Details of related undertakings of Balfour Beatty plc as at 31 December 2025 continued

Joint ventures incorporated outside the United Kingdom

Entity	% held by the Group	Principal activity
Bermuda		
Clarendon House, 2 Church Street, Hamilton HM 11		
CP Bay Carry A LP ⁽ⁱⁱⁱ⁾	20	Infrastructure Concession
CP Bay Carry B LP ⁽ⁱⁱⁱ⁾	20	Infrastructure Concession
British Virgin Islands		
Vistra Corporate Services Centre, Wickhams Cay II Road Town, Tortola VG1110		
Gammon Asia Ltd	50	Management Company
Gammon Construction Holdings Ltd	50	Investment Holding Company
Canada		
Taylor McCaffrey LLP, 900-400 St. Mary Avenue, Winnipeg, MB, R3C 4K5		
CWH Design – Build GP ⁽ⁱⁱⁱ⁾	50	Infrastructure Investment
China		
Hong Kong Avenida da Praia Grande, n°429, 25° andar D, em Macau		
BBE&M (Macau) Ltd	50	Electrical and Mechanical Contracting
Gammon Building Construction (Macau) Ltd	50	Building Construction
No. 457, Shatian Section, Ganggang Avenue, Shatian Town, Dongguan City, Guangdong Province		
Dongguan Pristine Metal Works Ltd	50	Manufacturing Services
25th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong		
Sanfield-Gammon Construction JV Company Ltd	50	Construction Services
22/F, Tower 1, The Quayside, 77 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong		
AsiaBuild Ltd	50	Dormant
Balfour Beatty E&M Ltd	50	Dormant
Digital G Ltd	50	Technology and Innovation
Entasis Ltd	50	General Contractor
Gammon Building Construction Ltd	50	Building Construction
Gammon Capital Ltd	50	Dormant
Gammon Capital Management Ltd	50	Dormant
Gammon China Ltd	50	Investment Holding Company
Gammon Concrete Services Ltd	50	Dormant
Gammon Construction (China) Ltd	50	Building Construction
Gammon Construction (Vietnam) Holdings Ltd	50	Construction and Project Management
Gammon Construction Consultants (Shenzhen) Ltd	50	
Gammon Construction Ltd ⁽ⁱⁱⁱ⁾	50	Engineering and Construction
Gammon E&M Ltd	50	Engineering Services
Gammon Engineering & Construction Company Ltd	50	Engineering and Construction

Entity	% held by the Group	Principal activity
Gammon Engineering Ltd	50	Dormant
Gammon Finance Ltd	50	Finance and Investment
Gammon Interiors Ltd	50	Dormant
Gammon Management Services Ltd	50	Construction Management Services
Gammon Plant Ltd	50	Plant and Equipment Hire and Maintenance
Gold Tactics Investment Ltd	50	Dormant
Into G Ltd	50	Interior Fit-Out and Contracting
Lambeth Associates Ltd	50	Management and Consultancy Services
Pristine Metal Works Ltd	50	Investment Holding Company
7/F & 8/F Tower A, Sunhope E Metro, 7018 Caitian Road, Futian District, Shenzhen, People's Republic of China		
Gammon Construction Consultants (Shenzhen) Ltd	50	Support Services
Ireland		
25 North Wall Quay, Dublin 1, D01 H104		
Balfour Beatty CLG Ltd	50	Support Services
C/O Pario SPV Management Limited, Suite 54, Morrison Chambers, 32 Nassau St, Dublin 2, D02 AP29		
Healthcare Centres PPP Holdings Ltd	40	Investment Holding Company
Healthcare Centres PPP Ltd	40	Infrastructure Concession
Malaysia		
Unit B-9-7, Level 9, Capital 2, Oasis Square, No.2 Jalan PJU 1A/7A, Ara Damansara, 47301 Petaling Jaya, Selangor, Malaysia		
Gammon Sdn Bhd	50	Dormant
Pesaka Gammon Construction Sdn Bhd	15	Dormant
Philippines		
G/F Makati Stock Exchange, Ayala Avenue, Makati City, Metro Manila, Philippines		
Gammon Philippines, Inc.	40	General Construction
MG Construction Ventures Holdings, Inc.	33	Property Investment
Singapore		
239 Alexandra Road, 159930		
Digital G (Singapore) Pte. Ltd	50	Equipment Services
Gammon Construction and Engineering Pte. Ltd	50	Construction Services
Gammon Construction Holdings (S) Pte. Ltd	50	Investment Holding Company
Gammon Pte. Ltd	50	Engineering and Construction
Lambeth Associates Design & Consultancy Pte Ltd	50	Management and Consultancy Services

