



Our Sustainability Strategy

Building New Futures

2025

Sustainability Reporting Criteria



Building New Futures Sustainability strategy

1.1 Building New Futures: Six Focus Areas

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

	Protecting and enhancing the environment			Leaving a positive social legacy		
Our focus areas	 Climate change	 Nature positive	 Resource efficiency	 Supply chain integrity	 Community engagement	 Employee diversity, equity and inclusion
Our commitments	Mitigate and adapt to climate change	Protect and enhance the natural environment	Deliver resource efficiency through our operations	Empower sustainable suppliers and champion ethical practices	Deliver long lasting social benefits for the communities we operate in	Create a diverse and inclusive organisation
Our targets ⁵	<p>42% reduction in Scope 1 and 2 carbon emissions by 2030¹</p> <p>Net zero Scope 1 and 2 carbon emissions by 2045²</p> <p>Net zero Scope 1, 2 and 3 carbon emissions by 2050¹</p>	<p>Deliver on our clear and measurable targets³ to halt nature loss by 2030</p> <p>Nature positive principles embedded across our UK operations to support nature recovery by 2050</p>	<p>Eliminate non-hazardous excavation waste to landfill in the UK by 2030</p> <p>Zero avoidable waste in the UK by 2040</p> <p>Zero avoidable waste in the US by 2050</p>	<p>25% reduction in Scope 3 carbon emissions from purchased goods and services by 2030¹</p>	<p>£3 billion of social value created in the UK by 2025^{4,6}</p>	<p>50% Increase in the number of female colleagues⁴ in the UK by 2030⁴</p> <p>60% Increase in minority ethnic and black representation in the UK by 2030⁴</p>

1 Measured against a 2020 baseline and verified by the SBTi.
 2 Measured against a 2020 baseline, not verified by the SBTi as the SBTi only validate our near (2030) and long term (2050) targets.
 3 Targets to be set in 2025.
 4 Measured against a 2021 baseline.

5 As the Group has not yet quantified climate-related risk and opportunity metrics, cross-industry climate-related metrics from the TCFD guidance for all sectors have not been applied.

6 In 2021 Balfour Beatty set a target to deliver £3 billion in social value by 2030. In 2024 as part of the evolved sustainability strategy this social value target was updated to be delivered five years early, in 2025.

1.2 Reporting criteria

1.2.1 Background & purpose

This document is the reporting criteria for Balfour Beatty to define ESG metrics for both regulatory and voluntary disclosures. These indices measure the Group's resilience to long term material ESG risks against the Building New Futures six focus areas.

The data collected and performance thereof forms part of the Group's non-financial reporting disclosures published in the Strategic Report section of the Group's Annual Report and Accounts and can be applied for sustainable investment indices and investor reporting requirements.

The guidance applies to the entire Balfour Beatty organisation including subsidiaries, joint ventures, joint operations, and concessions in all geographies in which the Group operates.

1.2.3 Application

The Balfour Beatty Sustainability Reporting Criteria forms the basis for monitoring and measurement toward our Sustainability Strategy: Building New Futures commitments and associated targets and is applied to all Balfour Beatty sustainability data.

Data is reported aligned with Calendar year January to December.

1.2.4 Futureproofing

To ensure that the Balfour Beatty reporting criteria is reflective of the full range and completeness of ESG reporting requirements, the reporting criteria and associated indicators are updated on a half-yearly basis.

1.2.2 Reference Materials

The Group has established the sustainability reporting parameters and associated metrics detailed in this guidance in reference to the following established sustainability reporting frameworks:

- The Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard (Revised edition 2004)
- The Greenhouse Gas Protocol – Scope 2 Guidance (An amendment to the GHG Protocol Corporate Standard 2015)
- The Greenhouse Gas Protocol – Corporate Value Chain (Scope 3 Accounting and Reporting Standard 2011)
- The Greenhouse Gas Protocol – Technical Guidance for Calculating Scope 3 Emissions (version 1.0, 2013)
- Environmental Reporting Guidelines: Including streamlined energy and carbon (SECR) reporting guidance (March 2019)
- SBTi Forest, Land and Agriculture Science-Based Target Setting Guidance (Version 1.1 2023).
- Encord Construction Waste Measurement Protocol (version 1.0, 2013)
- Social Value Portal –TOM System Guidebook 2024



2.0 Climate change disclosure

Balfour Beatty discloses energy, carbon and related data aligned to the **UK Government Streamlined Energy and Carbon Reporting requirements (SECR)**, covering all seven UN Framework Convention on Climate Change/Kyoto gases, and/alongside enhanced reporting data from certain joint ventures and joint operations as set out in Section 2.1 Organisational Boundary.

Scope 1 and 2 Greenhouse Gas (GHG) emissions are calculated using the UK Government, US Environmental Protection Agency (EPA) and the International Energy Agency's (IEA) most current conversion factors to determine equivalent tonnes of carbon dioxide (tCO₂e) that include Global Warming Potential rates from the Intergovernmental Panel on Climate Change (IPCC) assessment reports based on a 100-year timeframe. See Appendix 1 for full detail of emissions factors applied.

Balfour Beatty's Scope 1 and 2 GHG emission sources include emissions from assets that are otherwise not referred to across the rest of the financial statements, aligned to the Group's enhanced reporting criteria (see section 2.1.3).

The identification and management of climate-related risks and opportunities, and reflecting how the Group adapts to, and mitigates this risk profile through its business strategy is disclosed in our Annual report and Accounts strategic report aligned to TCFD (Task Force on Climate-Related Financial Disclosures) in accordance with to the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 and the Non-Financial and Sustainability Information Statement (NFSIS) climate-related financial disclosures by publicly quoted companies, large private companies and LLPs. The Group discloses Scope 3 data voluntarily in line with our **SBTi** near-term and Net-Zero commitments.

Emissions from Forestry, Land and Agriculture (FLAG) emissions are calculated on an estimation basis with judgement taken against SBTi threshold parameters to determine materiality to the Group's Net Zero target aligned to the SBTi Forest, Land and Agriculture Science-Based Target Setting Guidance (Version 1.1 2023).

Balfour Beatty discloses to **CDP** via the corporate questionnaire as the principal ESG scoring mechanism for the Group.

Our commitment	
Mitigate and adapt to climate change	
Our targets	
by 2030	42% reduction in Scope 1 and 2 carbon emissions
by 2045	Net zero Scope 1 and 2 carbon emissions
by 2050	Net zero Scope 1, 2 and 3 carbon emissions

Seven UN Framework Convention on Climate Change/Kyoto gases:

- Carbon dioxide (CO₂)
- Methane (CH₄)
- Nitrous oxide (N₂O)
- Hydrofluorocarbons (HFCs)
- Perfluorocarbons (PFCs)
- Sulphur hexafluoride (SF₆)
- Nitrogen trifluoride (NF₃)



2.1 Organisational boundary

2.1.1 Where we operate

Balfour Beatty operates across three divisions: construction services, support services and infrastructure investments in three principal geographies – the United Kingdom, the United States, and through the Gammon joint venture in Hong Kong. The Group also has employees based in offices and facilities in: Greater Colombo – Sri Lanka, Bengaluru – India and Kuala Lumpur – Malaysia. Gammon also undertakes operations in: Macau, Singapore, and Mainland China.

2.1.2 Operational control

From the consolidation approaches for GHG reporting detailed in the GHG Protocol, **Balfour Beatty adopts the operational control approach.**

The GHG Protocol Operational Control approach has been determined to remain the most relevant and appropriate consolidation approach for GHG emissions for Balfour Beatty as the Group moves into a more detailed and expansive phase of GHG disclosures aligned to SBTi, encompassing a full GHG emissions inventory.

As the Group's operations include a mix of wholly owned operations, incorporated joint ventures, unincorporated joint ventures (joint operations), subsidiaries, and concession companies due to the complex nature of how the construction industry operates, each entity type and associated projects will have a combination of reporting accountabilities based on contractual obligations.



