Balfour Beatty

Building New Futures

ANNUAL REPORT AND ACCOUNTS 2024

ABOUT US

Balfour Beatty is a leading international infrastructure group with 27,000 employees driving the delivery of powerful new solutions, shaping thinking, creating skylines and inspiring a new generation of talent to be the change-makers of tomorrow.

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

FIND OUT MORE AT: WWW.BALFOURBEATTY.COM

IN THIS REPORT

Well positioned in growth markets

We are leveraging our expertise and proven track record to capitalise on high-growth markets to secure new opportunities.

p14

Digital and AI advancements

Our digital-first approach enhances safety, productivity and assurance through AI, data lakes and digital tools.

p22

Icon Awards

In 2024, we celebrated our inaugural Icon Awards at the world-class V&A Museum in London, bringing together almost 400 colleagues from across the UK, US and Hong Kong to celebrate the very best of Balfour Beatty.

p74

ICON AWARDS

LOOK OUT FOR THE ICON AWARDS LOGO TO READ OUR WINNERS' STORIES THROUGHOUT THE REPORT.

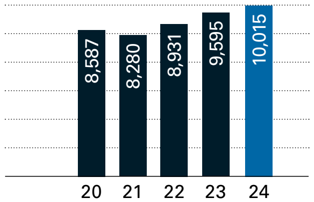
FRONT COVER IMAGE:
(Left to right) Martina Doussias, Senior Project Accountant, Nick Stenman, Assistant Superintendent, and Karli Franks, Marketing Lead, on site at the Southwestern College Student Union project in California.

Photo credit: Emil Kara, Multimedia Manager – US Buildings.

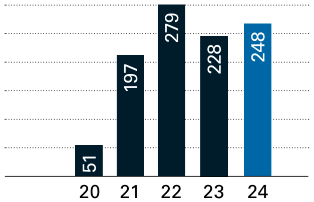
FINANCIAL PERFORMANCE

The Group has presented financial performance measures which are considered most relevant to the Group and used to manage the Group's performance. An explanation of these measures and appropriate reconciliations to statutory measures are provided on pages 80 to 85.

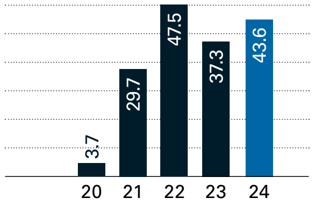
UNDERLYING REVENUE[1] £m



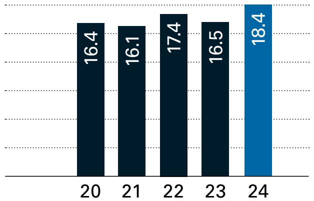
UNDERLYING PROFIT FROM OPERATIONS (PFO) £m



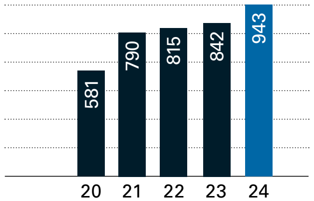
UNDERLYING EARNINGS PER SHARE (BASIC) Pence