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

44 Details of related undertakings of Balfour Beatty plc as at 31 December 2025 continued

Joint ventures incorporated outside the United Kingdom continued

Entity	% held by the Group	Principal activity
Thailand		
21st Floor, Times Square Building, 246 Sukhumvit Road, Klongtoey Sub-District, Klongtoey District, Bangkok 10110, Thailand		
Gammon (Thailand) Ltd	49	Dormant
23rd Floor, Times Square Building, 246 Sukhumvit Road, Klongtoey Sub-District, Klongtoey District, Bangkok 10110, Thailand		
Gammon Construction (Thailand) Ltd	24.5	Dormant
Thai Gammon Ltd	24.5	Dormant
United States		
Corporation Service Company, d/b/a CSC-Lawyers, Incorporating Service Company, 211 E. 7th Street, Suite 620, Austin TX 78701-3218		
Northside Campus Partners, LP ⁽ⁱⁱⁱ⁾	5	Infrastructure Concession
Northside Campus Partners 2, LP ⁽ⁱⁱⁱ⁾	5	Infrastructure Concession
Northside Campus Partners 3, LP ^{(i) (iii)}	5	Infrastructure Concession
Northside Campus Partners 4, LP ^{(i) (iii)}	5	Infrastructure Concession
Northside Campus General Partner, LLC	50	Infrastructure Concession
Corporation Service Company, 251 Little Falls Drive, Wilmington DE19808		
Arbor Greens (Newberry) Owner, LLC	50	Infrastructure Investment
BBC – ApexOne Carolina Cove, LLC	50	Infrastructure Investment
BBC – ApexOne Chenal Pointe, LLC	50	Infrastructure Investment
BBC – ApexOne Landings, LLC	50	Infrastructure Investment
BBC – ApexOne Lexington, LLC	50	Infrastructure Investment
BBC – ApexOne Paces Brook, LLC	50	Infrastructure Investment
BBC – ApexOne Retreat, LLC	50	Infrastructure Investment
BBC – ApexOne San Mateo, LLC	50	Infrastructure Investment
BBC – ApexOne Southwind, LLC	50	Infrastructure Investment
BBC Army Integrated, LLC	10	Infrastructure Investment
BBD-ApexOne Arbor Greens, LLC	50	Infrastructure Investment
Carolina Cove (Wilmington) Owner, LLC	50	Infrastructure Investment
Chenal Pointe (Little Rock) Owner, LLC	50	Infrastructure Investment
LAX Integrated Express Solutions Holdco, LLC	27	Infrastructure Concession
LAX Integrated Express Solutions, LLC	27	Infrastructure Concession
Landings (Jacksonville) Owner, LLC	50	Infrastructure Investment
Lexington (Ridgeland) Owner, LLC	50	Infrastructure Investment
Paces Brook (Columbia) Owner, LLC	50	Infrastructure Investment
San Mateo (Kissimmee) Owner, LLC	50	Infrastructure Investment
Southwind (Memphis) Owner, LLC	20	Infrastructure Investment
Southwind (Memphis) Holdings, LLC	20	Infrastructure Investment