2.1.3 Enhanced reporting criteria

In preparation of a full GHG inventory including Scopes 1, 2 and 3 as well as Outside of Scopes and FLAG emissions, the Group reassessed the application of the operational control consolidation approach in 2023.

In accordance with the decision-making process shown in Figure 1, UK and US joint ventures and joint operations where Balfour Beatty lacks operational control, meaning it does not have full authority or considerable influence over operating policies, are accounted for within Scope 3 Category 15: Investments on a proportional ownership basis.

Applying the GHG Protocol Operational Control approach, certain of Balfour Beatty's joint operations and unincorporated joint ventures would typically be excluded from Scope 1 and 2 disclosures.

Due to the integrated nature of joint operations and unincorporated joint ventures in construction, applying the GHG Protocol's Operational Control methodology in its strictest sense does not fully reflect the reality of how sustainability decisions are made on these projects. While operational control traditionally focuses on full authority to implement operating policies, in practice, these arrangements often involve shared governance and collaborative decision-making.

Carbon reduction strategies such as procurement choices, energy efficiency measures, and sustainability performance improvements are frequently influenced by partners who may not hold full operational control but have considerable influence over these decisions. Therefore, the decision has been taken to include these operations within Balfour Beatty's Scope 1 and 2 reporting so as to represent the Group's true climate impact and ability to drive emissions reductions.

Augmenting the operational control approach to the Balfour Beatty enhanced reporting criteria, taking into account influence over carbon-related decisions, ensures that the GHG inventory provides a true and fair account of emissions, aligning with the intentions of the GHG Protocol supporting transparency and accountability. This enhanced methodology enables the business to capture emissions where it can meaningfully act, reinforcing its commitment to climate leadership and strategic sustainability goals.

Double counting is avoided by applying clear and mutually exclusive boundaries for each joint operation or joint venture. Entities are classified into one category only: Scope 1 and 2 if the organisation has full operational control or meets the enhanced reporting criteria based on the decision process detailed in Figures 1 and 2, or Scope 3 Category 15 if the organisation does not meet those criteria.

For Scope 3 reporting, emissions are allocated proportionally to ownership share, which prevents duplication with partners. The enhanced reporting criteria are applied in place of the standard operational control approach, not alongside it. Accordingly, once an entity qualifies under the enhanced criteria, it is included within Scope 1 and 2 and excluded from Scope 3.

This approach aligns with the GHG Protocol principles by maintaining mutually exclusive boundaries and documenting the decision-making process to ensure each source of emissions is counted once in the inventory.

The enhanced reporting criteria provides the business with information that is used to build an effective strategy to manage and reduce GHG emissions and to increase consistency and transparency in GHG accounting.

Figure 1.