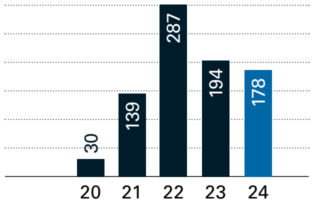
ORDER BOOK[1] £bn



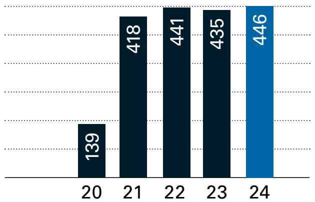
NET CASH £m



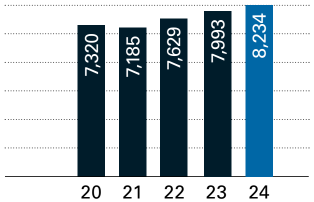
STATUTORY PROFIT FOR THE YEAR £m



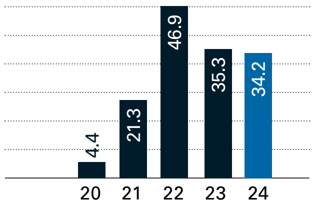
STATUTORY NET CASH/(BORROWINGS) £m



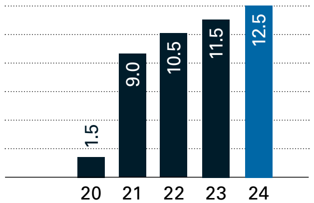
STATUTORY REVENUE £m



STATUTORY EARNINGS PER SHARE (BASIC) Pence



DIVIDENDS PER SHARE Pence



KEY

- Performance measures
- Statutory measures

1 Including share of joint ventures and associates, before non-underlying items.

CONTENTS

BALFOUR BEATTY AT A GLANCE

International infrastructure experts

Group highlights

REVENUE[1]
£10,015m

NUMBER OF EMPLOYEES
27,000

UNDERLYING PROFIT BEFORE TAX
£289m

DIRECTORS' VALUATION INVESTMENTS PORTFOLIO
£1.3bn

- United Kingdom £9.4bn
- United States £7.1bn
- Hong Kong £1.9bn

1 Including share of joint ventures and associates.

Our Cultural Framework

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

Our purpose

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

Our strategy

Build to Last
Build to Last is our strategy for continuous improvement.

Our values

LEAN | EXPERT | TRUSTED | SAFE | SUSTAINABLE

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

Our behaviours

TALK POSITIVELY | COLLABORATE RELENTLESSLY | ENCOURAGE CONSTANTLY | MAKE A DIFFERENCE | VALUE EVERYONE

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

Our Code of Ethics

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

p24 and 25
FIND OUT MORE ABOUT OUR STRATEGY AND VALUES

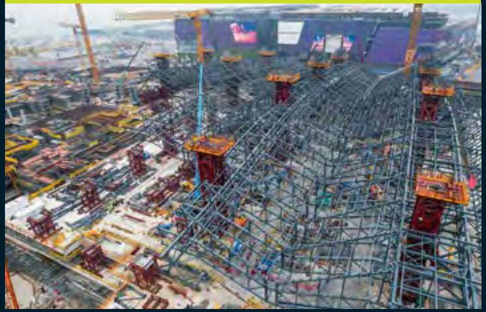
SCAN OR CLICK TO FIND OUT MORE ABOUT OUR CULTURAL FRAMEWORK

Our divisions

p8
FIND OUT MORE IN OUR BUSINESS MODEL SECTION

Construction Services

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



Hong Kong International Airport for the Airport Authority Hong Kong.

Support Services

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

Tealing Substation, Scotland for SSEN Transmission.

Infrastructure Investments

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

JBWS Charleston Homes, military family housing for the US Navy.

Selective bidding for contracts

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

Construction Services: ORDER BOOK[1] £15.2bn

Support Services: ORDER BOOK[1] £3.2bn

Infrastructure Investments: DIRECTORS' VALUATION £1.3bn

Financial performance

Construction Services

REVENUE[1] £8,199m

UNDERLYING PROFIT FROM OPERATIONS £159m

STATUTORY PROFIT FROM OPERATIONS £87m

p31
FIND OUT MORE IN OUR OPERATIONAL REVIEW

Support Services

REVENUE[1] £1,210m

UNDERLYING PROFIT FROM OPERATIONS £93m

STATUTORY PROFIT FROM OPERATIONS £93m

p35
FIND OUT MORE IN OUR OPERATIONAL REVIEW

Infrastructure Investments

REVENUE[1] £606m

UNDERLYING PROFIT BEFORE TAX £54m

STATUTORY PROFIT BEFORE TAX £51m

p36
FIND OUT MORE IN OUR OPERATIONAL REVIEW

1 Including share of joint venture and associates.

GROUP CHAIR'S INTRODUCTION

Shaping the future of infrastructure

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

Dear Shareholders,

Throughout 2024, the world witnessed profound changes – from ongoing conflicts in the Middle East and Ukraine and geo-political landscapes being reshaped by key elections, to groundbreaking advancements in artificial intelligence. Against this dynamic global backdrop, Balfour Beatty started 2025 very well positioned for continuing success, with infrastructure widely established as a driver and enabler of economic growth, energy security and rewarding careers.

