PPN 006: Carbon Reduction Plan

2025

Balfour Beatty

Achieving net zero

Tackling climate change requires action, not aspiration. Through our Building New Futures sustainability strategy, we have set science-based carbon reduction targets aligned to the Paris Agreement and our commitment to achieve net zero. These targets, measured against a 2020 baseline, guide how we design, procure and deliver projects across our business:

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

Our Building New Futures sustainability strategy can be read in full at balfourbeatty.com/sustainabilitystrategy

Supplier name: Balfour Beatty Group Limited

Publication date: June 2026

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

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

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

Baseline emissions footprint

Our baseline emissions provide the starting point against which we measure progress. They allow us to track the impact of our actions and hold ourselves accountable for delivering meaningful carbon reductions.

UK baseline year: 2020

Additional details relating to the baseline emissions calculations

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

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

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

The Group's Scope 1 and 2 emissions for 2025, related to UK operations, are disclosed in the table on page 4, along with the comparative figures for the 2020 baseline year.

The Group's Scope 3 emissions for 2025, related to UK operations, are detailed in the table on page 4.

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

The emissions outlined in this Carbon Reduction Plan are specific to Balfour Beatty Group Limited and pertain to the Company's operations in the UK. Details on Balfour Beatty plc's global emissions for 2025 and further information on total Greenhouse Gas emissions and energy use are included in the 2025 Annual Report and Accounts. Balfour Beatty Group Limited is a subsidiary of Balfour Beatty plc, which follows the UK Government's Streamlined Energy and Carbon Reporting (SECR) requirements.

Front page image:

The National Graphene Institute, Manchester

Baseline emissions footprint (continued)

For 2025, KPMG LLP carried out an independent limited assurance engagement over the Group's Scope 1 and 2 GHG emissions and associated intensity ratios, using the assurance standards ISAE 3000 (Revised) and ISAE 3410. These assured data points are marked with the symbol Ⓐ. KPMG's full assurance statement is available on our website.

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

In 2025, the Group generated 38,621 MWh of green electricity in the UK through its utility procurement contract. When a guarantee of origin certificate is not available, a residual mix emission factor is used.

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

Balfour Beatty, Engine Carbon Clean and K2C Rail colleagues

15.79%

reduction in emissions following engine carbon cleaning

Reducing carbon emissions across our rail plant operations

Diesel-powered on-track machines are critical to maintaining the UK's rail network. However, carbon build-up can reduce efficiency and increase fuel use and emissions over time.

In 2025, our Rail Plant team trialled a non-intrusive Engine Carbon Cleaning (ECC) technology designed to remove internal carbon deposits and improve engine performance without disrupting planned maintenance schedules.

The 12-week trial was carried out on a compact tamping machine and was the first time this approach had been used on rail-mounted plant in the UK.

Using calibrated monitoring before and after treatment, the results showed measurable improvements in combustion efficiency and emissions reductions of up to 15.79% across tested engine modes.

The trial demonstrated how practical, evidence-based innovation can reduce emissions and improve performance while working within existing servicing windows – helping lower environmental impact without affecting operational delivery.

UK baseline year emissions 2020

Emissions	Total (tCO_2e)[3]
Scope 1	80,613
Scope 2 market-based	5,419
Scope 3 breakdown	1,795,519
Purchased goods and services	1,543,785
Capital goods	7,331
Fuel and energy related activities	20,293
Upstream transportation and distribution[4]	106,917
Waste generated in operations[4]	2,485
Business travel[4]	1,596
Employee commuting[4]	1,868
Downstream transportation and distribution[4]	–
Use of sold products	118
End of life treatment of sold products	16
Downstream leased assets	1,434
Investments	109,676
Scope 3 total	1,795,519
Scope 1, 2 and 3 total	**1,881,551**

In line with GHG Protocol technical guidance, Scope 3 emissions have been restated to reflect improvements in data quality for capital goods and organisational changes following Group disposals, resulting in the removal of downstream leased assets as a relevant category.

