



UK Procurement Strategy

2026 - 2028



Foreword

Our refreshed Procurement Strategy for 2026–2028 sets out a bold, forward-looking vision shaped by global shifts in the procurement landscape and the evolving priorities of our business. With two-thirds of our revenue directed towards procuring goods and services, it is essential that we maximise the value of this investment – supporting our strategic goals, meeting the changing needs of our customers, and reinforcing our leadership in the sector.

Procurement is central to delivering Balfour Beatty's ambitions, from our Build to Last and Building New Futures Sustainability strategies to our Code of Ethics and Cultural Framework. It defines our expectations of partners and reflects our unwavering commitment to integrity, accountability, and excellence.

Our refreshed principles focus on:

- > Building collaborative relationships that position us as the partner of choice for both customers and the supply chain
- > Embedding streamlined, intelligent, and accountable processes that are easy to navigate and deliver measurable value
- > Harnessing digital tools and automation to drive smarter decision-making and operational efficiency
- > Prioritising safety and wellbeing in every interaction, decision, and partnership
- > Delivering sustainable outcomes that balance environmental, social, and economic priorities – while supporting local businesses and communities
- > Equipping our people with the skills, opportunities, and environment they need to thrive.

We are committed to creating value through open and competitive tendering, working with prequalified supply chains, and aligning with partners who share our values. By embracing data, technology, and automation, we are transforming procurement into a more agile, insight-driven function. These innovations not only enhance performance and resilience but also enable us to track progress and continuously raise the bar.

This strategy is more than a roadmap – it is a call to action. It reflects our determination to lead with purpose, adapt with agility, and deliver lasting impact for our business, our partners, and the communities we serve.



Evan Sutherland
Chief Procurement Officer

Vision

Our vision is to create an industry-leading supply chain that delivers exceptional value while setting the standard for innovation, sustainability, and responsible business practices. Safety, quality, and proactive risk management form the foundation of our approach, strengthened by digital and sustainable solutions that enhance resilience and efficiency. By staying agile in a changing world and working hand in hand with our customers, colleagues, and partners, we create lasting value and reinforce our position as the trusted partner of choice.



Partner of choice

At Balfour Beatty, we view our supply chain not simply as a network of subcontractors and suppliers, but as a vital extension of our business, central to our performance, innovation, and reputation. This network underpins our ability to secure and deliver work across the UK, and through our “Partner of Choice” approach, we are committed to deepening these collaborative relationships to drive mutual success and resilience in a rapidly evolving industry.

Our customers depend on us to manage market capability and capacity. By working in close partnership with our supply chain, we ensure we meet these expectations with agility and confidence.

Becoming the partner of choice means forging long-term, value-driven partnerships built on shared goals. It’s about cultivating trust, transparency, and proactive engagement to create a collaborative ecosystem where all parties can thrive. This approach reflects the shifting dynamics of our sector – where resilience, sustainability, and evolving delivery models are increasingly critical.

To achieve this, our Partner of Choice approach will focus on:

- > **Shared values and goals:** Aligning with organisations that share our commitments to safety, sustainability, and innovation – jointly accountable for decarbonisation, digital transformation, and operational excellence
- > **Strategic resource allocation:** Using data to deploy supply chain resources where they can deliver the greatest impact, with a focus on sustainable materials and advanced technologies
- > **Innovation and continuous improvement:** Sharing tools, technologies, and ideas to enhance productivity and outcomes, while fostering mutual learning and growth
- > **Early engagement:** Involving partners early in project planning to shape specifications, manage demand, and deliver optimised, outcome-focused solutions

- > **Collaborative contracting:** Embracing integrated models that balance risk and reward, aligning incentives with customer outcomes
- > **Risk management and resilience:** Applying a risk-based approach to planning that enables value creation and mitigates uncertainty
- > **Transparency and communication:** Providing visibility of future workloads and programmes to support partner investment, planning, and capacity building
- > **Performance recognition:** Promoting 360-degree feedback, rewarding excellence, and prioritising high-performing partners for future opportunities
- > **Supply chain development:** Equipping our partners – particularly SMEs – with the tools, guidance, and support needed to keep pace with regulatory, legislative, and client expectations.