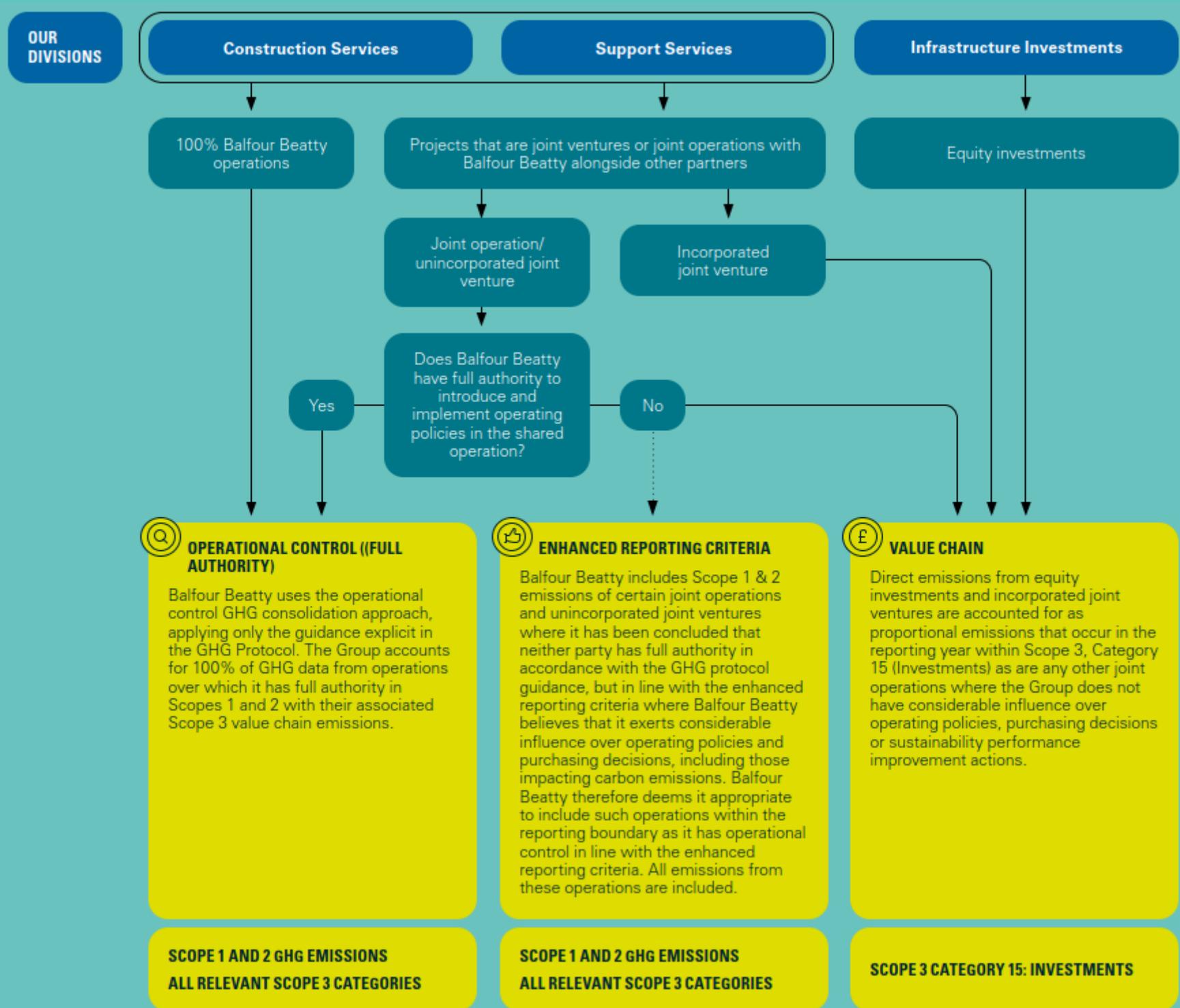


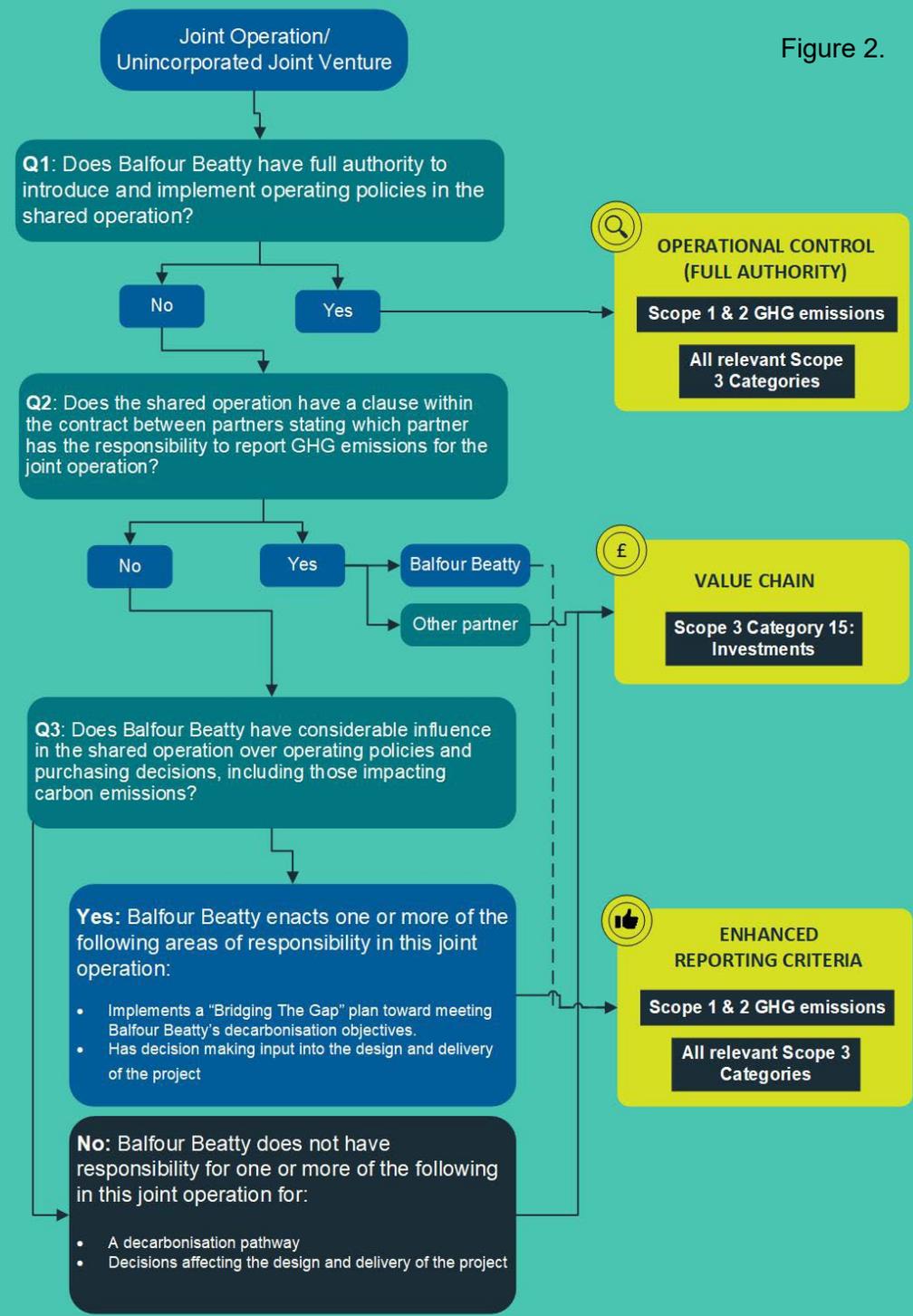
Figure 2.

To set clear parameters for the application of the enhanced reporting criteria, a subset of questions is used to determine the contractual or practical circumstances where Balfour Beatty believes it exerts considerable influence over operating policies and purchasing decisions including those impacting carbon emissions, the hierarchy (opposite) is applied.

KPMG LLP was engaged in 2025 to undertake an independent limited assurance using the assurance standards ISAE 3000 (Revised) and ISAE 3410 for the year ended 31 December 2025 over the data highlighted in the ARA marked with the symbol (A).

A consistent approach:

The Group has decided to extend and apply the operational control GHG consolidation approach, and Balfour Beatty defined enhanced reporting criteria, to all environmental sustainability data to standardise and maintain consistency in reporting sustainability metrics across nature positive, resource efficiency and supply chain strategic pillars.





2.2 Determining operational boundaries for GHG Scope

Balfour Beatty reports on Scope 1, 2 and 3 GHG emissions to manage and reduce direct and indirect emissions toward the Net Zero goals defined in the Building New Futures strategy. The GHG Protocol defines a company's operational boundary to determine where direct and indirect emissions fall within a company's established organisational boundary to determine a GHG inventory.

- **Scope 1:** GHG emissions from sources the Group controls (direct) from the combustion of fossil fuels and fugitive emissions from the use of refrigerants Please refer to Section 9.2.1 for further detail on fugitive emissions.
- **Scope 2:** GHG emissions from the generation of purchased and used electricity (indirect) that is consumed in the Group's operations.
- **Scope 3:** includes all other indirect emissions (other than Scope 2) that occur in a company's value chain. The mutually exclusive 15 categories in Scope 3 are intended to provide companies with a systematic framework to measure, manage, and reduce emissions across a corporate value chain.
- **Biogenic Emissions & Outside of Scope:** Refers to biogenic emissions (predominantly from renewable fuels) and emissions from land-use change (forest, land and agriculture or FLAG emissions).





2.3 Sustainability indicator intensity

For normalisation against the Group's chosen intensity metric for SECR (tCO₂e/£m revenue), the revenue as disclosed in the financial statements is adjusted to reflect revenue from Group operations that have been included in Scope 1 and 2 through the application of the operational control and enhanced reporting criteria consolidation approaches defined in Section 2.1.3. including adjustments for intercompany revenue and excluding entities designated through this decision process as Scope 3.

Consistent with the presentation of consolidated financial statements, foreign exchange rates used are those prevailing at the reporting date.





3.0 Nature positive

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

To do this, we're embedding nature positive targets across our operations with each of our UK Business Units setting annually evolving nature targets as part of their Bridging the Gap Sustainability Action Plans. These targets must consider all areas of our UK-wide Nature Positive Principles (shown below), to ensure that local targets and supporting actions drive forward Balfour Beatty's approach to protecting and enhancing the natural environment.



Our commitment

Protect and enhance the natural environment

Our targets

by 2030

Deliver on our clear and measurable targets to halt nature loss

by 2050

Nature positive principles embedded across our UK operations to support nature recovery



A true reflection of the Group's sustainability successes

The UK business achieved its 2030 target of reducing tonnes of waste generated per £m revenue by 40% in 2023.

4.0 Resource efficiency

To meet our commitment of reducing our waste footprint through implementing the Construction Leadership Council's zero avoidable waste route map and adopting circular economy principles, it is essential that monitoring and measurement of waste data and waste streams is captured to track progress against our targets.

This section will outline our approach to monitoring and measuring progress against these targets with guidance on implementing reporting criteria for resource efficiency in Section 1.2 Reporting Criteria

Our approach to resource efficiency will reduce costs and carbon emissions, design out waste and create opportunities, at different stages in the project lifecycle, to capture residual value from materials or goods through re-use, re-manufacture and recycling.

Our commitment

Deliver resource efficiency through our operations

Our targets

by 2030 Eliminate non-hazardous excavation waste to landfill in the UK

by 2040 Zero avoidable waste in the UK

by 2050 Zero avoidable waste in the US



4.1 Reporting waste

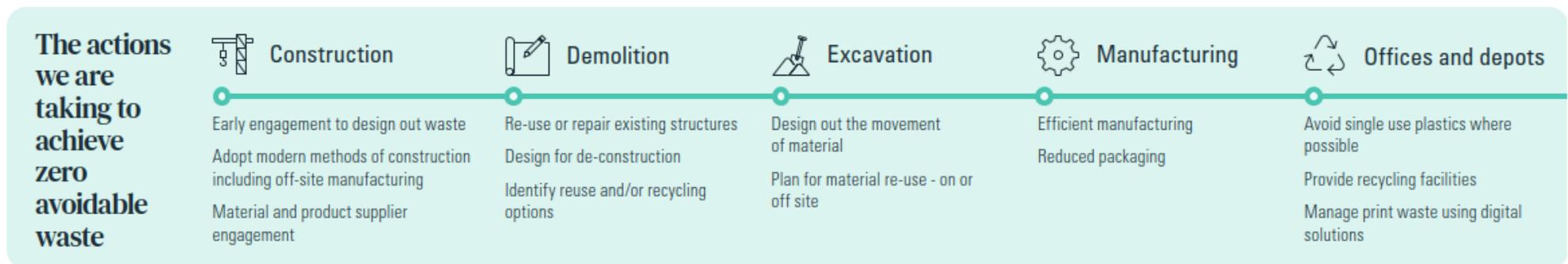
What is it? Understanding the types of waste which are generated by the range of activities undertaken across Balfour Beatty operations is important to better understand the root causes of waste and the level of control and influence the business has in different operational circumstances.