UK current emissions Reporting 2025

Emissions	Total (tCO_2e)[3]
Scope 1	108,207
Scope 2 market-based	3,024
Scope 3 breakdown	1,256,356
Purchased goods and services	1,105,237
Capital goods	–
Fuel and energy related activities	29,234
Upstream transportation and distribution[4]	29,755
Waste generated in operations[4]	771
Business travel[4]	2,979
Employee commuting[4]	1,919
Downstream transportation and distribution[4]	–
Use of sold products	239
End of life treatment of sold products	17
Downstream leased assets	–
Investments	61,964
Scope 3 total	1,256,356
Scope 1, 2 and 3 total	**1,367,587**

[3] tonnes of carbon dioxide equivalent [4] PPN 006 minimum requirement

Emissions reduction targets

Achieving net zero requires clear milestones and measurable action. Our near and long-term targets provide the framework for reducing emissions across our operations, supply chain and investments.

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

- 42% reduction in Scope 1 and 2 carbon emissions by 2030[5]
- 25% reduction in Scope 3 purchased goods and services emissions by 2030
- Net zero Scope 1 and 2 carbon emissions by 2045[6]
- Net zero Scope 1, 2 and 3 carbon emissions by 2050[5]

Balfour Beatty currently does not offset any Greenhouse Gas (GHG) emissions from its operations. Instead, the focus is on reducing these emissions through efficiency improvements, modern construction methods, and adopting low-carbon technologies and materials. The Company has committed to achieving science-based targets and a net-zero target aligned with the 1.5°C business ambition campaign. Should the Company decide to offset emissions in the future, it will follow the Oxford Principles[7].

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

Driving carbon reduction through steel reuse

Steel production is carbon intensive, particularly for permanent works such as sheet piling. As part of the New Emergency Area Retrofit (NEAR) programme, steel sheet piling was required to stabilise land ahead of construction across multiple emergency refuge bays.

Traditionally, permanent works require newly manufactured steel piles, which carry high embodied carbon due to the steel production process.

M4 smart motorway programme

During project development, we identified an opportunity to reuse surplus steel sheet piles from the Thames Tideway Tunnel project. This required collaboration across the SMP Alliance and detailed testing to confirm the reused piles met safety, durability and performance requirements for permanent works.

By enabling reuse, the project avoided the manufacture of 62.8 tonnes of new steel and delivered an embodied carbon saving of 173,328 tonnes of carbon dioxide equivalent on M4 Bay 10. Further reuse across the M3, M4 and M25 North schemes generated an additional 454 tonnes of carbon dioxide equivalent savings.

Alongside carbon reduction, the approach reduced costs and transport impacts, demonstrating how challenging standard specifications can unlock significant environmental and efficiency benefits while maintaining performance.

62.8
tonnes of new steel manufacture avoided

173,328
tonnes of embodied carbon saved from steel reuse on M4 Bay 10

454
tonnes of carbon emissions avoided through steel reuse across the M3, M4 and M25 North schemes

[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
[7] https://www.smithschool.ox.ac.uk/research/oxford-offsetting-principles

Carbon reduction management

We are embedding carbon reduction into the way we operate. The actions below strengthen governance, improve performance and help accelerate progress towards our net zero commitments.

