Our Sustainability Strategy

September 2025

Balfour Beatty

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Left: Students from Texas A&M University visit our London Street overbridge project at Paddington Station in London to explore the different construction techniques and practices used in the UK.

Top right: On the M25 Junction 10 / A3 Wisely Interchange Improvement scheme, the work of our expert ecologists meant that water lilies did not need to be translocated to a new area due to our works.

Bottom right: The Nuneham Viaduct Restoration scheme that used EcoSheetPiles to help reduce project carbon emissions by 30%.

A message from our Group Chief Executive

Building a sustainable future, together

As I step into the role of Group Chief Executive, I feel both proud and energised to be joining Balfour Beatty at such a pivotal time. We deliver the critical infrastructure that shapes daily life - roads, rail, schools, homes, energy networks, national defence. With that comes a responsibility to make sure what we build truly benefits people, communities, and the planet. That responsibility drives our ambition to show that sustainability and growth can, and must, go hand in hand.

Our Sustainability Strategy is central to that responsibility. It is not simply a set of targets on climate, biodiversity, resource use, supply chains, communities and inclusion. It is a commitment to act - to reduce our environmental impact, to create opportunities for people, and to leave a lasting positive difference wherever we work.

I have seen first-hand in my career how innovation and collaboration can transform industries. The world is changing fast and the challenges we face, from climate change to nature loss, are becoming more urgent. The decisions we take today will echo for generations. This demands that we think differently, embrace new technologies, and work more closely than ever with our partners and stakeholders. By doing so, we can build infrastructure that not only meets today's needs but safeguards tomorrow.

For me, sustainability is about legacy. It is about leaving things better than we found them. I know that everyone at Balfour Beatty shares that conviction. Together we will keep pushing ourselves to go further and faster in building a greener, fairer, more inclusive future. And in doing so, we will leave a legacy that truly matters.

Philip Hoare
Group Chief Executive

A message from our Group Director of Sustainability

Turning words into action

At Balfour Beatty, sustainability is integral to our continued success. Extreme weather events, rising sea levels, the competition for talent and pressures on raw materials are all increasingly impacting the global economy. It is therefore vital that businesses take responsibility for safeguarding the natural resources and communities upon which we all depend.

Failure to do so, not only threatens our day-to-day operations and the communities we serve, it also limits our long-term success and the success of our wider industry. This is why we are refreshing our strategy at this important moment. The external environment is changing rapidly, with climate impacts, resource pressures, and competition for talent requiring us to adapt. Regular updates ensure our strategy remains ambitious, relevant, and aligned to the sustainability challenges and opportunities ahead.

One year on from the evolution of our Building New Futures Sustainability Strategy, which set out our commitment to protecting and enhancing the environment and leaving a positive social legacy, we have been turning words into action.

Having achieved our target to create £3 billion of social value ahead of schedule, we are now raising our ambition with a new £6 billion target for 2030. This reflects not only our progress to date but also our recognition that businesses like ours must evolve to meet fast-moving sustainability and societal challenges.

Delivering this new target will see us break down barriers to employment, spend locally and empower our people to give something back through volunteering, supporting charities and engaging with education to inspire the next generation of talent to choose one of the many great careers our industry has to offer.

A key addition to our strategy is our Nature Positive commitment. For the first time, each of our UK businesses has set annually evolving targets aligned to our new nature positive principles. Delivering these targets will support the recovery of nature – vital for regulating our climate and providing clean air, water and food – and embed biodiversity and ecosystem in how we deliver projects.

Complementing our steadfast focus on climate change, resource efficiency, supply chain integrity and diversity, equity and inclusion, our new community engagement and nature positive targets make sure that, wherever we operate and whatever we deliver, we are addressing both sustainability challenges and opportunities and are building new futures.

Jo Gilroy
Group Director of Sustainability and Innovation

Our Sustainability Strategy

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 and UK and US specific targets which are supported by detailed Bridging the Gap Sustainability Action Plans in each of our Business Units.

	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	42% reduction in Scope 1 and 2 carbon emissions by 2030[1] Net zero Scope 1 and 2 carbon emissions by 2045[2] Net zero Scope 1, 2 and 3 carbon emissions by 2050[1]	Deliver on our clear and measurable targets to halt nature loss by 2030 Nature positive principles embedded across our UK operations to support nature recovery by 2050	Eliminate non-hazardous excavation waste to landfill in the UK by 2030 Zero avoidable waste in the UK by 2040 Zero avoidable waste in the US by 2050	25% reduction in Scope 3 carbon emissions from purchased goods and services by 2030[1]	£6 billion of social value created in the UK by 2030[3] 60,000 hours of engagement with education in the UK by 2030[3]	Increase the number of female colleagues by 50% in the UK by 2030[4] Increase minority ethnic and black representation by 60% in the UK by 2030[4]

1 - measured against a 2020 baseline and verified by the SBTi
2 - measured against a 2020 baseline, not verified by the SBTi as the SBTi only validate our near (2030) and long (2050) term targets
3 - measured against a 2025 baseline
4 - measured against a 2021 baseline

Focus area: **climate change**

Our climate has changed. The effects of global warming, including extreme heat, wildfires and flooding are a reality for many. The message from the experts is simple: act now or the impacts of climate change will become even more extreme. That's why we have worked closely with the Science Based Targets initiative (SBTi) to validate our 2030 and 2050 carbon reduction targets, ensuring that we're taking the right actions to play our role in limiting global warming to 1.5°C.