Entity	% held by the Group	Principal activity
Swiftsure Housing Partners, LLC	23	Infrastructure Concession
View SA Holding Company LP ^{(i) (iii)}	87	Infrastructure Investment
View SA LLC ⁽ⁱ⁾	87	Infrastructure Investment
Corporation Service Company, 1900 W Littleton Blvd., Littleton, CO 80120		
Denver Transit Constructors LLC	30	Design and Construction
Denver Transit Operators LLC	50	Operations and Maintenance
Denver Transit Systems LLC	50	Design and Construction
National Registered Agents, Inc. 1209 Orange Street, Wilmington DE 19801, United States		
CHC RES 20 – Mt. Laurel LLC	31	Infrastructure Investment
Mt. Laurel CHC Equity LLC	31	Infrastructure Investment
CHC Mt. Laurel LLC	31	Infrastructure Investment
Vietnam		
5th Floor, Gemadep Tower, 2Bis–4–6 Le Thanh Ton Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam		
Gammon Construction Vietnam Co. Ltd	50	Building Construction and Management Services

Notes

- (i) Due to the shareholders' agreement between Balfour Beatty and the other shareholders requiring unanimity of agreement in respect of significant matters related to the financial and operating policies of the company, the Directors consider that the Group does not control the company and it has been accounted for as a joint venture.
- (ii) Preference shares and/or deferred shares also held.
- (iii) Partnership interest held.

**44 Details of related undertakings of Balfour Beatty plc as at 31 December 2025** continued**Associated undertakings incorporated in and outside the United Kingdom**

Entity	% held by the Group	Principal activity
United Kingdom		
3 Sidings Court, White Rose Way, Doncaster, England, DN4 5NU		
UBB Waste (Essex) Ltd	30	Dormant
United States		
Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808		
ACC Group Housing, LLC ⁽ⁱ⁾	100	Infrastructure Concession
AETC Housing LP ^{(i) (ii)}	100	Infrastructure Concession
AMC West Housing LP ^{(i) (ii)}	100	Infrastructure Concession
Carlisle/Picatunny Family Housing LP ⁽ⁱⁱ⁾	10	Infrastructure Concession
FDWR Parent LLC	10	Infrastructure Concession
Fort Bliss/White Sands Missile Range Housing LP ⁽ⁱⁱ⁾	10	Infrastructure Concession
Fort Carson Family Housing LLC	10	Infrastructure Concession
Fort Detrick/Walter Reed Army Medical Center Housing LLC ⁽ⁱ⁾	100	Infrastructure Concession
Fort Eustis/Fort Story Housing LLC	10	Infrastructure Concession
Fort Eisenhower Housing LLC	10	Infrastructure Concession
Fort Hamilton Housing LLC	10	Infrastructure Concession
Fort Jackson Housing LLC	10	Infrastructure Concession
Lackland Family Housing, LLC ⁽ⁱ⁾	100	Infrastructure Concession
Leonard Wood Family Communities, LLC	10	Infrastructure Concession
Northeast Housing LLC	10	Infrastructure Concession
Northern Group Housing, LLC ⁽ⁱ⁾	100	Infrastructure Concession
Southeast Housing LLC ⁽ⁱ⁾	100	Infrastructure Concession
Stewart Hunter Housing LLC	10	Infrastructure Concession
Vandenberg Housing LP ^{(i) (ii)}	90	Infrastructure Concession
Western Group Housing, LP ^{(i) (ii)}	100	Infrastructure Concession
West Point Housing LLC	10	Infrastructure Concession

Notes

- (i) The Group evaluated each of its interests in the military housing projects to determine if the associated entities should be consolidated. This analysis included, but was not limited to, identifying the activities that most significantly impact an entity's economic performance, which party or parties control those activities and the risks associated with these entities. Decision-making power over key facets of the contracts were evaluated when determining which party or parties had control over the activities that most significantly impact a project's economics. Based on this review, the Directors consider that the Group does not have the power to direct these activities and does not control or jointly control them and therefore the entities have been accounted for as associated undertakings.
- (ii) Partnership interests held.