- Our UK-wide Business Management System is certified to ISO14001:2015 environmental management systems standard. The certification demonstrates our commitment to environmental excellence and ensures that we have a robust process for identifying and managing compliance obligations, environmental risks and opportunities, and for setting and monitoring progress against environmental objectives and targets.
- Where applicable, we include a minimum of 10% sustainability weighting in the tenders we issue to our supply chain partners.
- In 2020, we implemented market-based reporting to accurately account for our Renewable Energy Guarantee of Origin (REGO) tariff. In 2025, we procured approximately 38,621 MWh of green tariff electricity through the Group's utility and joint venture procurement contracts – an increase of 12% compared to 2024.
- In 2023, with the support of our sustainability consultant, Guidehouse, we developed our decarbonisation pathway, aligning it with the goal to cap global warming at 1.5°C. We submitted both near and long-term targets for validation by the Science Based Targets initiative (SBTi) in December 2023. In preparation for submitting our targets to the SBTi for validation, we engaged our sustainability consultant, Guidehouse, and undertook a robust study to fully map our Scope 1, 2 and 3 carbon emissions across our portfolio.
- In 2024, the Science Based Targets initiative (SBTi) validated our near- and long-term carbon reduction targets.
- In 2024, we engaged Guidehouse again to build on their existing work and help provide adaptable 2- and 6-year decarbonisation pathways for our larger business units. This approach allowed us to set carbon budgets for each business unit with detailed plans to achieve them across 2024 and 2025.
- In 2025, we upgraded our approach and appointed an in-house Group Carbon Manager to work exclusively with our business units to tailor their carbon budgets and stretch targets for 2026 onwards.
- In 2025, we continued to develop and embed our 'Bridging the Gap' sustainability action plans across our business units. This framework provides a consistent set of minimum expectations and recommendations aligned to our Building New Futures sustainability strategy. As well as refreshing and increasing our minimum standards throughout the year, we have also been able to integrate new datasets into our reporting, equipping our teams with the right performance data to ultimately help them reduce carbon emissions.
- Our Power Transmission and Distribution business achieved PAS 2080:2023 verification in January 2025, building on the progress made by our Highways business, which became the first to achieve certification in 2024. Recognised as the gold standard for carbon management in buildings and infrastructure, PAS 2080:2023 underpins our structured roadmap to secure UK-wide verification by 2028, with several business units progressing to accelerated timelines.
- In 2024, we published an evolved Building New Futures sustainability strategy. Detailing a holistic approach to sustainability, the carbon reduction targets in the Strategy are being delivered through detailed action plans in each of our business units that address local challenges and drive Company-wide progress.
- In 2025, we launched a new mandatory sustainability e-learning programme for all UK employees, including five climate change modules, helping to build awareness, tackle greenwashing and drive action across our focus areas.

Carbon reduction management (continued)

Reducing emissions through hybrid energy systems at Sizewell C

At the Sizewell C Airfield Compound, the project team identified an opportunity to reduce emissions by moving away from standard diesel, while maintaining a clear focus on responsible sourcing and supply chain transparency.

A hybrid energy solution was implemented, replacing diesel with Syntech fuel – a UK-produced biofuel derived from waste materials such as used cooking oil and animal fats – providing a more transparent and low-carbon alternative to traditional fuels.

This was complemented by the deployment of an EcoNet hybrid system, which optimises energy consumption by managing power demand across site cabins, automatically switching between battery and fuel to maximise efficiency and minimise emissions.

Together, these interventions reduced carbon emissions by 93.4% compared to standard diesel use, with the compound generating 502 $kgCO_2e$ versus 7,712 $kgCO_2e$.

This approach demonstrates how combining low-carbon fuels with smart energy management can deliver significant emissions reductions while supporting greater supply chain transparency and responsible sourcing.

93.4%

reduction in carbon emissions compared to standard diesel use

Sizewell C, Suffolk

Reducing our Scope 1 and 2 carbon emissions

Fuel used by our plant, fleet and generators remains the single largest source of our operational emissions. To achieve meaningful reductions, we are focusing our efforts where they will have the greatest impact: improving efficiency, accelerating electrification and adopting lower-carbon fuels.

01/ **Efficiency**

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

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

Key

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

02/ **Electrification**

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

03/ **Alternative fuels**

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

Target areas for carbon reduction emissions by business

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

Reducing our Scope 1 and 2 carbon emissions (continued)

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

Excavators

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

Light commercial vehicles

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

Specialist rail plant

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

Heavy goods vehicles

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

Piling rigs

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

Cars

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

Site electricity supply

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

Reducing our Scope 1 and 2 carbon emissions (continued)

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

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

tCO_2e – tonnes of carbon dioxide equivalent

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

Carbon reduction and energy efficiency in action

01/ **Efficiency**

Across our projects in 2025, we have continued to improve operational efficiency by reducing fuel use, optimising plant performance and embedding data-driven decision making.

At Sizewell C, the adoption of battery-powered tools and more efficient tower lights demonstrates how replacing diesel-powered equipment with low-carbon alternatives can reduce on-site emissions and improve working conditions.

Our Site Energy Efficiency Dashboard (SEED) continues to support projects by providing real-time insights into plant utilisation, fuel consumption and idling, enabling teams to identify inefficiencies and take targeted action to reduce emissions.

We are delivering a suite of Minimum Energy Efficiency Measures across our business to ensure energy efficiency is a priority from mobilisation throughout project delivery.