As part of our efforts, we're also sharing our UK Carbon Reduction Plan. It outlines our pathway to reducing our Scope 1, 2 and 3 carbon emissions by 90% by 2050 and using permanent carbon removal and storage to counterbalance the final residual 10% of our emissions. This is in line with the Oxford Principles for Net Zero Aligned Carbon Offsetting as required by the SBTi.

The principles of our UK Carbon Reduction Plan are also applied to our global operations where we have operational control or significant influence.

Reducing our Scope 1 carbon emissions

In the UK, around 70% of our Scope 1 carbon emissions comes from the fuel we directly purchase for our plant, fleet and generators. To reduce emissions from these sources, we have developed a three pronged approach of efficiency, electrification and alternative fuels. Supporting this work, we have also implemented the following minimum standards across our UK operations:

- Deploying EcoSense cabins which produce up to 30% less carbon emissions, on all new projects.
- Using our EcoNet energy management solution on projects and contracts with four or more cabins. EcoNet reduces energy use by automatically turning off equipment when it is not in use and selecting the lowest carbon energy sources from those available.
- Using our Power Profiler tool to develop the most carbon and cost-efficient site compound set-ups.
- Implementing our fuel hierarchy, shown on the following page, to ensure we select the right energy sources for our plant, fleet and generators.
- Reducing vehicle idling and improving plant and equipment utilisation through expert management of works, telematics and local management controls.

Complementing these minimum standards, in 2024, our Highways business achieved PAS 2080:2023 verification – the gold standard for buildings and infrastructure carbon management. Continuing this success, our Power Transmission and Distribution business achieved PAS 2080:2023 verification in January 2025. We are now embedding key elements of the standard into our UK-wide Business Management System, which is already certified to the ISO14001:2015 environmental management systems standards, to help other Business Units continue progressing towards a verified carbon management approach.

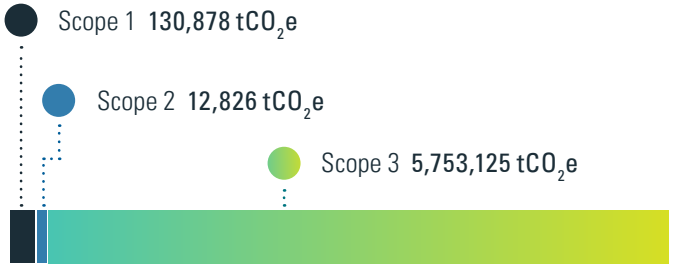
Our commitment

Mitigate and adapt to climate change

Our targets

by **2030**	42% reduction in Scope 1 and 2 carbon emissions[5]
by **2045**	Net zero Scope 1 and 2 carbon emissions[6]
by **2050**	Net zero Scope 1, 2 and 3 carbon emissions[5]

Balfour Beatty's carbon emissions in 2024



tCO_2e – tonnes of carbon dioxide equivalent

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

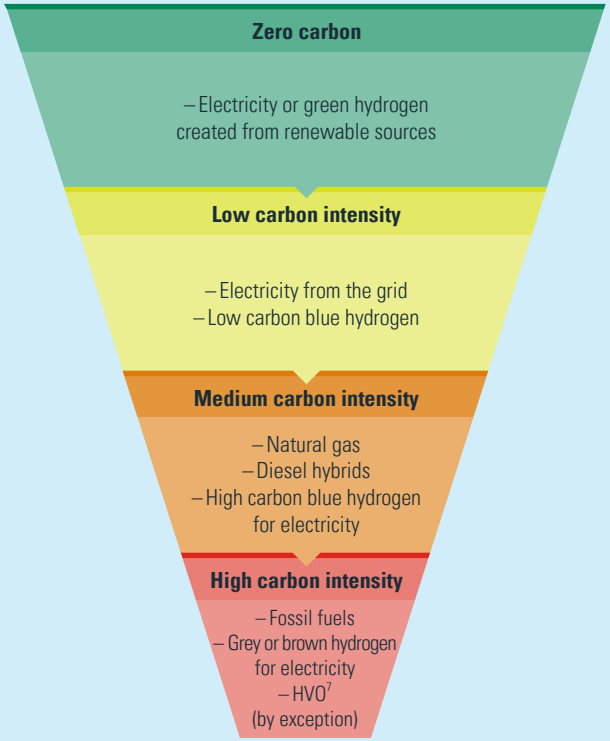
[6] measured against a 2020 baseline, not verified by the SBTi as the SBTi only validate our near (2030) and long (2050) term targets

Focus area: **climate change** *(continued)*

Choosing the right fuel

Developed by our in-house energy management experts, our fuel hierarchy helps our projects and supply chain partners to select the right energy sources for our plant, equipment, generators, vehicles and buildings, which account for the majority of our Scope 1 and 2 carbon emissions. You can find out more about our fuel hierarchy at balfourbeatty.com/fuelhierarchy

Our fuel hierarchy



[7] Based on the 2022 DEFRA average GHG emissions value for HVO fuels, which includes the emissions released during the combustion of fuel. It does not account for the unknown impact of HVO on forest clearance and marshland drainage.