**UNAUDITED GROUP FIVE-YEAR SUMMARY**

	2025 £m	2024 £m	2023 £m	2022 £m	2021 £m
Income					
Revenue including share of joint ventures and associates	10,767	10,015	9,595	8,931	8,263
Share of revenue of joint ventures and associates	(1,278)	(1,781)	(1,602)	(1,302)	(1,078)
Group revenue	9,489	8,234	7,993	7,629	7,185
Underlying profit from operations	252	248	228	279	197
Underlying net finance income/(costs)	39	41	33	12	(10)
Underlying profit before taxation	291	289	261	291	187
Amortisation of acquired intangible assets	(3)	(4)	(5)	(6)	(5)
Other non-underlying items	35	(71)	(12)	2	(95)
Profit before taxation	323	214	244	287	87
Taxation	(59)	(36)	(50)	–	52
Profit for the year	264	178	194	287	139
Profit for the year attributable to equity holders	263	178	197	288	140
Profit/(loss) for the year attributable to non-controlling interests	1	–	(3)	(1)	(1)
Profit for the year	264	178	194	287	139
Capital employed					
Equity holders' equity	1,143	1,121	1,198	1,378	1,369
Net non-recourse borrowings – infrastructure concessions	411	335	264	242	243
Net cash – other	(1,446)	(943)	(842)	(815)	(790)
	108	513	620	805	822
	2025 Pence	2024 Pence	2023 Pence	2022 Pence	2021 Pence
Statistics					
Underlying earnings per ordinary share*	47.6	43.6	37.3	47.5	29.7
Basic earnings per ordinary share	52.6	34.2	35.3	46.9	21.3
Diluted earnings per ordinary share	52.0	33.7	34.8	46.3	21.1
Proposed dividends per ordinary share	14.0	12.5	11.5	10.5	9.0
Underlying profit from operations before net finance income/(costs) including share of joint ventures and associates as a percentage of revenue including share of joint ventures and associates	2.3%	2.5%	2.4%	3.1%	2.4%

Note

* Underlying earnings per ordinary share have been disclosed to give a clearer understanding of the Group's underlying trading performance.

SHAREHOLDER INFORMATION

Financial calendar 2026

7 May	Annual General Meeting and trading update
1 July	Final 2025 dividend payable
12 August*	2026 half year results announcement
3 December*	Trading update
4 December*	Interim 2026 dividend payable

* Dates are subject to change.

Registrar

Balfour Beatty's share register is maintained by Equiniti, the Company's Registrar. All administrative enquiries relating to shareholdings and requests to receive corporate documents by email should, in the first instance, be directed to Equiniti, clearly stating your registered address and, if available, your shareholder reference number.

Please visit their website www.shareview.co.uk.

Telephone: +44 (0) 371 384 2703. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom are charged at the applicable international rate. Lines are open between 8.30 am to 5.30 pm, Monday to Friday excluding public holidays in England and Wales.

Share certificates

In order to sell or transfer your shares, you must ensure that, where your shares are not held electronically on your behalf, you have a valid share certificate. This must be in the name of Balfour Beatty plc. If you lose or misplace your share certificate, you can contact Equiniti customer experience centre and request a replacement certificate. Equiniti will then issue a letter of indemnity to you which you will need to sign and return for a new certificate to be produced. There is a fee charged for this service which includes an administration charge and a counter signature fee (the counter signature fee can vary depending on the value of the shareholding).

Dividends and dividend reinvestment plan

Shareholders are encouraged to have dividends paid directly into their bank or building society account through the Bankers Automated Clearing System (BACS). Equiniti can provide a dividend mandate form in order to set this up.

Alternatively, the Company offers a Dividend Reinvestment Plan (DRIP) which allows holders of shares to reinvest their cash dividends in the Company's shares through a specially arranged share dealing service. Full details of the DRIP and its charges, together with mandate forms, are available at: www.shareview.co.uk.