02/ **Electrification**

We continue to accelerate the transition to electrified and low-energy solutions across our projects.

Hybrid and renewable energy systems are being deployed across our operations, including the Renewable Hybrid Energy System at Glenmor Yard and hybrid solutions on rail schemes. These initiatives are enabling reduced reliance on diesel generation and supporting more efficient energy management at site level.

We are transitioning from petrol and diesel-powered hand tools to battery electric alternatives across Balfour Beatty Living Places' contracts and wider operations, reducing carbon emissions while improving working conditions through lower air pollution, noise and hand-arm vibration exposure.

We are improving how energy is managed and monitored.
The deployment of systems such as the GAIA Energy Management System demonstrates how digital tools can optimise energy use across sites and facilities, supporting more efficient and lower-carbon operations.

03/ **Alternative fuels**

Alongside electrification, we are actively trialling and deploying alternative fuels to reduce emissions from plant and equipment where electrification is not yet feasible.

Hydrogen continues to form a key component of our decarbonisation approach. In 2025, trials have included hydrogen-powered asphalt production and the deployment of hydrogen generators at our Bottesford depot, demonstrating the viability of low- and zero-emission alternatives for energy-intensive construction activities.

We have expanded the use of low-carbon fuels, including Syntech biofuel and biodiesel, across a range of rail and ground engineering projects. These solutions demonstrate how drop-in fuel alternatives can deliver emissions reductions while maintaining compatibility with existing plant and equipment.

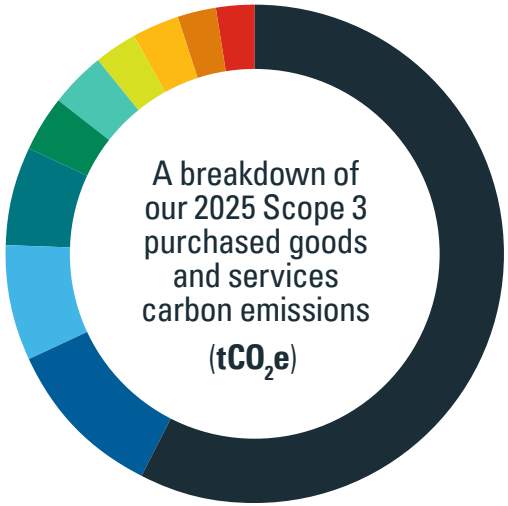
Innovation in site energy generation continues to progress, with solar generator trials, including at Runcorn, alongside hybrid solutions integrating renewable energy and battery storage. These approaches are helping to reduce reliance on fossil fuels while improving the resilience and efficiency of site power supply.

Reducing our Scope 3 carbon emissions

Reaching net zero means understanding where our emissions occur and focusing on the areas with the greatest opportunity for change. As our data maturity improves, we are moving beyond broad spend-based estimates towards more accurate supplier, commodity and activity-based reporting.

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

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



Driving supply chain action to reduce emissions from steel and concrete

Steel and concrete are among the most carbon-intensive materials used in construction. In September 2025, we convened key suppliers to explore how their environmental impact can be reduced, including dedicated roundtables on low-emission steel and concrete to support open discussions on tackling embodied carbon.

The sessions brought together 24 suppliers, including small and medium-sized enterprises and major material providers. They were also held under the Chatham House Rules – keeping the identity and affiliation of speakers confidential – so participants could share insights openly and honestly.

Discussions focused on practical pathways to decarbonisation, including realistic timelines, data availability, material performance and future innovation. We also explored emerging requirements such as Science Based Targets and Environmental Product Declarations, helping our supply chain prepare for future expectations and progress towards Scope 3 emissions reductions.

By bringing our strategic supply chain partners together in this way, we are strengthening collaboration and helping to accelerate a transparent and coordinated transition to lower-emission materials across the industry.


Hanslope Junction – track renewal, Milton Keynes

tCO_2e – tonnes of carbon dioxide equivalent

Reducing our Scope 3 carbon emissions (continued)

We strengthened our understanding of our Scope 3 emissions inventory in 2024 by undertaking a comprehensive, Group-wide assessment. Of the 15 categories within Scope 3 emissions, 13 are relevant to our operations and are included in our reports. Category 8, which deals with upstream leased assets, is counted under Scope 1 and 2 because of our operational control approach.