Reducing our Scope 2 carbon emissions

Our Scope 2 carbon emissions are the indirect emissions from the electricity we use. To reduce these as far as possible, where we can, we analyse the electricity consumption of our projects, offices and depots, retrofit low-energy use products and adapt our ways of working to avoid unnecessary electricity consumption. We also use renewable energy tariffs backed by the Renewable Energy Guarantees of Origin (REGO) scheme and are reviewing opportunities for Power Purchase Agreements through which we directly connect to renewable energy sources.

Reducing our Scope 3 carbon emissions

Balfour Beatty's Scope 3 carbon emissions arise in our value chain so we do not have direct control. The vast majority of these emissions come from the goods and services we purchase from our supply chain. You can find out more about how we are working with them to cut our Scope 3 carbon emissions on page 13 of this document.

Focusing on reducing emissions from our Infrastructure Investments business, we are working closely with our customers. Together, we are integrating low-carbon requirements at the design stage and retrofitting existing assets with low-carbon solutions. For our joint ventures and operations where we do not have direct operational control, we are sharing best practice with our partners to drive the adoption of low carbon innovations.

In 2024, we saw a small decrease in the Group's absolute carbon emissions and a 15% reduction in carbon emissions intensity, against our 2023 performance, using the market-based methodology.

Leading the industry's hydrogen revolution

As part of our three-pronged approach to reducing emissions from the fuel we directly purchase for our plant, fleet and generators, we have been trialling hydrogen as an alternative fuel.

As part of our 'Five minute read' series, Jo Gilroy, Group Sustainability Director, has shared her views on how to increase the supply of hydrogen while ensuring its safety - our number one priority.

Scan here to read the Five minute read

Focus area: **climate change** *(continued)*

A low carbon alternative to diesel

Alternative fuels are crucial to achieving our Scope 1 and 2 carbon reduction targets. Working with our plant hire partners and Original Equipment Manufacturer (OEM), we trialled Syntech biofuel – a truly sustainable alternative to Hydrotreated Vegetable Oil (HVO) fuel. Produced in the UK from 100% UK-sourced waste cooking oil, Syntech biofuel can be used as a full drop-in replacement for diesel (with OEM agreement) and achieves an 80–90% reduction in carbon emissions. It can also be blended with diesel for incremental carbon savings.

We have agreements in place to use Syntech biofuel with multiple OEMs and suppliers, supported by a framework for volume, price and warranty to help our business and supply chain partners make the switch.

In June 2024, after co-funding a deep dive into HVO fuel, we reviewed and reaffirmed our position not to promote HVO fuel use, focusing instead on proven, sustainable alternatives like Syntech biofuel.

Driving decarbonisation with Syntech biofuel

The Nuneham viaduct restoration scheme utilised a low carbon piling solution

Sustainable steel piles

We have used low-carbon EcoSheetPiles on the Nuneham viaduct restoration scheme in Oxfordshire to reinforce a failing embankment.

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

Appointed by Network Rail, our team responded swiftly to structural movement in the Victorian embankment that had closed a major train route. The success of this trial showcases how innovative materials can meet urgent infrastructure needs while advancing sustainable construction.

Focus area: **nature positive**

Through restoring and enhancing the natural environment, we are supporting healthy ecosystems, essential for the future prosperity of communities and economies across the world. These ecosystems are vital in the fight against climate change, providing natural solutions to capture and store carbon emissions while strengthening environmental resilience against the effects of increasingly adverse weather conditions.

As signatories to the Nature Positive Business Pledge, created by the Institute of Sustainability and Environmental Professionals (ISEP), UK Business and Biodiversity Forum, the RSPB, Aldersgate Group and ICC United Kingdom, we are 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

Our nature positive principles

Follow the Mitigation Hierarchy

- How can we avoid negative impacts on nature?
- How can we minimise our impact on nature?
- How can we compensate for any nature loss that occurs?

Understand our impacts

- What are the environmental, social and economic impacts of achieving our target?
- Is there potential for unintended consequences, if so, how do we mitigate or manage those?

Focus on outcomes

- What is our desired outcome?
- How does our approach help us achieve this outcome?
- Is this the area we can make the most difference in?

Collaborate relentlessly

- Have you considered opportunities to collaborate across the value chain to ensure the best results?
- Have any costs or resource requirements been budgeted for and agreed with our customer?
- How will you share best practice and learnings?

Measure success

- How will you measure outcomes, both good and bad?
- How will you evidence regulatory compliance?

Focus area: **nature positive** *(continued)*

Our UK nature positive targets will be overseen by our in-house ecologists (one of the few dedicated teams in the industry). They support our project delivery teams to implement the mitigation hierarchy and What3Things for Environment approach, in order to avoid, minimise or compensate for any negative impact we have on nature and steer Balfour Beatty's progress towards its nature positive targets. Working closely with our customers, their work includes surveys, analysing risks and delivering mitigation strategies that protect and enhance nature in and around projects we are delivering. Across all our UK SCAPE Civil Engineering Framework projects, we provide every customer with a report detailing project-specific feasible options and available measures to achieve biodiversity net gains, on or off-site.