How is it reported? Waste data is captured by various internal systems and processes as defined in the Balfour Beatty Business Management System (BMS).

Waste is split between two end of life destinations of the materials – either to landfill or avoided from landfill by the material being reused, recycled, or recovered or otherwise avoided from being sent to landfill.

To ensure we have a full picture of the waste generated by our activities, we also capture waste generated on our sites by subcontractors working within our project and contract operations or manufacturing depots.

- **Construction waste** includes offcuts of new materials brought to site to construct buildings and structures, and the associated packaging for materials and products. The typical composition of construction waste includes timber, plastics, plasterboard, metals, bricks, and blocks.
- **Demolition waste** is generated from the demolition of buildings and structures, including roads, basements, and foundations. The typical composition of demolition waste is similar to construction waste but can also include more hazardous material such as asbestos or treated timber.
- **Excavation waste** is generated from earthworks, tunnelling and landscaping activities. This is typically made up of soil and stones and can include hazardous material from contaminated sites.
- **Construction, demolition, and excavation waste** is managed both by our directly employed waste supply chain and our subcontractor supply chain.
- **Premises waste** is generated from **offices** and **manufacturing facilities**. Typical composition includes paper, cardboard, plastics, and other office consumables, and can also include timber, metals and other materials from manufacturing activities. Premises waste is typically managed by our directly employed waste supply chain.



Balfour Beatty reports waste under the following categories: construction, demolition, excavation, manufacturing & depot, and office waste (with the last two categories combined as 'premises' waste for annual reporting purposes).

5.0 Supply chain integrity

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

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

How is it Reported? Scope 3 GHG emissions from Category 1: Purchased goods and services is calculated using the GHG protocol. **Hybrid** – for full guidance refer to Appendix 1: Table 11.



Our commitment

Empower sustainable suppliers and champion ethical practices

Our target

by 2030

25% reduction in Scope 3 carbon emissions from purchased goods and services





6.0 Community engagement

What is it? Delivering lasting social benefits for the communities we work in has long been embedded in how Balfour Beatty operates. From regenerating communities to driving employment and skills opportunities and supporting small, local supply chain partners, we help build new futures. This section sets out how community engagement related social value is measured and reported for Group reporting purposes.

The 2025 social value reported covers UK performance only. Social value reporting in other geographies is at an earlier stage of development, and we plan to expand and mature this reporting over the coming years.

Our £6 billion target is based on Balfour Beatty's performance and, therefore, only Balfour Beatty data is included in this report. This applies to all projects, regardless of delivery model.

How is it Reported? The Social Value Portal (SVP) are Balfour Beatty's chosen partner for measuring and reporting the voluntary disclosure of social value delivered by Balfour Beatty in the UK.

We use the National TOMs (Themes, Outcomes and Measures) framework as the basis for measuring and reporting social value, capturing data in a format that aligns with the latest available version of the framework. For 2025 reporting, this is the 2024 TOM System.

Our social value data is submitted to SVP, who verify our data and apply the TOMs proxies to calculate the associated social value. In line with the TOMs framework, the financial proxies applied to localised measures vary to reflect location and relative levels of deprivation.

TOMs used: The selection of TOMs we use is defined at project level, based on customer key performance indicators, as well as measures defined by Balfour Beatty based on a project's value and duration. In 2025, Balfour Beatty reported against the 37 TOMs outlined in Table 13 in Section Appendix 3.

We report against three TOMs measures that need to be delivered within a clearly defined 'local' area:

- NT1 – local employment,
- NT18 – local spend with large businesses and
- NT19 – local spend with SMEs

Defining 'local': Balfour Beatty defines 'local' within the UK as any location within a 20-mile radius of a project or office location.

Where data is available, multi-site projects are treated differently to get a fair representation of 'local' across the whole project. This may include identifying local spend within 20 miles of each site location or, for linear projects, identifying suppliers within a 20-mile project corridor (for example, 10 miles either side of a highway).

Local spend: Local spend is reported across all projects where we have postcode data for both the project and supplier. Spend that is local to our fixed estate and offices is currently excluded.

Distance calculations – distances between Balfour Beatty site locations and supplier locations are calculated on a straight-line basis.

NT18 vs NT19 allocation – The SME status is then used to categorise the local spend into either NT18 or NT19. This status is taken from a centrally maintained list of suppliers and SME status' which is updated annually.

Employment and skills: where the data is available, projects will record their employment and skills data in the sustainability portal. Due to challenges around accessing and handling employment data, there have been gaps in this data.



In 2025 we been able to include Group level data available from our central systems.

- **Project-level data:** All metrics that involve people’s time can be recorded in the Sustainability Portal in different time units e.g., days/weeks/months. These values are all converted to hours automatically by the Sustainability Portal (see hourly conversion table below). When the data is prepared for submission to SVP by our Group Reporting team, the hours are then converted to the unit required for social value reporting, such as dividing by 40 to get weeks and 2080 to get the full time equivalent (FTE).

Name	Hourly conversion
Days	8.000
Weeks	40.000
Months	172.960
Minutes	0.0167

- **Group-level data:** This currently includes data for local employment (NT1), new apprentices (NT10) and existing employees upskilled through apprenticeships (NT81). This is calculated for all relevant Balfour Beatty employees across the UK, ensuring no double counting as set out in the TOMs guidance.

The UK wide data local employment data is all calculated based on employees’ home locations being within 20 miles of their ‘default’ site/office location in their employee records.

Group-level data adjustments – before submitting our data to SVP, we work out the total FTE reported by projects against all employment and skills data where double counting is a risk. This is subtracted from the total Group-level figures reported to ensure there is no risk of over reporting or double counting.

All other social value data is recorded in the Sustainability Portal by projects and in a way that enables us to report the social value. e.g. volunteering hours, charitable donations, etc.

Continuous improvement. Recognising gaps due to manual processes and challenges with access to data, we are continuously pursuing digitisation opportunities to enhance data completeness and accessibility for social value reporting.



Our commitment

Deliver long lasting social impact for the communities we operate in.

Our target by 2030

£6 billion of social value created in the UK

60,000 hours of engagement with education

7.0 Employee diversity, equity and inclusion

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

How is it reported? Data on our target areas on diversity, equity and inclusion pertaining to the two targets to increase the number of female colleagues by 50% in the UK and increase minority ethnic and black representation by 60% in the UK is monitored and measured by the Balfour Beatty HR Enabling Function via the UK HR Scorecard.