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

Our approach to reducing our Scope 3 carbon emissions

Our approach is structured around three key stakeholder groups:

- Procurement teams
- Supply chain partners
- Design teams

This reflects our view that reducing Scope 3 emissions is not solely a procurement challenge, but a design, delivery and partnership challenge across the full project lifecycle.

We also recognise that carbon cannot be considered in isolation. Our approach increasingly aligns carbon reduction with wider sustainability priorities, ensuring a more holistic approach to decision-making across our projects and supply chain.

Our procurement teams

Our procurement teams play a critical role in translating carbon ambitions into day-to-day decision-making. We continue to:

- Upskill procurement professionals to consider carbon alongside cost, quality and programme
- Apply our sustainability heatmap tool to prioritise areas of greatest impact across materials and subcontracted works
- Work closely with internal experts and suppliers to support targeted decarbonisation initiatives

These efforts ensure that procurement decisions are informed by both emissions data and practical opportunities for reduction.

Our supply chain partners

We are supporting our supply chain to decarbonise through three key areas:

– ***Improving data collection***

  We are introducing more granular data approaches, including invoice-level data, to improve the accuracy of Scope 3 emissions reporting and enable more informed decision-making over time.

– ***Building capability***

  Through initiatives such as the Supply Chain Sustainability School, we continue to provide access to training and tools that support suppliers in developing their own decarbonisation strategies.

– ***Embedding sustainability in procurement processes***

  Sustainability is systematically integrated into sourcing and procurement decisions through structured evaluation criteria, with weighting typically starting at 10% and increasing where risk or impact is higher.

Our design teams

Design decisions are one of the most powerful levers for reducing Scope 3 emissions. We are working closely with our strategic design partners to embed carbon reduction at the earliest stages of project development.

This includes:

- Applying PAS 2080:2023 principles across key business units
- Integrating design and construction decision-making through method-led approaches
- Expanding the use of modern methods of construction to reduce material use and associated emissions

Reducing our Scope 3 carbon emissions (continued)

We are also strengthening our focus on design optimisation, including reducing material intensity and exploring alternative design solutions (e.g. reducing steel use or optimising concrete specifications), supported by emerging case studies across our projects.

Collaborating to reduce emissions

Given the complexity of construction supply chains, collaboration remains essential. We continue to work with our partners to accelerate innovation and scalable solutions, including:

- Expanding the use of data-driven tools (such as invoice-based carbon reporting) to improve visibility of embodied carbon
- Strengthening partnerships focused on key materials such as concrete and steel
- Supporting industry-wide initiatives that drive shared decarbonisation outcomes

Our focus is on enabling practical, scalable interventions that can be consistently applied across projects, rather than relying solely on high-level reporting improvements.

Embedding sustainability

Our Sustainable Procurement Policy underpins our approach, aligning our supply chain with priorities including lifecycle carbon reduction and improved Scope 3 reporting.

We continue to pursue partnerships with innovative suppliers and solutions that enable lower-carbon alternatives, particularly in high-impact materials such as concrete and steel.

Modern methods of construction expertise

We are increasing our capability in modern methods of construction (MMC), recognising their role in reducing both material use and emissions. This includes growing internal expertise and enabling delivery approaches that support more efficient, lower-carbon construction techniques.

Data maturity

While data quality continues to vary, our direction is clear:

- Move from high-level estimation towards increasingly granular, source-based data
- Improve consistency and confidence in reporting
- Support more targeted and effective decarbonisation interventions

As our data capability matures, it will increasingly enable us to link design, procurement and delivery decisions directly to carbon outcomes, strengthening our ability to reduce Scope 3 emissions in practice, not just in reporting.

THE EDGE ACADEMY

Building supply chain capability through the EDGE Academy

The EDGE Academy enables the development of a more capable, resilient and sustainable supply chain by providing targeted training across key operational and sustainability topics.