Equipping our project teams to protect nature

We are developing a digital eco-permit system to help manage ecological risks.

The innovative system, which has evolved over the past two and a half years, allows non-environmental specialists on our project teams to manage ecological risks via a digital platform. The eco-permit tool guides the project team member through specific questions related to their task, then evaluates the risk and identifies necessary controls to ensure that ecological receptors are not adversely affected by the work. If the risk cannot be managed effectively, an Environmental Advisor will work closely with the project team member to develop the right controls and if required, call on further expert support e.g. from our in-house Natural Environment team, to enhance controls where necessary.

As well as streamlining the process for issuing eco-permits, the system also ensures a consistent approach for the management and reporting of ecological risks on our projects.

The Mitigation Hierarchy in action

As part of our works on the M25 Junction 10 / A3 Wisely Interchange Improvement Scheme, to allow for the installation of a PortaDam and dewatering of the area to enable construction works, we were required to translocate an area of water lilies within a Site of Special Scientific Interest.

However, due to engineering challenges, the method of dewatering the area was changed from using a dam to installing a sheet pile wall. Revisiting the original mitigation hierarchy assessment for the works, our ecology expert was able to determine that the impact on the water lilies could now be avoided and that no translocation works were required – ultimately reducing costs and the time required to dewater the area.

Mitigation Hierarchy

1. **Avoid**
   Taking measures to avoid any negative impacts on biodiversity such as timing construction works to prevent disturbance to wildlife.
2. **Minimise**
   Taking measures to reduce impacts on biodiversity such as building wildlife crossings.
3. **Compensate**
   When it is not possible to avoid or minimise impacts, we will enhance or create new habitats to compensate for losses.

Focus area: **resource efficiency**

With the construction sector responsible for an estimated one third of the world's overall waste[8] and extracting nearly 40 billion tonnes of raw materials from the planet each year[9], it is clear that we need to shift the dial from managing the waste we produce to implementing design driven circular economy principles that eliminate waste and pollution, and circulate products and materials at their highest value.

We will reduce our waste footprint through implementing the Construction Leadership Council's zero avoidable waste routemap and adopting circular economy principles. Together, these actions will deliver value for our customers through reducing costs and carbon emissions, designing out waste and creating opportunities, at different stages in the project lifecycle, to capture residual value from materials or goods through re-use, re-manufacture and recycling.

Having made strong progress in this area with our UK business achieving its previous target to reduce tonnes of waste generated per £1 million of revenue by 40%, we have identified the five areas, outlined in the diagram below, that make up our waste footprint and the actions we need to take to achieve zero avoidable waste.

To support each of our Business Units in achieving zero avoidable waste, we have undertaken a further analysis of our waste data, attitudes and behaviours around resource efficiency and waste management. This analysis has enabled us to concentrate our efforts on the most impactful areas: sharing knowledge and enhancing skills, collaborating in design and procurement and promoting the adoption of existing resource-efficient solutions. The analysis will also be used to set local targets, specific to the areas each of our Business Units can drive progress in, which will form part of our Bridging the Gap Sustainability Action Plans. These plans detail each Business Unit's actions to contribute to our overall sustainability commitments and targets.

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

The actions we are taking to achieve zero avoidable waste

Construction

- Early engagement to design out waste
- Adopt modern methods of construction including off-site manufacturing
- Material and product supplier engagement

Demolition

- Re-use or repair existing structures
- Design for de-construction
- Identify reuse and/or recycling options

Excavation

- Design out the movement of material
- Plan for material re-use - on or off-site

Manufacturing

- Efficient manufacturing
- Reduced packaging

Offices and depots

- Avoid single use plastics where possible
- Provide recycling facilities
- Manage print waste using digital solutions

[8] The industry creating a third of the world's waste | BBC Future

[9] Sustainable Sourcing of Raw Materials for Construction: From the Earth to the Moon and Beyond | Elements | GeoScienceWorld

Focus area: **resource efficiency** *(continued)*

Collaborating to drive resource efficiencies

Working with our partners from the outset of a scheme, including our Strategic Design Partners in the UK, Jacobs, Mott MacDonald, WSP and AtkinsRéalis, the insights that we gain from our waste and materials data are used as an evidence-base to help our customers consider resource efficiency. This includes strategic decisions like choosing refurbishment over building a new asset as well as materials selection and the use of off-site manufacturing approaches to help reduce waste and increase the re-use, re-manufacture and recycling of materials in the future.

Did you know?

Our in-house Materials Engineering team spans the UK and US. Working across all stages of the project lifecycle, they develop and implement management strategies that reduce the amount of raw materials required and maximise recycling and re-use of excavation and demolition materials.

Sustainable packaging innovation at Dunfermline Learning Campus

Partnering with Whitecroft Lighting, we developed Geopak – a reusable, collapsible modular packaging system. Made from polypropylene and with GPS tracking, Geopak reduces waste, improves safety and optimises site logistics. It is projected to prevent up to two tonnes of packaging waste on this project alone. Through persistent innovation, collaboration and an open-source design, this initiative sets a new benchmark for sustainable construction – demonstrating the power of partnership to drive efficiency and industry transformation.