International payment service

Shareholders outside the UK may elect to receive dividends directly into their overseas bank account, or by currency draft, instead of by sterling cheque. For further information, contact the Company's Registrar, Equiniti using the contact details above.

Electronic shareholder communications

Shareview is an online service provided by the Company's Registrar, through which you will be able to access the full range of online shareholder services, including the ability to: view your holdings and indicative share price and valuation; view movements on your holdings and your dividend payment history; register a dividend mandate to have your dividends paid directly into your bank account; change your registered address; sign up to receive e-communications to access the online proxy voting facility; and download and print shareholder forms. Shareview is easy to use. Please visit www.shareview.co.uk.

The Company's website www.balfourbeatty.com also provides a range of information about the Company, our people and businesses and our policies on corporate governance, sustainability and health and safety. The website should be regarded as your first point of reference for information on any of these matters. The share price can also be found there.

SHAREHOLDER INFORMATION CONTINUED

Unsolicited telephone calls

In the past, some of our shareholders have received unsolicited telephone calls or correspondence concerning investment matters from organisations or persons claiming or implying that they have some connection with the Company. We advise our shareholders to be wary of any unsolicited telephone calls, advice or correspondence concerning investment matters from organisations or persons claiming or implying that they have some connection with the Company. These are typically from overseas-based 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high-risk shares in UK or overseas investments. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free annual and/or other reports on the Company.

If you receive any unsolicited investment advice:

- Always ensure the firm is authorised by the Financial Conduct Authority (FCA), is on the FCA Register and is allowed to provide financial advice before handing over your money. You can check if a firm is on the FCA's Register via register.fca.org.uk.
- Ask the caller for their name and telephone number and inform them you will call them back. Then check their identity to ensure that they are from the firm they say they are from by calling the firm using the contact number listed on the FCA Register. If there are no contact details on the FCA Register or you are told that they are out of date, or if you have any other doubts, call the FCA Consumer Helpline on 0800 111 6768 (freephone) or 0300 500 8082 from the UK, or +44 207 066 1000 from abroad. Calls using next generation text relay, please call (18001) 0207 066 1000.
- If you are approached about a share scam, please visit the FCA's ScamSmart website at www.fca.org.uk/scamsmart where you can access information about the various types of scam, including share and boiler room fraud, see the FCA's Warning List and reports on firms about whom consumers have expressed concerns. Alternatively, you can call the FCA Consumer Helpline (see above). If you use an unauthorised firm to buy or sell shares or other investments, you will not have access to the Financial Ombudsman Service or be eligible to receive payment under the Financial Services Compensation Scheme if things go wrong.
- You should also report any approach to Action Fraud, which is the UK's national fraud reporting centre, at www.actionfraud.police.uk, or by calling 0300 123 2040.

American Depository Receipts (ADRs)

An American Depository Receipt (ADR) is a negotiable instrument issued by a depository bank that evidences ownership of shares in a corporation organised outside the US. Each ADR represents a specific number of underlying shares in the non-US company, on deposit with a custodian in the applicable home market.

ADRs are generally treated as US domestic securities. They are quoted and traded in US Dollars and are subject to the trading and settlement procedures of the market in which they trade.

Balfour Beatty's ADR programme details

Balfour Beatty's sponsored ADR programme with JPMorgan Chase Bank, N.A. (J.P. Morgan) closed in June 2024.

Following this, J.P. Morgan established an unsponsored ADR programme in respect of Balfour Beatty's ordinary shares. All of the remaining ordinary shares held under the sponsored ADR programme were transferred to the custodial account for the unsponsored ADR programme and all of the outstanding American depository shares (ADSS) were cancelled, with unsponsored ADSS issued in respect of the transferred ordinary shares.

Further information is available at <https://www.adr.com/drprofile/05845R405>

Gifting shares to your family or to charity

To transfer shares to another member of your family as a gift, please ask the Registrar for a Balfour Beatty gift transfer form.