Our measurable actions and outcomes

- > **Joint performance reviews:** Conducting regular, comprehensive 360-degree assessments to recognise and reward high-performing partners
- > **Prompt payment:** Upholding historic Payment Code compliance to maintain trust and financial stability across our supply chain
- > **Smarter tendering:** Reducing tendering workload through early engagement and streamlined qualification processes
- > **Strategic relationship management:** Embedding a structured strategic relationship management (SRM) programme to foster proactive, ongoing engagement with key partners.

Delivering digital

At Balfour Beatty, digital transformation means more to us than simply keeping pace with change; it is a strategic enabler of how we procure, partner, and perform. Our Procurement Strategy is deeply embedded within our broader Digital Transformation Strategy, ensuring that technology drives smarter, faster, and more transparent ways of working, both internally and across our supply chain.

We are moving beyond digitising processes to unlocking the power of data and automation. By streamlining and standardising procurement workflows, we are creating a connected ecosystem where real-time, reliable information empowers better decision-making – for our teams, our partners, and our customers.

Our digital tools are already delivering tangible impact:

- > **Tradex** has revolutionised invoice processing, improving speed and accuracy
- > **Biometric-enabled digital identities** have enhanced site access and security
- > **Digital signature platforms** have accelerated contract turnaround, with over 6,200 documents signed electronically in 2024; 61% within a week, 12% within an hour
- > **Jaggaer**, our eProcurement portal, has enabled e-tendering for over 4,420 packages and completed 7,481 performance scorecards, achieving 99% compliance with our e-tendering standards
- > **E-catalogues** have simplified low-value purchasing, reduced costs, and improved on-time payments
- > **Governance tools** like Constructionline ensure compliance, capability, and sustainable procurement practices.

But we're not stopping there. As customer expectations evolve and the pace of innovation accelerates, we are investing in next-generation digital capabilities that will shape the future of procurement.

In 2024, we launched our **Digital Procurement Reporting Suite**, including:

- > **Digitised procurement schedules:** Replacing spreadsheets with a unified view of project demand across the group, enabling smarter resource allocation and risk management
- > **Procurement Spend Analytics:** A Power Business Intelligence (BI)-driven tool that visualises spend data across the business, supporting strategic sourcing and supplier diversity.

In 2025, we'll invest further in our Jaggaer and Oracle systems to introduce:

- > **Contract Management:** An AI-driven tool for efficient contract creation, storage, and automated workflows that support risk management and compliance
- > **Enterprise Command Centre:** A feature within Oracle that provides real-time transactional visibility for better decision-making.

These tools are more than dashboards, they are decision engines that help us deliver value, manage risk, and build stronger, more resilient supply chain relationships.

Our measurable actions and outcomes

Looking ahead, our digital priorities include:

- > Scaling the use of Digital Procurement Schedules across all business units
- > Enhancing subcontract tender events through Jaggaer to ensure compliance and efficiency
- > Launching a Multi-Tier Traceability Tool to improve visibility across complex supply chains
- > Continuing the roll out of the Smart Procurement Project: a transformative initiative to digitise how our business interacts with Procurement. This includes defining buying channels, enabling self-serve tools, and reducing admin so our people can focus on what they do best: adding strategic value.

Through these efforts, we are not just keeping pace with change – we are setting the pace. Our digital ambition is to future-proof procurement, empower our people, and deliver excellence for our customers and communities.

Our people

Over the past decade, we've built a centralised and strategic procurement function that is both highly capable and deeply valued across the organisation. With specialists spanning all areas, our Procurement team provides expert support throughout the Group and is recognised as a trusted partner to all levels of the organisation.

Our people bring a solution-focused mindset, working collaboratively and with a clear understanding of our wider business goals. Their professionalism, diligence, and expertise are critical to managing supply chain risk and strengthening contract performance. To sustain this, we are committed to continuous development, building diverse teams, broadening experience, and encouraging cross-functional collaboration across services and markets.

Attract

Attracting top talent is essential to delivering our goals and living our Balfour Beatty Behaviours. We place diversity and equity at the heart of our recruitment, with clear targets to ensure our team reflects the communities we serve. With a near-equal gender balance already in place, we continue to foster a culture of inclusion. Standardising job titles and role definitions remains a key priority, helping us attract the right candidates and avoid missing out on great talent.

Retain

Retaining great people is just as important. We've established clear career pathways and prioritised internal progression, already filling half of our vacancies from within. Our onboarding process ensures every new joiner is formally inducted within three months, supported by welcome packs and structured guidance. Beyond this, we foster engagement through office networking, recognition schemes, and initiatives like our monthly Sustainable Procurement Champion Award.