Improving how we manage PPE

With only 1% of clothing recycled globally, tackling PPE waste is vital. In 2024, we purchased around 64,000 hi-vis PPE items in the UK, highlighting the importance of addressing this issue. On National Highway's A63 Castle Street Scheme, we trialled a launderable PPE range, using alternating sets and Radio Frequency Identification (RFID) tags to extend garment lifespan and track carbon emissions. Building on this success, a larger trial is planned alongside a new PPE committee to drive future sustainable practices.

Focus area: **supply chain integrity**

Our valued supply chain partners are crucial to how we deliver our sustainability commitments and achieve our targets. Working together, we must balance environmental, social and economic needs to build an inclusive, resilient supply chain that underpins how we deliver for our stakeholders. As part of our commitment to empower sustainable suppliers and champion ethical practices, we are ensuring we procure inclusively and work collaboratively to reduce our carbon emissions, responsibly source materials and protect human rights.

Balfour Beatty has long been at the forefront of sustainable procurement, with our UK business being the first in the world to be externally assessed against the ISO20400:2017 sustainable procurement standard. As we continue to embed sustainable procurement practices, our most recent assessment against the standard shows that we have made further progress.

In the UK, our Responsible Sourcing team who support the business to make decisions that help us to build a diverse and resilient supply chain, have developed a sustainability heatmap tool to guide procurement decision making. Considering 13 areas of sustainability risk and opportunity across the goods and services we buy and the works we subcontract, the heatmap is used to focus our attention on the supply chain partners that can have the greatest impact on meeting our sustainability commitments.

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[10]

Inclusive procurement practices

Sourcing goods and services from a diverse supply chain promotes economic inclusion, fosters innovation and builds supply chain resilience. Our commitment to our 'Think Global, Act Local' approach, has seen us deliver iconic nationally critical infrastructure and projects, with our supply chain partners, at the heart of local communities – reflecting the strength and importance of these partnerships.

As part of our approach to inclusive procurement, we're expanding our work with social enterprises and charities. Through our Social Enterprise Accelerator and Development programme, employees volunteer their time and expertise to support small businesses and social enterprises.

Please see page 14 to find out more about how we have been supporting a social enterprise through skills-based volunteering.

- **Local supply chain partners**
- **SME's**
- **Organisations with diverse ownership**
- **Voluntary, community and social enterprises**

[10] Measured against a 2020 baseline

Focus area: **supply chain integrity** *(continued)*

Reducing our Scope 3 carbon emissions

The goods and services we purchased in 2024, represented 83% 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.

To meet this target, we are focussing our efforts on three key groups:

- **Our procurement teams** – responsible for the day-to-day selection of our supply chain partners for the products and services we buy. This group are growing their sustainability knowledge through training that helps them to consider carbon alongside other factors when making decisions. Using our sustainability heatmap tool, they identify partners who can have the biggest impact on reducing our Scope 3 carbon emissions and are working on initiatives like Cement 2 Zero - a trial of the world's first zero emissions cement at an industrial scale.

  In 2024, we also launched a Concrete Knowledge course to upskill teams and surveyed 50 steel suppliers to assess their decarbonisation strategies to ensure we're buying from the right partners.

Did you know?

In 2024, 81% of our Scope 3 purchased goods and services carbon emissions came from around 10% of our suppliers. Of these, 50 have already set Science-based Targets to reduce their average absolute carbon emissions by 30% by 2030.

- **Our supply chain partners** – all of our UK supply chain partners work to our Sustainable Procurement Policy which outlines priorities including minimising carbon emissions over the lifecycle of a product or service and enabling the reporting of Scope 3 carbon emissions. To help our supply chain partners meet these requirements, we are collaborating with them on a range of innovative projects including the development of a software solution that uses invoice data to provide embodied carbon data. This will enable the benchmarking of the carbon footprint of different products and services, which can be used to inform purchasing decisions.
- **Our customers and design teams** - a key lesson from our 'Towards a Zero Carbon Construction Site' initiative at the Royal Botanic Garden project in Edinburgh, was the importance of early engagement and decision making. Working closely with customers and design teams helps to embed low-carbon solutions early in the design, construction, operation and decommissioning of an asset.

Supply Chain Sustainability School

The UK Supply Chain Sustainability School remains a key resource that provides learning opportunities for individuals and organisations seeking to deepen their understanding of sustainability in the built environment.

As a partner of the School, we recognise its role in driving industry-wide change and sharing best practice and upskilling our employees and supply chain partners on topics such as carbon management and modern slavery.

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

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

You can find out more about the Supply Chain Sustainability School at supplychainschool.co.uk

SUPPLY CHAIN SUSTAINABILITY SCHOOL

Focus area: **supply chain integrity** *(continued)*

Working in partnership to protect human rights

At Balfour Beatty, doing the right thing is central to how we operate. As part of this commitment, we are determined to fight against slavery and human trafficking by ensuring we have the systems and processes in place to guarantee that all our dealings and relationships uphold the highest ethical standards.

While we believe the risk of modern slavery within our own operations is relatively low – due to the strength of these systems and processes and our clear line of sight to who we are directly employing – we acknowledge the higher risk within our indirect supply chain. We actively collaborate with and support our supply chain partners to address this, including working with ConstructionLine to enhance pre-qualification criteria for all suppliers to our UK business. Following these changes to ConstructionLine, we have now mandated that prequalified UK supply chain partners provide us with their own modern slavery statement.