Our commitment

Create a diverse and inclusive organisation

Our targets

by 2030 Increase the number of female colleagues by 50% in the UK

by 2030 Increase minority ethnic and black representation by 60% in the UK



8.0 Data integrity

8.1 Baselines

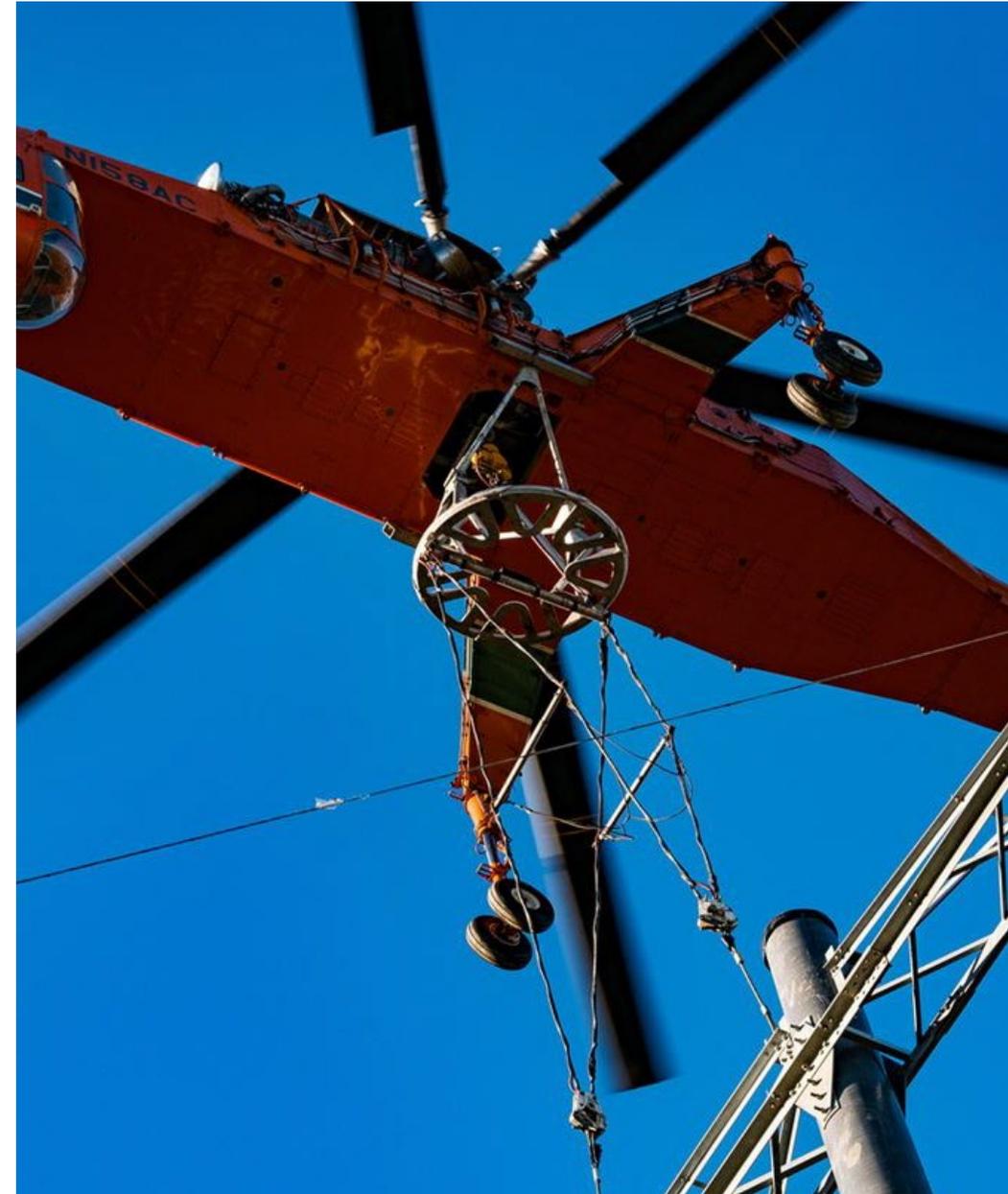
Coinciding with the launch of the Building New Futures sustainability strategy:

2020 is the baseline year from which to monitor and measure our mitigate and adapt to climate change commitment towards Net Zero GHG emissions.

2021 is the baseline year for our:

- commitment on resource efficiency toward zero avoidable waste.
- employee diversity, equity, and inclusion commitment of increasing the number of female colleagues by 50% in the UK and increasing minority ethnic and black representation in the UK by 60%.

2025 is the baseline year for our community engagement commitment of creating £6 billion of social value in the UK.



8.1.1 Acquisitions & Divestments

Where we acquire businesses, we report their sustainability data for their first full reporting year within the Group and capture historic data back to the baseline year.

Where we dispose of a business, we remove their sustainability data for the reporting year and historic data including the baseline year if materially significant to the Group's operations. Materially significant emissions are defined as a change in reported data of 5% or more of the Group's total base year emissions, for either Scope 1 or Scope 2.

8.1.2 Adjustment to business structure

When new projects are awarded to Balfour Beatty, this is considered organic business growth and re-baselining is not required

8.1.3 Adjustments to historic data

In the instance that historic data sets require adjustment through amendment or recalculation, adjustment must be made if the required change to an indicator at the strategic business level has a materiality per Scope of 5% or greater.

The time limit for adjusting historic data sets is three years.

In 2023 Balfour Beatty restated the GHG inventory aligned to the approach detailed in section 2.1 organisational boundary.

8.2 Data quality

Good quality data is vital to ensure meaningful trends are identified and give confidence in external reporting. The Balfour Beatty Business Management System (BMS) contains procedures that must be followed by all businesses to capture relevant sustainability data.

Within sustainability data reporting procedures, GHG emissions data is measured using the following data quality hierarchy:

1. Direct measurement (preferred method) – where possible, fuel consumption is captured through actual usage data:
 - Smart meter data
 - Standard meter readings
 - Transactional records (e.g., gas bills, delivery notes, invoices)
 - Sub-meter data for leased facilities
2. Estimation methods (when direct data is not available) – if no directly measured data exists estimates must be applied.

8.3 Data validation

The Group's process for data validation requires a validation check to be performed by a validator, who is independent of the person entering the data (the contributor). The validator must be a senior manager not more than one level below a board director. Furthermore, they must have knowledge of the strategic business to challenge anomalies, changes in the data and associated trends.

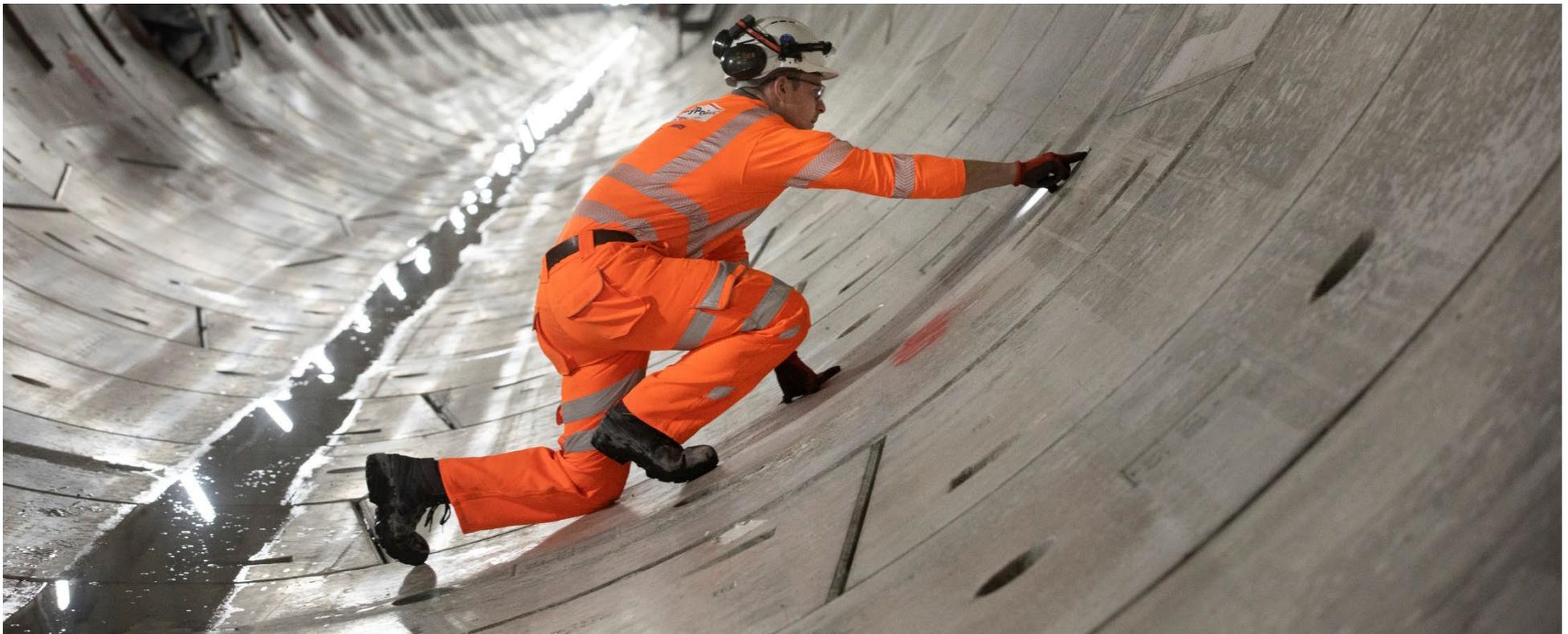
This is achieved in the UK through the "Bridging the Gap" sustainability action plans aligned to our sustainability focus areas and targets. The BU sustainability directors have overall accountability for these plans. In the US a data working group convenes with the Sustainability Enabling Function to ensure upskilling of stakeholders on sustainability reporting matters and the application of this reporting criteria.