After a decade of remarkable transformation, 2024 was a defining year for Balfour Beatty. The Group has solidified its leadership in the industry, strengthened its brand, and delivered a strong financial performance. We see significant opportunities across our four growth markets – energy, defence and transport in the UK, and buildings in the US – with notable new projects contributing to a high-quality order book. Most importantly, our unwavering commitment to health, safety, and wellbeing has been a beacon of excellence, setting the standard for industry-leading performance.

From this position, your Board is confident that Balfour Beatty's people, resilience, innovation, and dedication ensure that we are not just securing the future of the Group but actively shaping the future of the infrastructure industry.

New Board appointments

During 2024, I had the pleasure of welcoming three exceptional leaders to the Balfour Beatty Board: Robert MacLeod, Gabby Costigan MBE, and Rudy Wynter.

Robert, now Chair of Balfour Beatty's Audit and Risk Committee, is a Chartered Accountant with an impressive track record as a CEO and CFO, and brings a wealth of strategic, financial and commercial expertise as well as Non-executive Director experience. Gabby, now Chair of Balfour Beatty's Safety and Sustainability Committee, is an Aeronautical Engineer with a rich international career, including 21 years in the Australian Army, adding a unique perspective to our leadership. Rudy, with over 35 years in the gas and electricity sector, brings extensive experience in the development and construction of large-scale engineering and capital energy projects.

These distinguished appointments have enriched the Board with diverse insights and expertise, supporting Balfour Beatty's ambitious growth trajectory.

In March this year, following an extensive international selection process, the Board announced the appointment of Philip Hoare as Group Chief Executive Officer, a position he will take up in September 2025. Philip, a civil engineer, built his 30-year career at AtkinsRéalis Group Inc, a global engineering services and nuclear enterprise where he has been fundamental to the growth and performance of the company, first as CEO of Atkins in the UK and Europe, and then as President of the global Engineering Services business. In January 2024, he was appointed Chief Operating Officer of the transformed group.

His depth of industry knowledge and experience in delivering a profitable growth strategy across multiple geographies makes him the ideal person to continue to drive the Group's success in our chosen markets.

On behalf of the Board, I pay tribute to Leo, for his exceptional and inspirational leadership of both Balfour Beatty and the industry over the last decade.

Leo has transformed Balfour Beatty into a strong, resilient Group, setting it firmly on a trajectory of profitable growth. This is underpinned by a culture across its workforce which is committed to expertise, discipline and excellence, resulting in a trusted reputation for delivering value for all stakeholders.

Setting the standard in health, safety and wellbeing

In 2024, Balfour Beatty delivered its best-ever health and safety performance, with an industry-leading Lost Time Injury Rate of 0.09. With over 105 million hours worked, a record 470,000 health and safety observations, and a remarkable 95% of employees expressing that they feel cared for in our 2024 employee engagement survey, these achievements underscore our unwavering commitment to health, safety and wellbeing.

This success goes beyond mere numbers – it reflects our embedded culture. From the dedication of our inspirational site supervisors to the meticulous discipline in our daily processes, often powered by pioneering digital solutions, to mitigate risks and assure compliance, every aspect of our approach is geared toward creating a safer, healthier, and happier workplace.

An evolving sustainability strategy

In June 2024, after significant investment in our sustainability capabilities and a thorough evaluation of the developing landscape, we evolved our sustainability strategy. This step established new targets and expanded focus areas critical to our business success – climate change, nature positive, resource efficiency, supply chain integrity, community engagement, and employee diversity, equity and inclusion.

To future-proof our approach, we set a validated net zero target, endorsed by the Science Based Targets initiative (SBTi) and supported by a fully transparent, UK carbon reduction plan. We also accelerated our UK target to achieve £3 billion of social value by 2030 by five years to 2025 – and I am very pleased to say that in 2024 we achieved that target. Balfour Beatty's evolved strategy will ensure that we continue to lead in building a lasting, positive impact for our planet and our communities.