In 2024, we conducted 187 modern slavery supply chain audits – bringing our total to 308 since 2023. We are continuously refining our audit process, with 2024's redesign providing more targeted and specific improvement actions and enhancing guidance to help our supply chain partners to improve their approach. The audit report and guidance also signposts supply chain partners to the free resources available within the Supply Chain Sustainability School and training resources including the School's People Matter Charter to which Balfour Beatty is a signatory.

As we continue to support cross-sector collaboration by contributing to industry guidance and toolkits and helping our supply chain partners upskill, we are realigning our focus to our operations. This includes leveraging technology and digital solutions to reduce the risk of modern slavery and labour exploitation on our projects.

To read our Modern Slavery Statement and find out about our latest progress in this area, please visit balfourbeatty.com/modern-slavery

Supporting social enterprise sustainability at Nuneaton Signs

We recognise that skill-based volunteering can have a powerful impact, particularly for social enterprises such as Nuneaton Signs, where 66% of the workforce has a disability. During a volunteering day, our team conducted an energy audit and hosted a workshop on carbon reduction, greenwashing, modern slavery best practices and the circular economy. These insights sparked valuable discussions and immediate action. As a result, Nuneaton Signs updated its modern slavery statement and began a sustainability heatmapping exercise. In addition, Balfour Beatty identified new opportunities to increase spend on recyclable signs, boosting environmental and social impact. This voluntary work generated £4,242 of social value.

Focus area: **community engagement**

Delivering long-lasting social benefit is at the heart of our operations. We strive to create opportunities for local communities and businesses to thrive, while also inspiring the next generation to pursue careers in infrastructure. We're committed to making a meaningful difference in the communities we serve and building new futures.

In 2024, we surpassed our target of creating £3 billion of social value by 2025. Building on that success, we have set a new target to generate a further £6 billion of social value in the UK by 2030.

But numbers alone don't capture the real difference we're making. That's why we're evolving how we define and measure success – transitioning to the enhanced Themes, Outcomes and Measures (TOMs) framework to bring greater transparency, consistency and relevance to how we deliver and report social value. This approach is supported by our continued partnership with the Social Value Portal to measure, manage and report our progress across the UK.

Going a step further, we've clearly defined what "local" means to Balfour Beatty by being within 20 miles of each project, helping us better capture how our work is improving local communities. Alongside this, our community engagement work will prioritise areas where we have a long-term presence in order to create long-term community benefits. As a minimum, our community engagement approach on every project, will focus on the four areas of employment and skills, supporting local businesses, engaging with education and, volunteering and charitable giving.

Employment and skills

We support communities by recruiting locally wherever possible and investing in training, apprenticeships and career development. By offering opportunities to those who face additional barriers to work, we're helping to address skills shortages and build a more inclusive and sustainable workforce. For more information on our work in this area, please see pages 18-19.

Supporting local businesses

We're committed to creating economic value in the communities where we work by supporting small and local businesses. Wherever possible, we prioritise local spend, working with SMEs, social enterprises and other suppliers based near our project sites to keep investment close to home. This spend is one of the most significant contributors to the social value we generate - strengthening local economies, enabling SMEs to grow and helping them create more employment opportunities in their communities.

We also work closely with our supply chain partners to open contract opportunities to small local businesses, promoting inclusive procurement practices and helping build a more resilient supply chain. This includes actively supporting female-owned businesses and those with social or environmental missions.

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[11]
- 60,000 hours of engagement with education[11]

Engaging with education

As part of our commitment to long-term social impact, we've set a new target to deliver 60,000 hours of engagement with education by 2030[11] – helping to build the skills pipeline our industry needs for the future.

Through inclusive learning experiences, we're helping young people explore careers in the built environment. Prioritising working with schools where we can make the greatest difference - whether through existing relationships, STEM potential or wider community needs - we're ensuring our outreach is meaningful, relevant and supports a diverse range of students to realise their potential.

Through our partnership with Industrial Cadets, we offer three types of accredited work experience that blend classroom learning with real-world exposure:

[11] Measured against a 2025 baseline

Focus area: **community engagement** *(continued)*

- Industry Insights – a structured, week-long virtual work experience programme.
- In-person work experience – traditional placements providing hands-on learning opportunities.
- T Level placements – extended in-person placements as part of technical qualifications and seen as a pathway into apprenticeships.

By offering flexible, inclusive options, it removes common barriers to participation and engages a wider range of young people, ensuring they can explore careers in our industry in a way that suits them.

Alongside this, our people play an active role in engaging with education, dedicating thousands of hours each year to support schools and colleges through workshops, mentoring and site visits that bring the built environment to life.

As a Gold Member of The 5% Club, we're committed to maintaining at least 5% of our workforce in 'earn and learn' roles, including apprenticeships, graduate schemes and sponsored student placements. At the end of 2024, 7.3% of our workforce were in such roles.

Volunteering and charitable giving

We want to make a meaningful difference in the communities we serve by creating more opportunities for volunteering and charitable giving. Our people are central to this commitment - using their two days of paid volunteering time to support causes close to their hearts and the communities where we work.