8.4 Data protection

All data must be aligned to [Balfour Beatty's information security policy](#), ITS-PL-0002 and therefore General Data Protection Regulation (GDPR) compliant.

8.5 Data retention

In keeping with the UK Government legal standard for retention of a company's financial records in accordance with the Companies Act (2006), where records are generally maintained for seven years- six years plus current reporting year, the Group will retain data pertaining to the described sustainability reporting criteria indicators for this duration.



9.0 Reporting Indicators

9.1 Criteria specific reporting definitions and methodologies

Property portfolio	
Permanent facility: Permanent facilities are offices, depots, warehouses, factories, and other buildings we occupy long-term, beyond the duration of a single project.	
Project facility: Project & temporary sites are locations where we are working on behalf of a customer as part of a contract and will only be occupying buildings for the duration of the project.	
Leased facility: As Balfour Beatty applies the operational control consolidation approach augmented by the enhanced reporting criteria, properties where we are a tenant are included in Scope 1 and 2 and not Scope 3: Category 8 upstream leased assets.	
Frequency of reporting	
Reporting period: The Group reports on sustainability metrics aligned to the Jan-Dec calendar year in step with financial reporting.	
Baseline year: In the context of carbon accounting a baseline year is a starting point in time against which future GHG emissions are measured. The baseline year provides a historic point of reference for companies looking to track their emissions- reduction performance over time.	
Most recent year: The 'most recent year' is the last full 12-month Jan-Dec period where an entire annual dataset is available.	
Sustainability Portal	
The Balfour Beatty Sustainability Portal is a proprietary, in-house database driven software system used for the collation and dissemination of sustainability data for Balfour Beatty UK operations	
EF	
"EF" is the abbreviation applied in reference to "emission factor" for GHG reporting.	

9.2.1 Scope 1

Stationary Combustion



This category includes direct GHG emissions from burning fuels in stationary equipment such as boilers and generators. Scope 1 Stationary Combustion includes emissions from:

- Natural Gas
- Industrial gases (propane, butane)
- Boiler/heating fuel
- Diesel used in stationary generators (apportioned separately from mobile plant)

Emissions are measured using the data quality hierarchy outlined in Section 8.2. For natural gas evidence required includes half-hourly meter data, meter reading photos or invoices. Estimation methods are applied if no direct meter or invoice data exists using:

- A. Floor Space Estimation applying energy use benchmarks
- B. Desk-Space Methodology if floor-space data is not available, energy use can be estimated based on the number of desk spaces and known energy intensity per desk from comparable buildings.
- C. Apportionment for Shared Sites if sharing a building (e.g., warehouse), emissions are prorated based on the percentage of area occupied.
- D. De Minimis Rule if occupied space is <math><50\text{ m}^2</math>, no floor-space estimation is required.

For apportionment of diesel used in stationary generators, if there is no jurisdictional distinction on levied fuel (e.g. through a dye or marker) for this activity, an apportionment between mobile fuel and stationary fuel needs to be applied based on utilisation of diesel consuming assets. For the UK the most recent significant energy use (SEU) assessment aligned to the Energy Saving Opportunities Scheme (ESOS) for diesel consuming assets needs to be applied. For 2025, the proportion of diesel used in stationary assets from total diesel consumption in the UK geography is 24% based off the ESOS Phase 3 SEU assessment undertaken in 2024.

Mobile Combustion



Scope 1 Mobile Combustion covers direct GHG emissions from fuels burned in vehicles and mobile plant and equipment owned or controlled by Balfour Beatty. This includes cars, vans, HGVs, excavators, dumpers, cranes, generators (mobile), and handheld equipment. As each diesel and petrol product type has its own emissions factor, the exact product type is captured.

Emissions are measured using the data quality hierarchy outlined in Section 8.2. Across the Group, the primary basis for reporting mobile combustion is consolidated fuel transactions compiled from:

- Supplier invoices
- Fuel card reports
- Bulk fuel delivery records
- Consolidated fuel reporting systems

Where there is a requirement for apportionment between mobile fuel and stationary fuel, the steps outlined above under the basis of calculation for stationary combustion are applied.

Applicable to the UK geography, fuel consumption in company owned or leased vehicles reclaimed via expenses is captured from mileage submitted through the Group's appointed expense claim system.

Fugitive Emissions



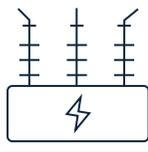
Scope 1 fugitive emissions arise from leakage losses from air-conditioning units or high-voltage electrical equipment operated by the Group. Data is compiled based on maintenance logs and incident reports pertaining to volume of leaked refrigerant gases.

The Group includes Scope 1 fugitive emissions from F gases for UK operations where data on refrigerant volumes is available. For US operations, data gaps exist within the Scope 1 reporting boundary for refrigerant leakage volumes. Whilst leakage could occur from HVAC air conditioning systems serving offices and temporary site accommodation, the Group does not currently hold sufficient evidence to compile a reliable measure for inclusion in the Group's Scope 1 GHG reporting. Specifically, no estimation of refrigerant leakage is applied, due to the absence of a complete equipment inventory. Based on the maintenance records available to date, management does not expect the exclusion of any fugitive emissions that would be material to the Scope 1 GHG inventory. As a result, this data has not been incorporated into the Group's disclosed Scope 1 emissions.

We intend to enhance data collection processes by strengthening the capture and retention of maintenance records and requesting that projects record refrigerant leakages from air conditioning and high-voltage equipment where such events occur, with the objective of enabling reporting of fugitive emissions for US operations in the next reporting period.

9.2.2 Scope 2

Electricity



Electricity data is captured and reported wherever the Group uses electricity, from offices, depots, workshops, manufacturing sites, project compounds, and temporary sites. Based off the application of the reporting boundary (see Section 2.1) electricity provided by clients, or through landlord-arranged supplies, is also included within the Group's Scope 2 emissions.

Four data methods are applied in a strict hierarchy to ensure data quality:

- Smart Meter Readings – Preferred due to high accuracy and availability in half-hourly format.
- Standard Meter Readings – Manual readings supported by photographic evidence.
- Transactional Data – Supplier invoices and billing records used to verify consumption.
- Floor Space Estimation – Used when neither meter nor invoice data exists. Benchmarks such as CIBSE TM46 (UK) or CBECS (US) are applied, multiplying usable floor area (90% of gross area) by an appropriate kWh/m² figure for a building type.

Floor-space estimation is also required when landlords do not provide consumption data, utilities are bundled within rent, or sub-metering is unavailable. In shared sites, consumption is apportioned based on occupancy (e.g., percentage of floor area used). A de minimis threshold applies: if occupied space totals less than 50 m², estimation is not required.

Location based



The Scope 2 location-based method calculates indirect emissions from purchased or acquired electricity using the average emission factors of the local grid. Location-based methodology reflects the average carbon emissions of energy supply overall in the jurisdictions in which we use electricity.

Scope 2 location-based emissions are reported using Scope 2 Emission Factor Sources and publications listed in Appendix 4 of these criteria.

Market based



A market-based method reflects emissions from electricity that companies have purposefully chosen. It derives emission factors from contractual instruments, which include any type of contract between two parties for the sale and purchase of energy bundled with attributes about the energy generation, or for unbundled attribute claims.