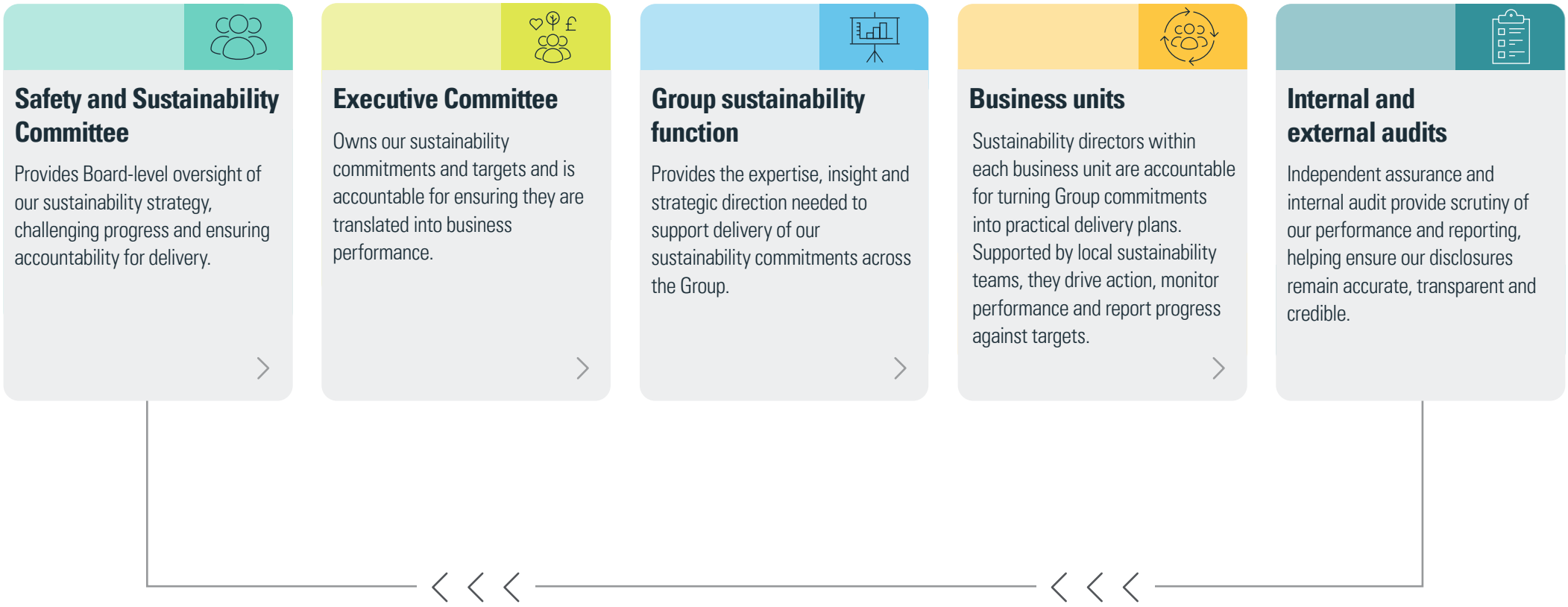
Developed by Balfour Beatty and delivered through the Supply Chain Sustainability School platform, the Academy offers a flexible programme of short video content, e-learning modules and self-assessments, enabling suppliers to build knowledge in areas such as sustainability, quality assurance, cybersecurity and contract management.

The pilot phase has engaged 148 suppliers, 95% of which are small and medium-sized enterprises, delivering more than 10 hours of training and strengthening capability across the supply chain.

By improving knowledge and embedding sustainability into supplier development, the EDGE Academy enables stronger collaboration and helps ensure our supply chain is equipped to meet future requirements.

Governance

Delivering our carbon reduction commitments requires clear accountability at every level of the business. From Board oversight to project delivery, governance ensures sustainability is embedded in decision-making and supported by measurable action across Balfour Beatty.



Declaration and Sign Off

This Carbon Reduction Plan has been completed in accordance with PPN 006 and associated guidance and reporting standard for Carbon Reduction Plans. Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard[8] and uses the appropriate Government emission conversion factors for Greenhouse Gas company reporting[9].

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard[10].

This Carbon Reduction Plan has been reviewed and approved by the Board and reflects our commitment to transparent reporting and accountable action on climate change.