M4 Smart Motorway

Develop

We believe in lifelong learning and continuous development. From building resilience to nurturing future leaders, we invest in our people and our supply chain. Key initiatives include:

- > A formal shadowing programme that enables colleagues to learn from one another and broaden their experience
- > A mentoring scheme, with participants matched to mentors by the Senior Leadership Team to ensure meaningful development
- > Active talent mapping and career progression planning to identify and support our future leaders.

In 2025, we extended our successful Right to Respect campaign to our supply chain, reinforcing our commitment to an inclusive, respectful, and ethical culture built on shared values. As part of this, we asked our partners to demonstrate the actions they are taking to align with our collective aspirations for an industry that is better, fairer, and built on shared responsibility.

We're also proud of our Graduate and Apprenticeship programmes, recognised by the Chartered Institute of Procurement and Supply (CIPS). By maintaining at least 5% of our function in earn-and-learn roles – including apprentices, sponsored students, and graduates – we're building a strong pipeline of future talent. Our early careers programme includes structured pathways and a dedicated working group focused on continuous improvement.

Our measurable actions and outcomes

Attracting and retaining top talent:

- > Ongoing review of attrition and internal mobility
- > Strengthened internal promotion practices with defined targets
- > Formal induction for all new starters within three months, supported by comprehensive welcome packs.

Advancing diversity and inclusion:

- > Achieve Group diversity and inclusion targets by maintaining representation of female colleagues and increasing representation of minority ethnic colleagues
- > Drive inclusion through a dedicated working group and initiatives such as the Fairness and Inclusion learning pathway, with a 75% completion target across the function.

Sustainable procurement

Recognising that our valued supply chain partners are crucial to how we deliver our sustainability commitments and targets – and those of our customers – our aim is to empower sustainable suppliers and champion ethical practices. Working together, we must balance environmental, social and economic needs to create an inclusive, resilient supply chain that underpins how we deliver for all stakeholders.

We empower our supply chain by building strong, collaborative relationships that drive mutual learning and progress. Sharing knowledge and supporting innovation ensures our supply chain meets our sustainability and ethical expectations, while contributing valuable expertise and balancing social, environmental, and economic needs.

Embedding sustainability in our procurement systems, processes and culture to inform what we buy, and how we buy, is integral to delivering our Building New Futures strategy, serving as a key lever to drive impactful initiatives.

Activities are focused on three key areas:

- > **Carbon and materials:** Reducing environmental impact through sustainable sourcing and innovative material use
- > **Human rights:** Safeguarding ethical labour practices and protecting individuals' rights across the supply chain
- > **Inclusive procurement:** Empowering diverse, local, small and medium enterprises (SMEs), and voluntary, community and social enterprises (VCSEs) to strengthen local economies and generate economic value that drives sustainable progress.

Carbon and materials

Balfour Beatty has set a Science-Based Target (SBT) to reduce emissions from Scope 3, purchased goods and services, by 25% by 2030, measured against a 2020 baseline. This target is integral to our net-zero strategy, aligning with global climate goals and driving the transition to a lower-carbon supply chain. Achieving this reduction will require close collaboration with supply chain partners, innovative material sourcing, and the adoption of low-carbon technologies across the supply chain.

Initiatives to reduce Scope 3 emissions are focused on sustainable procurement practices, carbon reduction initiatives for key materials, and embedding carbon management into procurement processes. In collaboration with the Sustainability team, we're developing supply chain expectations, setting out key milestones to 2030 to deliver against our Scope 3 carbon reduction target.

Human rights

The construction industry is characterised by long and complex supply chains, increasing the risk of modern slavery – especially in our indirect supply chains. This risk spans subcontractors, labour, and materials supply chains, including raw material extraction, manufacturing, transportation, and distribution.

To address this, we have implemented a collaborative supply chain modern slavery assessment. This process assesses the current maturity of our supply chain partners and supports their improvement through an action plan, guidance, and access to additional resources.



Two-stage assessment process:

Phase 1: A self-assessment by the supplier to prepare evidence and understand their maturity

Phase 2: An in-person assessment to review the self-assessment, discuss evidence, and agree improvement actions.

Our assessment approach has upskilled our supply chain, providing them with the awareness, knowledge, and tools to address modern slavery risks – not just within their own businesses, but across onward supply chains, creating a ripple effect throughout the wider industry. This has led to more meaningful conversations and impactful changes. Already, 402 supply chain partners have been assessed since 2023. Our aim is to assess 15% of our high- and medium-risk suppliers over a rolling three-year period and measure maturity improvements across the supply chain.