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

This market-based method allows the application of an emissions factor of zero tCO₂e per kWh to supply contracts from suppliers of electricity purchased from renewable sources which are often labelled as **green tariffs** if all the units of electricity in that tariff are 'matched' by units generated from a renewable energy source verified by a contractual instrument.

In the UK region where Balfour Beatty operates, Renewable Energy Guarantee of Origin (REGO) certificates are the contractual instrument used which demonstrate that a supply contract provides energy generated from renewable sources. A residual emissions factor is applied where no contracts are in place. Residual emission factors are a default representing any untracked or unclaimed energy emissions.

Appendix 1: GHG Indicators

TABLE 6 SCOPE 1 STATIONARY COMBUSTION

Indicator	Name
LEA 2.3.01	Total natural gas consumption on our own estate
LEA 2.3.02	Total natural gas consumption from project & temporary sites
LEA 2.3.03	Total natural gas purchased via a landlord
LEA 2.3.04	Total quantity of butane
LEA 2.3.05	Total quantity of propane
LEA 2.3.06	Total boiler fuel consumption on own estate
LEA 2.3.07	Total boiler fuel consumption from project & temporary sites
LEA 2.3.08	Total boiler fuel purchased via a landlord

TABLE 7 SCOPE 1 MOBILE COMBUSTION

Indicator	Name
LEA 2.3.09	Total volume of 1st generation biodiesel from crops
LEA 2.3.10	Total volume of biodiesel from waste oils
LEA 2.3.11	Total volume of gas oil (red or dyed diesel)
LEA 2.3.12	Total volume of plant petrol
LEA 2.3.13	Total volume of diesel with 5% biodiesel blend
LEA 2.3.14	Total volume of biodiesel (different blend)
LEA 2.3.14.GTL	Total volume of Shell GTL Diesel
LEA 2.3.15	Total volume of 100% mineral diesel
LEA 2.3.16	Total volume of fleet petrol E5
LEA 2.3.17 (E10)	Total volume of fleet petrol E10
LEA 2.3.17 (E85)	Total volume of fleet petrol E85
LEA 2.3.19	Distance travelled from claimed mileage (company owned or leased vehicles)
LEA 2.3.20	Total volume of liquid petroleum gasoline (LPG)
LEA 2.3.21	Total volume of compressed natural gas (CNG)

TABLE 8 OTHER KYOTO GASES

Indicator	Name
LEA 2.3.28	Sulphur hexafluoride (losses to atmosphere)
LEA 2.3.29	HFC refrigerants (leakage losses)
LEA 2.3.30	Total volume of methane emitted
LEA 2.3.31	Total volume of nitrous oxide emitted
LEA 2.3.32	PFC (leakage losses)

TABLE 10 THE ENERGY TRANSITION

Indicator	Name
LEA 2.4.07	Total renewable electricity generated on-site from Solar PV for our own consumption
LEA 2.4.09 (Blue)	Total Energy from Blue Hydrogen
LEA 2.4.09 (Grey)	Total Energy from Grey Hydrogen
LEA 2.4.9 (Green)	Total Energy from Green Hydrogen

TABLE 9 SCOPE 2

Indicator	Name
LEA 2.4.01	Total grid consumption from own estate
LEA 2.4.02	Total grid consumption from project & temporary sites
LEA 2.4.03	Total grid consumption from project & temporary sites where the electricity is provided by the client
LEA 2.4.04	Total grid electricity purchased via a landlord
LEA 2.4.05	Total grid electricity purchased through a 100% renewable electricity tariff for our own estate
LEA 2.4.06	Total grid electricity purchased through a 100% renewable electricity tariff for our project & temporary sites
LEA 2.4.07 NEW	Total electricity used for company-owned electric vehicles purchased through a 100% renewable electricity tariff
LEA 2.4.08 NEW	Total electricity used for company-owned electric vehicles from a standard grid-mix source
LEA 2.4.09	Total amount of heat and steam purchased from a local supply or district heating network

TABLE 11 SCOPE 3

Indicator	Name	Basis of Calculation
SUS 1.1.1	Purchased Goods and Services	<p>Hybrid Method is used which uses a combination of supplier-specific activity data (where available) and secondary data to fill the gaps. This method involves:</p> <ul style="list-style-type: none"> • Collecting allocated scope 1 and scope 2 emission data directly from suppliers. • Calculating upstream emissions of goods and services from suppliers' activity data on the amount of materials, fuel, electricity, used, distance transported, and waste generated from the production of goods and services and applying appropriate emission factors; and • using secondary data to calculate upstream emissions wherever supplier-specific data is not available using an Environmentally extended input-output (EEIO) model.
SUS 1.1.2	Capital Goods	<p>Average spend-based method is used which involves estimating emissions for goods by collecting data on the economic value of goods purchased and multiplying by relevant secondary (e.g., industry average) emission factors (e.g., average emissions per monetary value of goods).</p>
SUS 1.1.3	Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2	<p>Average-data method which involves estimating emissions by using secondary (e.g., industry average) emission factors for upstream emissions per unit of consumption (e.g., kg CO₂e/kWh). This indicator is calculated automatically via the Diligent ESG reporting platform from complete Scope 1 and 2 data.</p>
SUS 1.1.4	Upstream Transportation and Distribution	<p>Spend-based method, which involves determining the amount of money spent on each mode of business travel transport and applying secondary (EEIO) emission factors based off economic activity (spend) on goods which provisions within the OpenIO factors applied upstream transportation & distribution spend.</p>
SUS 1.1.5	Waste Generated in Operations	<p>The Group uses a combination of Waste-type-specific method data in geographies where volumes of waste produced, type and treatment method is specified and uses the Average-data method where data on treatment methods is not available.</p>
SUS 1.1.6	Business Travel	<p>Distance-based method is used which involves determining the distance and mode of business trips, then applying the appropriate emission factor for the mode used.</p>

SUS 1.1.7	Employee Commuting	<p>Average-data method is used which involves estimating emissions from employee commuting based on average data on commuting patterns.</p> <p>The Group chooses to not report the optional emissions from homeworking (defined in the GHG Protocol as “teleworking”) however, there are employees in professional services job families where homeworking is a possibility. Homeworking is therefore considered when deducing the average number of days commuting occurs based off average levels of occupancy of office desk spaces in the reporting year.</p>
N/A	Upstream Leased Assets	Included in Scope 1 and 2: For organisational boundary and operational boundary assessments parameters around leased assets outlined on pp 31-32 and “figure 5” on p30 in Chapter 4 of the GHG Protocol A Corporate Accounting and Reporting Standard Revised Edition (2004) are applied due to the application of an operational control consolidation method.
N/A	Downstream Transportation and Distribution	N/A this activity is not applicable to Balfour Beatty Group activities
N/A	Processing of sold products	N/A this activity is not applicable to Balfour Beatty Group activities
SUS 1.1.11	Use of Sold Products	<p>The strategic business unit, Balfour Beatty Homes is the only business model in the Group which enacts the role of vendor to the third party for sold goods which have emissions in the direct use-phase (buildings). The remainder of the Group either manufactures inert materials (such as fabricated steel) or provided the service of construction and engineering across a portfolio of projects on behalf of a client where the tangible asset is never the property of the Group or “sold” by the Group upon practical completion.</p> <p>Category 11 includes the total expected lifetime emissions from all relevant products sold in the reporting year across the company’s product portfolio.</p> <p>The Group does not report optional indirect use-phase emissions.</p>
SUS 1.1.12	End-of-Life Treatment of Sold Products	End-of-life treatment methods (e.g., landfilling and recycling) are described in category 5 (Waste generated in operations) and apply to both category 5 and category 12.
SUS 1.1.13	Downstream Leased Assets	This category includes emissions from the operation of assets that are owned by the Group (acting as lessor) and leased to other entities in the reporting year that are not already included in scope 1 or scope 2.
N/A	Franchises	N/A this activity is not applicable to Balfour Beatty Group activities
SUS 1.1.15	Investments	Using revenue in the reporting year as the basis of the average data, apply a most relevant market sector classification most closely aligned to the activity being undertaken in the JV, concession company or residential investment