Alternatively, if you only have a small number of shares whose value makes it uneconomic to sell them, you may wish to consider donating them to the share donation charity ShareGift (registered charity no. 1052686), whose work Balfour Beatty supports. Any shares you donate to ShareGift will be aggregated and sold when possible, and the proceeds will be donated to a wide range of other UK charities. Since ShareGift was launched, over £64m has been given to more than 4,000 charities. The relevant share transfer form may be obtained from the Registrar. For more information visit www.sharegift.org.

Share dealing services

In addition to share dealing services provided by UK banks and brokers, Equiniti provide a telephone and online share dealing service for UK resident shareholders. To use this service, telephone 03456 037 037 from within the UK. Calls are charged at the standard geographic rate and will vary by provider. Lines are open Monday to Friday 8.00 am to 4.30 pm, UK time, excluding public holidays in England and Wales. Alternatively, you can log on to www.equiniti.com. Equiniti Limited is authorised and regulated by the Financial Conduct Authority.

London Stock Exchange codes

The London Stock Exchange Daily Official List (SEDOL) code is: 0096162.

The London Stock Exchange ticker code is: BBY.

Capital gains tax (CGT)

For CGT purposes the market value on 31 March 1982 of Balfour Beatty plc's ordinary shares of 50p each was 267.6p per share. This has been adjusted for the 1 for 5 rights issue in June 1992, the 2 for 11 rights issue in September 1996 and the 3 for 7 rights issue in October 2009 and assumes that all rights have been taken up.

Consolidated tax vouchers

Balfour Beatty issues a consolidated tax voucher annually to all shareholders who have their dividends paid direct to their bank accounts. If you would prefer to receive a tax voucher at each dividend payment date rather than annually, please contact the Registrar. A copy of the consolidated tax voucher may be downloaded from the Share Portal at www.shareview.co.uk.

Enquiries

Enquiries relating to Balfour Beatty's results, business and financial position should be made in writing to the Corporate Communications Department at the address shown below or by email to info@balfourbeatty.com.

Balfour Beatty Registered Office: 5 Churchill Place, Canary Wharf, London E14 5HU

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Forward-looking statements

This report, including information included or incorporated by reference in it, may include statements that are or may be forward-looking statements, beliefs or opinions, including statements with respect to Balfour Beatty's business, financial condition, operations and prospects. These forward-looking statements may be identified by the use of forward-looking terminology or the negative thereof such as "expects" or "does not expect", "anticipates" or "does not anticipate", "targets", "aims", "continues", "is subject to", "assumes", "budget", "scheduled", "estimates", "risks", "positioned", "forecasts", "intends", "hopes", "believes" or variations of such words or comparable terminology and phrases or statements that certain actions, events or results "may", "could", "should", "shall", "would", "might" or "will" be taken, occur or be achieved. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Forward-looking statements are not based on historical facts, but rather on current predictions, expectations, beliefs, opinions, plans, objectives, goals, intentions and projections about future events, results of operations, prospects, financial condition and discussions of strategy.

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No statement in this report is intended as a profit forecast or profit estimate and no statement in this presentation should be interpreted to mean that Balfour Beatty's earnings per share for the current or future financial years would necessarily match or exceed the historical published earnings per share for Balfour Beatty.

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NOTES

MORE INFORMATION

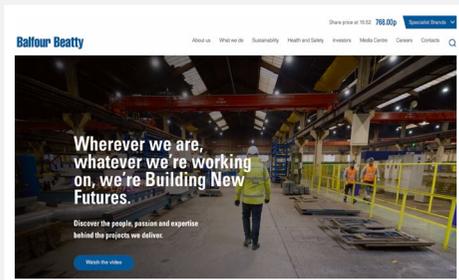


ONLINE ANNUAL REPORT

For a summary of our 2025 Annual Report and Accounts visit:

ar25.balfourbeatty.com

Scan or click to view the online summary report



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