Additionally, we have developed further pre-qualification criteria for supply chain partners. Regardless of size or turnover, all suppliers must have a modern slavery statement.

Inclusive procurement

Through inclusive procurement, we aim to empower diverse, local small and medium-sized enterprises (SMEs) and voluntary, community, and social enterprises (VCSEs) to strengthen local economies and create social value that drives sustainable progress. Sourcing goods and services from a diverse supply chain promotes economic inclusion, generates new and innovative ideas, and builds supply chain resilience.

Inclusive procurement is a key lever to achieve our community engagement and social value targets, as set out in our Building New Futures strategy. Spending with local supply chain partners supports local economies and local communities, and is important to many of our customers. We continue to work with a varied supply chain, ensuring that procurement processes are fair, transparent, and provide opportunities for businesses of all sizes to thrive.

	2022	2023	2024	3yr rolling total
Spend with local suppliers	£892,762,951	£959,174,488	£914,457,867	£2,766,395,306
Spend with SMEs	Over £1.5bn	Over £1.4bn	Over £1.85bn	Over £4.75bn

In addition to our local partners, we have had great success working with social enterprises and charitable organisations. This collaboration not only supports our inclusive procurement goals, but also enhances the social impact of our projects, contributing to the overall wellbeing of the communities we serve.

In 2025, we launched our supply chain development programme, the EDGE Academy, designed to provide the tools, guidance, and support needed to enable the supply chain to keep pace with the speed of regulatory, legislative, and client requirements – including sustainability – with particular focus on SMEs.

Our measurable actions and outcomes:

- > 25% reduction in Scope 3 carbon emissions from purchased goods and services by 2030¹
- > Supply chain modern slavery assessments
 - Number completed over a rolling three-year period
 - % third party spend with assessed suppliers
 - % increase in supply chain maturity
- > Local economic value: The social value derived from utilising local supply chains (reported annually)
- > Number of supply chain partners who have completed the EDGE Academy.



Health, safety and wellbeing

Keeping health, safety, and wellbeing front and centre of all that we do is integral to the successful delivery of Balfour Beatty's Build to Last strategy. It underpins every relationship, transaction, and decision we make. Throughout all our procurement processes we ensure our supply chain aligns with and supports our unwavering focus on Zero Harm. This commitment begins well before the procurement process and extends throughout the entire lifecycle of every partnership.

In the ten years since the introduction of our Build to Last strategy, our annual Lost Time Injury Rate (number of lost time injuries divided by 100,000 hours worked) has decreased by 63% – from 0.24 (2015) to 0.09 (2024) – demonstrating the measurable impact of our safety-focused initiatives.

Our measurable actions and outcomes:

We hold our supply chain to the same high standards on health, safety, and wellbeing as we do ourselves. We're driving progress through a focused set of KPIs designed to embed Zero Harm into every stage of our procurement activity:

- > **SHELT forums** (Safety, Health, Environment Leadership Team): Quarterly meetings with key supply chain partners to share best practices and enhance collaboration on safety, health, and environmental performance
- > **Observation reporting:** A requirement for supply chain partners to raise one safety observation for every 100 hours worked on site

- > **Executive Site Visits (ESV):** A minimum of three structured visits per month conducted by senior leaders, recorded on our Health and Safety Portal. These visits are designed to facilitate direct engagement, review work practices, and ensure safety standards are upheld. Future enhancements will include a digital solution to simplify supply chain input and reporting
- > **Supervisory Passport:** 100% of supervisors are required to obtain their Supplier Supervisor Passport within their first three months. Delivered through the Balfour Beatty Academy's digital platform, this two-stage programme supports our Zero Harm strategy by ensuring consistent behavioural safety and operational excellence. Modules cover critical topics such as Temporary Works, Incident Investigation, Health Risks in Construction, and Mental Health and Wellbeing. The digital system also enables real-time monitoring, reporting, and alerts for gaps or expiries in training records.

Think before you print!

You can find our Sustainability Strategy online
at [balfourbeatty.com/sustainabilitystrategy](https://www.balfourbeatty.com/sustainabilitystrategy)

Balfour Beatty
Registered Head Office:

5 Churchill Place
Canary Wharf
London
E14 5HU

www.balfourbeatty.com