Appendix 2: Resource Efficiency

TABLE 12 WASTE INDICATORS

Indicator	Name	Description
LEA 2.6.1	Total weight of construction waste sent to landfill	Construction waste is waste resulting directly from construction activities and includes offcuts of new materials brought to site to construct buildings and structures, and the associated packaging for materials and products. Report the total weight sent to landfill. Where data for construction, demolition and excavation waste cannot be separated into one of these three categories, please include as construction waste.
LEA 2.6.2	Total weight of excavation waste sent to landfill	Excavation waste is waste resulting from excavation or digging activities, limited to naturally occurring materials (i.e. soils and stones). Report the total weight sent to landfill.
LEA 2.6.3	Total weight of demolition waste sent to landfill	Demolition is any waste resulting from demolition of buildings and structures, including roads, basements and foundations. Report the total weight sent to landfill.
LEA 2.6.4	Waste Total weight of office waste sent to landfill	Office waste refers to the weight of waste from office activities. Report the total weight sent to landfill.
LEA 2.6.5	Waste Total weight of manufacturing/ depot waste sent to landfill	Manufacturing and depot waste is any waste from manufacturing, warehouse or depot activities. Report the total weight sent to landfill.
LEA 2.6.7	Total weight of construction waste avoided from landfill	Construction waste is waste resulting directly from construction activities, see LEA 2.6.1. Report the total weight that has been reused, recycled, or recovered and avoided from being sent to landfill. Where data for construction, demolition and excavation waste cannot be separated into one of these three categories, please include as construction waste.
LEA 2.6.8	Total weight of excavation waste avoided from landfill	Excavation waste is waste resulting from excavation or digging activities, see LEA 2.6.2. Report the total weight that has been reused, recycled, or recovered and avoided from being sent to landfill.
LEA 2.6.9	Total weight of demolition waste avoided from landfill	Demolition is any waste resulting from demolition of buildings and structures, including roads, basements and foundations. Report the total weight that has been reused, recycled, or recovered and avoided from being sent to landfill.
LEA 2.6.10	Waste Total weight of office waste avoided from landfill	Office waste refers to the weight of waste from office activities. Report the total weight that has been reused, recycled, or recovered and avoided from being sent to landfill.
LEA 2.6.11	Waste Total weight of manufacturing/depot waste avoided from landfill	Manufacturing and depot waste is any waste from manufacturing, warehouse or depot activities. Report the total weight that has been reused, recycled or recovered and avoided from being sent to landfill.

Appendix 3: Community Impact

Table 13 2024 TOM system measures social value reporting

TOMs reference	Name
NT1	Local people employed or retained
NT3	Long-term unemployed people recruited
NT4	Employees recruited who are Not in Education Employment or Training (16-24 y.o.)
NT5	Ex-offenders aged 18 and over recruited
NT6	Employees with disabilities recruited
NT8	Support for students at local educational institutions
NT9	Accredited training for new employees
NT10	Employment of new apprentices
NT11	Personalised support to help unemployed people into work
NT12	Meaningful unpaid work placements while Not in Employment Education or Training
NT13	Meaningful paid work placements
NT14	Spend with VCSEs in the supply chain
NT15	Expert support to VCSEs and SMEs

NT16	Support for VCSEs through donations
NT17	Support for VCSEs through volunteering
NT18	Spend with local companies in the supply chain
NT19	Spend with local SMEs in the supply chain
NT24	Support for community initiatives to reduce crime
NT25	Support for initiatives to tackle homelessness
NT26	Support for community health or wellbeing interventions
NT28	Support for local community projects through donations
NT29	Support for local community projects through volunteering
NT29a	Support for charities & community projects focused on positive health outcomes
NT31	Reductions in scope 1 & 2 CO2e emissions through decarbonisation
NT32	Reductions in car miles from a green transport programme
NT33	Miles driven using Zero Emission Vehicles
NT39	Support for mental health awareness campaigns for staff
NT50	Initiatives to promote local skills and employment
NT80	Upskilling of existing employees through accredited training

NT81	Upskilling of existing employees through apprenticeships
NT86	Support for environmental conservation & ecosystem management
NT91	Employers fairs which encourage local employment
NT98	Expert curriculum support for universities and colleges

NT99	Support for enabling visits of school children or local residents
NT100	Employment taster days (project related, sector or industry)
NT103	Meet the buyer events showcasing local supply chain opportunities
NT105	Expert Equality, Diversity & Inclusion training

Appendix 4- Scope 1 and 2 Emission Factor Sources and publications

Scope	Publication Title
Scope 1	2025 UK Government GHG Conversion Factors for Company Reporting
	Certas Energy supplied Emission Factor Set for GTL Diesel
	EPA Center for Corporate Climate Leadership. Emission Factors for Greenhouse Inventories
	GHG Protocol. Emission Factors from Cross-Sector Tools March 2024.
	IPCC, 2013: Climate Change 2013: The Physical Science Basis. Contribution of Working Group I to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change.
Scope 2	2024 Green-e Residual Mix Emissions Rates (2022 Data). Center for Resource Solutions (Ref: ERCOT All)
	2024 Green-e Residual Mix Emissions Rates (2022 Data). Center for Resource Solutions (Ref: FRCC All)
	2024 Green-e Residual Mix Emissions Rates (2022 Data). Center for Resource Solutions (Ref: RFC East)
	2024 Green-e Residual Mix Emissions Rates (2022 Data). Center for Resource Solutions (Ref: SERC South)
	2024 Green-e Residual Mix Emissions Rates (2022 Data). Center for Resource Solutions (Ref: SERC Virginia/Carolina)
	2024 Green-e Residual Mix Emissions Rates (2022 Data). Center for Resource Solutions (Ref: WECC California)

2024 Green-e Residual Mix Emissions Rates (2022 Data). Center for Resource Solutions (Ref: WECC Northwest)
2024 Green-e Residual Mix Emissions Rates (2022 Data). Center for Resource Solutions (Ref: WECC Rockies)
2024 Green-e Residual Mix Emissions Rates (2022 Data). Center for Resource Solutions (Ref: WECC Southwest)
2025 UK Government GHG Conversion Factors for Company Reporting
EDF: Energy Supplier. Supplier-based emission factor.
Embassy Energy Energy Supplier. Supplier-based emission factor.
EPA eGRID Year 2023 data. June 12, 2025 (Ref: Arizona)
EPA eGRID Year 2023 data. June 12, 2025 (Ref: California)
EPA eGRID Year 2023 data. June 12, 2025 (Ref: Colorado)
EPA eGRID Year 2023 data. June 12, 2025 (Ref: Florida)
EPA eGRID Year 2023 data. June 12, 2025 (Ref: Georgia)
EPA eGRID Year 2023 data. June 12, 2025 (Ref: North Carolina)
EPA eGRID Year 2023 data. June 12, 2025 (Ref: Oregon)
EPA eGRID Year 2023 data. June 12, 2025 (Ref: Pennsylvania)
EPA eGRID Year 2023 data. June 12, 2025 (Ref: RFC East)
EPA eGRID Year 2023 data. June 12, 2025 (Ref: South Carolina)
EPA eGRID Year 2023 data. June 12, 2025 (Ref: Texas)

	EPA eGRID Year 2023 data. June 12, 2025 (Ref: Virginia)
	EPA eGRID Year 2023 data. June 12, 2025 (Ref: Washington)
	European Residual Mixes. Results of the calculation of Residual Mixes for the calendar year 2024
	IEA (2025), Emission Factors Package

GWP Sources:

AR4 - 100-year IPCC Fourth Assessment Report (AR4 - 100 year) (2007)

AR5 - 100-year IPCC Fifth Assessment Report (AR5 - 100 year) (2014)