Strategic growth and a market selective approach

As we embark on another decade of infrastructure expansion with its unparalleled opportunities, Balfour Beatty's diverse geographical and operational portfolio, coupled with its leading reputation in engineering and construction, positions us as critical to the delivery of transformative infrastructure projects.

The dynamic market coupled with strong governance and controls means that Balfour Beatty is well placed to select projects that align with our strengths and drive sustainable growth for the Company.

> "Balfour Beatty is well placed to select projects that align with our strengths and drive sustainable growth for the Company."

LEFT
Charles at our 'Meet the Affinity Networks' event in the Canary Wharf office in London.

GROUP CHAIR'S INTRODUCTION CONTINUED

Building our reputation as the employer of choice

Balfour Beatty's differentiator is its depth of unique capability. Behind this lies a long-term strategy of attracting, retaining and developing top talent at all career stages. Our aim is to become the employer of choice by combining unmatched career opportunities with a diverse and inclusive culture.

Our commitment to valuing and investing in our colleagues is a cornerstone of this goal. Our approach empowers employees to transition into leadership roles, strengthening our succession pipeline and ensuring the successful delivery of future projects. By focusing on early career development – through hiring apprentices, graduates and trainees, now comprising over 7.3% of our workforce – and offering targeted programmes such as the Aspiring and Future Leaders initiatives in the UK and the Executive Leadership and Development programmes in the US – we are cultivating the leaders of tomorrow.

Our latest employee engagement survey saw a remarkable 84% engagement score in 2024, marking our seventh year of continuous improvement, up 3% from 2023 and 11% above the industry average, with 82% of employees participating. This strong response underscores our employees' commitment to and pride in the business.

Driving a productivity revolution: leading the digital and AI frontier

Harnessing transformative AI and digital technology allows us to work smarter, optimising resource allocation, streamlining processes, improving decision making, and delivering projects with greater efficiency and precision.

We have made significant strides in integrating digital innovations into our operations, and this year, we are set to accelerate our progress. This commitment is underpinned by a robust cybersecurity framework – a non-negotiable standard, especially in the highly regulated, high-security environments where we operate. Whether it is delivering critical infrastructure for UK defence and nuclear sectors or supporting the US federal and state markets, including our vital work with the US military, our digital advancements are key to maintaining the trust and security these projects demand.

Continuing to deliver a multi-year capital allocation framework

2025 marks Balfour Beatty's fifth consecutive year of share buybacks. The Company's record order book, unique end-to-end capabilities and financial strength provide a strong platform for continuing shareholder returns balanced by maintaining an appropriate level of investment in the business and a strong capital position. 2024 saw £160 million delivered to shareholders through share buybacks and dividends bringing total shareholder distributions to over £750 million since the launch

> "Balfour Beatty's differentiator is its depth of unique capability. Behind this lies a long-term strategy of attracting, retaining and developing top talent at all career stages."

BELOW
Charles at the launch event of The 5% Club's Business Leadership Council in London.

of our capital allocation framework in 2021. We are confident of delivering significant future capital returns, evidenced by the c. £125 million share buyback programme announced for 2025. The Board is also recommending a final dividend of 8.7 pence per share, giving a total recommended dividend of 12.5 pence per share for the year.

Conclusion

2025 ignites a decade of infrastructure evolution similar in scale to the Victorian engineers in terms of its impact on how we live, work and connect. This is Balfour Beatty's moment – an era of bold change and a once in a generation opportunity. The Group expects to continue to lead the charge, delivering groundbreaking projects that will fuel growth and enable shared prosperity.

To our exceptional colleagues, trusted partners, and valued customers – thank you. Your unwavering commitment is at the heart of our success.

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

11 March 2025

> "This is Balfour Beatty's moment – an era of bold change and a once in a generation opportunity."

BELOW
Charles on a site visit to Gammon's Cyberport development, a new 10-storey office building in Hong Kong.