To make volunteering and charitable giving as accessible and impactful as possible we:

- Partner with STEM Learning, our main corporate charity, to support teacher training, mentoring, and work placements.
- Give our people the opportunity to connect directly with community projects in need of funding or volunteers via an online portal which will launch in phases in 2025 and 2026.

Whether it's by sharing their skills to help social enterprises grow, creating community spaces or supporting education and upskilling initiatives, we're supporting our employees to make a difference.

Focus area: **community engagement** *(continued)*

Students from Texas A&M University visiting our London Street overbridge project at Paddington Station in London

Inspiring the next generation to join the construction industry

Our team at our London Street overbridge project at Paddington Station in London welcomed students from Texas A&M University, as part of our ongoing relationship with the University. The visit provided students with a behind-the-scenes look at a complex, innovative construction project and aimed to inspire them to consider careers in infrastructure.

Students received a comprehensive overview of the project, including insights into health and safety, environmental management and social sustainability. They learned about the importance of social impact in construction, particularly how it supports local communities and strengthens long-term project outcomes.

The students also explored the different techniques and practices used in the UK compared to the US – broadening their understanding of global engineering approaches.

UK Operator Skills Hub: creating a skilled and inclusive workforce

The Operator Skills Hub, a partnership between Balfour Beatty and Flannery Plant Hire, plays a crucial role in tackling the industry's skills shortage. Based in Birmingham, this purpose-built training facility offers a direct pathway into plant operations, equipping new entrants and existing operators with the knowledge and confidence to succeed in infrastructure careers.

Through hands-on, accredited training, the Hub has supported learners – many from underrepresented groups – into meaningful employment. Participants have included veterans, women, individuals with disabilities or health conditions and those previously not in education, employment or training.

The Hub also works closely with employers to understand industry needs and create sustainable employment pathways. As part of the national Skills Bootcamp programme, it helps people retrain, upskill and access opportunities on major UK infrastructure projects, including HS2.

In November 2024, the Hub's 1,000th Skills Bootcamp student, Abigail Cleverley, achieved the nationally recognised accreditation to operate articulated dumper trucks and rollers. She has since secured a role within Balfour Beatty VINCI, HS2's construction partner for the West Midlands.

The Operator Skills Hub's 1,000th student, Abigail Cleverley

Focus area: **employee diversity, equity and inclusion**

Our employees skills and capabilities are what sets us apart. 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.

In the UK, our Diversity and Inclusion Strategy is helping us to create an open and welcoming workplace and culture where everyone can thrive. Its strategic goals are delivered via our UK Value Everyone Action Plan and, since setting our baseline in 2021, we have made steady progress towards our targets to improve Female, Minority Ethnic and Black representation across our UK business.

In 2024, over 26% of our UK early careers population were female and over 20% of hires were from minority ethnic backgrounds.

Diversity and inclusion strategy

Our Value Everyone, UK Diversity and Inclusion Strategy is guided by our employee-led Affinity Networks and is driving change through its strategic pillars of Lead the way, Create opportunities, Develop an inclusive culture and Enable supply chain diversity. You can read it in full at: balfourbeatty.com/distrategy

Creating an inclusive culture

Across the UK and US, our Affinity Groups provide a place for our people to connect, raise awareness and develop and deliver ideas that help create a more inclusive workplace. They are helping Balfour Beatty to make meaningful changes in the medium to long-term and have been instrumental to delivering improvements to how we operate. An example of how they have driven change is through the development of our EcoSense cabins which include a range of disability and neurodiverse features including wider corridors for wheelchair users and tri-coloured LED lighting for those who are hyper-sensitive to bright light. Following a successful trial, EcoSense cabins are now used as standard across our UK operations.

Understanding that we operate in an increasingly dynamic and fast-paced environment and that businesses and individuals need to do the right thing, we hold high standards for the conduct and behaviour of our people to ensure everyone feels safe, comfortable and able to reach their full potential. To support our people in upholding these standards, our Code of Ethics clearly sets out the principles that guide our everyday decisions. Recognising that it is not always clear where the lines or boundaries are, our Right to Respect programme has been rolled out across the UK and is in pilot stage in the US. The programme is helping everyone who works for or with us to develop a shared understanding of the behaviours we expect, empowering our colleagues and partners to hold each other to account.

RIGHT TO **RESPECT**

Our commitment

Create a diverse and inclusive organisation

Our targets

by **2030**	Increase the number of female colleagues by 50% in the UK[12]
by **2030**	Increase minority ethnic and black representation by 60% in the UK[12]

Accessing a diverse pipeline of talent

As part of our efforts to attract a diverse range of talented people to Balfour Beatty and our industry as a whole, we engage with schools and universities to promote STEM careers (please see page 16 for more information) as well as mentoring and providing placements for students in both the UK and US.