Signed on behalf of Balfour Beatty Group Limited:

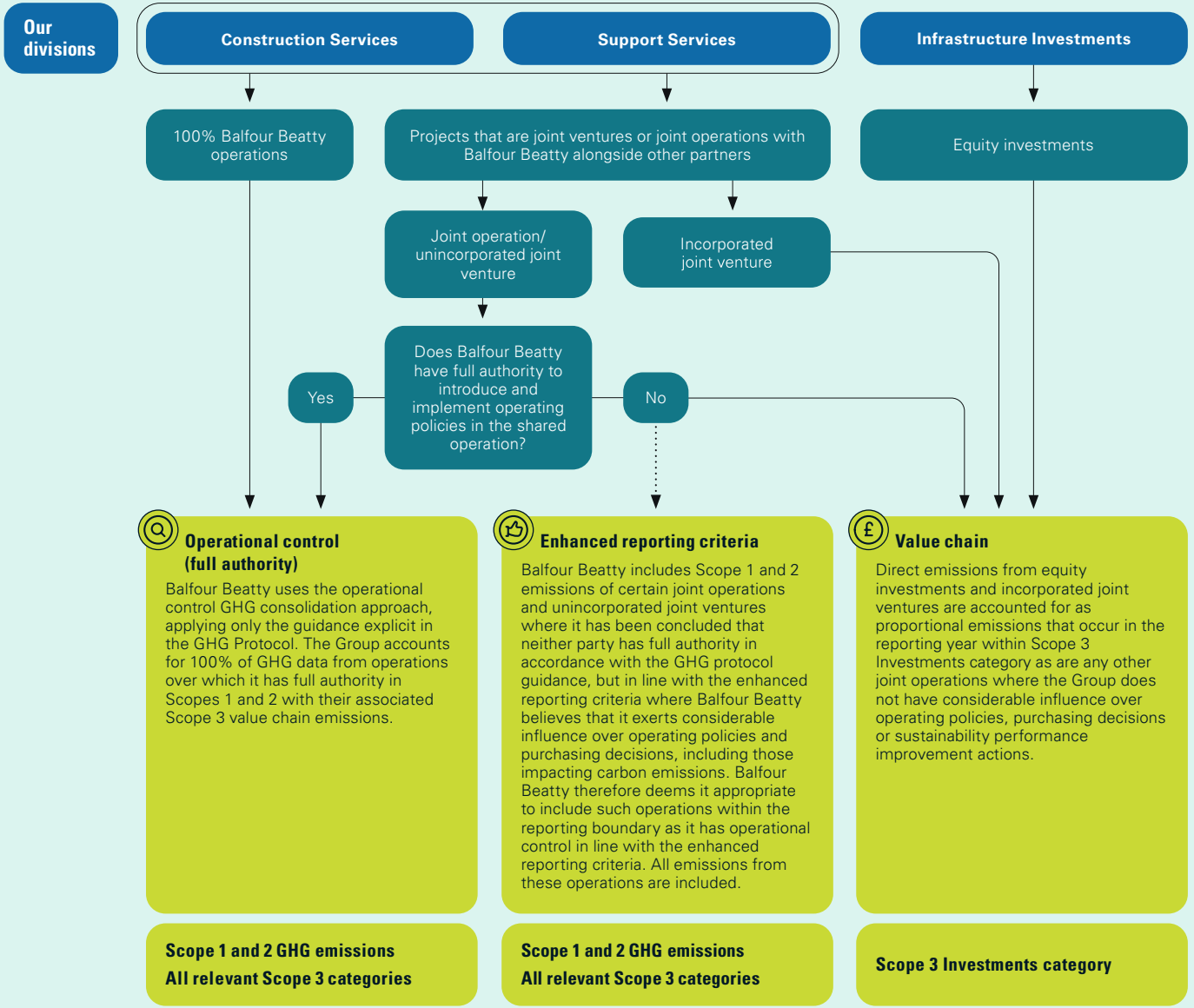
Philip Hoare
Group Chief Executive

[8] Corporate Standard | GHG Protocol

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

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

Appendix 1 - Operational control decision process



Appendix 2 - Scope 3 calculation methodology

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

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

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

Appendix 2 - Scope 3 calculation methodology (continued)

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

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You can find our Building New Futures Sustainability Strategy at balfourbeatty.com/sustainabilitystrategy

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