In the UK, our Breaking Barriers Pathways to Work support individuals from underrepresented or marginalised groups into meaningful employment. These include tailored pathways for refugees, people with disabilities,

[12] Measured against the 2021 baseline

Focus area: **employee diversity, equity and inclusion** *(continued)*

care-experienced young people and those not in education, employment or training (NEET). Our Pathways include:

- Our Returner Citizens Pathway for prison leavers. Delivered in partnership with Inside Connections, it offers employability training and paid placements through Release on Temporary Licence and direct hire opportunities into sustained employment – backed by wrap-around support from recruitment through to reintegration.
- Our Military Talent Pathway. Helping service leavers transition successfully into a civilian career. Our focus on hiring ex-military talent has seen us welcome hundreds of veterans to Balfour Beatty who benefit from our Military Talent Pathway which aims to set them up for successful careers in our industry.

To help minority groups to have a successful and fulfilling career at Balfour Beatty, our UK Evolve development programme helps participants create a targeted plan for career success.

Neil Dalton OBE signing the UK Armed Forces Covenant on behalf of Balfour Beatty

Supporting veterans through the Armed Forces Covenant

As signatories of the UK Armed Forces Covenant, we are committed to supporting those who serve or have served in the Armed Forces to have fulfilling civilian careers.

As part of this commitment, we've developed a bespoke Military Talent Pathway. This programme equips recent service leavers with the knowledge and skills to successfully transition into civilian roles within our business.

In 2023, 104 veterans joined Balfour Beatty, with a further 136 joining in 2024 – strengthening our workforce and helping us build a diverse, inclusive team with a wealth of experience.

Our UK Affinity Networks meet with our Non-Executive Group Chair, Charles Allen, Lord Allen of Kensington, CBE

Women in Power' initiative

The concept for the Women in Power initiative came from a LinkedIn post shared by a project manager in our Power Transmission and Distribution business. The post highlighted a 'Day in the Life' of a female project manager at Balfour Beatty and the positive experiences she has had. This post got significant traction. To reach a broader audience two webinars were held in 2024 to encourage and inspire female talent to join Balfour Beatty with over 100 attendees joining. We also hosted a women-only open day at Raynesway, Derby, to share more about our overhead lines work and the opportunities available.

These initiatives have supported female diversity in the Power Transmission and Distribution Business Unit – in 2024, over 25% of new starters were female. As part of our attraction strategy, significant work has been undertaken to ensure where possible that roles can be flexible or part-time and in our more remote locations, ensure smart working opportunities are available.

Governance

Sustainable is one of our five values and part of our Cultural Framework which guides our actions and behaviours. We are committed to making the right choices and ensuring sustainability is supported across the business with a robust governance framework.

Safety and Sustainability Committee

Our Group Safety and Sustainability Committee reviews our Sustainability Strategy, monitoring progress and ensuring accountability at Board level.

Executive Committee

Our Executive Committee has overall responsibility for setting our sustainability commitments and targets.

Group Sustainability Function

The Group Sustainability Function is responsible for understanding material sustainability considerations, supporting the Executive Committee to set targets and commitments and enabling the development of operational action plans.

Business Units

Each Strategic Business Unit (SBU) has a sustainability director who is responsible for the Business Unit (BU) sustainability leads and project-based sustainability teams. The BU sustainability leads are responsible for developing bespoke Bridging the Gap action plans aligned to our sustainability focus areas and targets. The SBU sustainability directors have overall accountability for these plans.

Internal and external audits

Internal audit teams review performance against our Sustainability Strategy. PwC LLP is engaged by Balfour Beatty to provide independent limited assurance over the reporting of social value and the Group's Scope 1 and 2 Greenhouse Gas (GHG) emissions.

Materiality assessment

We want our Sustainability Strategy to make a difference by being meaningful and relevant to our stakeholders, deliverable and, as a business that values data, fully measurable.

Following the evolution of our Building New Futures Sustainability Strategy in 2024, to validate and strengthen our approach, we undertook a double materiality assessment aligned to EFRAG guidance. A double materiality assessment assesses not just how sustainability topics impact our business, but also how our business impacts people, society and the environment.

Our double materiality assessment was conducted through a combination of stakeholder interviews and desktop research and has confirmed that our Sustainability Strategy is targeted at the area's most important to our stakeholders and those that our business has the biggest impact on. Some areas, such as health, safety and wellbeing and cyber security, were not included in the scope of our assessment as they already have well established approaches in our business.

The results of our double materiality assessment confirm that the six focus areas of our Sustainability Strategy reflect the issues most important to our business and the areas where we have the biggest impact on people, society and the environment. It also identified areas of emerging risk and opportunity e.g. responsible water management in our operations and supply chain. These areas will shape the future development and delivery of our Sustainability Strategy.

	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 material topics	– Efficiency – Electrification – Alternative fuels – Anticipating climate impacts and designing to withstand and adapt to them – Financial investment – Innovation – Partner of choice for customers	– Biodiversity – Habitats – Pollution – Environmental compliance – Innovation – Partner of choice for customers	– Waste management – Circular economy – Materials management – Water – Environmental compliance – Innovation – Partner of choice for customers	– Carbon and materials – Human rights – Resilience – Training and development – Environmental compliance – Innovation – Partner of choice for supply chain	– Skills and employment – Social mobility – Culture and heritage – Designing for thriving communities – Innovation – Partner of choice for communities	– Attraction and retention – Training and development – Fairness and inclusion – Human rights – Designing for inclusion innovation – Employer of choice

Think before you print!
You can find our Sustainability Strategy online at balfourbeatty.com/sustainabilitystrategy

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Balfour Beatty