Section 172 statement

The Directors take their responsibilities to stakeholders very seriously. Throughout 2024, the Board reviewed existing engagement mechanisms across each of the Group's key stakeholder groups. The Board ensures all complementary and divergent stakeholder views are understood and embedded into Board discussions and the decision-making process. In addition to having regard to the interests of the Group's stakeholders, Directors also consider the impact of the Group's activities on the communities within which it operates, the environment, and the Group's reputation for high standards of business conduct.

The Directors seek to act in good faith in the way most likely to promote the long-term success of the Company for the benefit of its shareholders, and to act fairly between all of its stakeholders. Through the Board and the Board Committees, Directors have taken action to promote and support these objectives across the Group, details of which can be found throughout this Annual Report as set out here:

- the Company's purpose, values and behaviours on pages 2 and 24;
- a description of key stakeholder groups and how the Group has engaged with stakeholders on pages 26 to 29 and 127 to 131;
- the range of activities undertaken across the Group relating to sustainability matters on pages 48 to 67;
- details of how high standards of integrity are maintained on page 46;
- the proactive and pragmatic approach of the Group toward risk on pages 89 to 105;
- the framework of the Company's decision making on pages 132 to 135; and
- details of the Company's governance processes and practice on pages 117 to 139.

OUR BUSINESS MODEL

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

Understanding Balfour Beatty

SCAN OR CLICK TO FIND OUT HOW WE ARE SHAPING SOCIETY.

How we work

DIVISIONS

CONSTRUCTION SERVICES

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

SUPPORT SERVICES

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

INFRASTRUCTURE INVESTMENTS

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

CAPABILITIES

Construction Services

- Constructs buildings which include commercial, defence, education, government, healthcare, leisure, retail and residential assets and provides a range of services including design and/or build, mechanical and electrical engineering, shell and core and/or fit out and interior refurbishment.
- Provides construction services for four main infrastructure asset types:
  - **energy:** design and construction of large-scale, complex assets for the energy sector;
  - **roads:** design and construction of motorways in the UK, the US and Hong Kong, including widening and converting existing assets;
  - **railways:** design and management of railway systems, delivering major multi-disciplinary projects, track work, electrification and power supply; and
  - **airports:** construction and refurbishment of major passenger terminals, passenger transit facilities and airport facilities, and airfield infrastructure and civils works.
- Construction and build services for other infrastructure assets including flood and coastal defences.

Support Services

- Constructs and maintains electricity networks for power transmission and distribution contracts.
- Provides maintenance, asset and network management, and design services in respect of highways, railways and other publicly available assets.
- Provides support services to various utility assets.

Infrastructure Investments

- Invests directly in various assets, mainly infrastructure with post-construction management opportunities.
- Operates a UK and US portfolio of service concession assets.
- Invests in real estate, particularly private military housing, student accommodation and multifamily housing.
- Provides real estate management services, including property development and asset management.

CUSTOMERS

Public, private and regulated entities

Our differentiators

BUILD TO LAST VALUES

Balfour Beatty has built an industry-leading brand based on its reputation as a partner that is Lean, Expert, Trusted, Safe and Sustainable – our five Build to Last values.

WORLD-CLASS TRACK RECORD

With over 115 years of experience successfully delivering transformational infrastructure projects, Balfour Beatty has cultivated a strong track record of quality and reliability.

COLLABORATION

Balfour Beatty invests in understanding clients' needs, developing bespoke solutions, and collaborating closely with customers and supply chains through integrated delivery models.

EXPERT PEOPLE

Balfour Beatty's engineering and project management expertise allows it to deliver complex, one-of-a-kind projects and has made the Group a trusted construction partner for the public and private sector alike.

FINANCIAL STABILITY

Balfour Beatty's strong balance sheet is a testament to strong governance. It gives customers confidence in the Group's ability to deliver, and that Balfour Beatty is here for the long term.

INNOVATION

Innovation is part of Balfour Beatty's culture, harnessing the power of digital and cutting-edge technology to drive productivity and redefine the possible.

SUSTAINABLE FOCUS

Balfour Beatty takes its responsibility as a custodian of the planet seriously and seeks to leave a positive legacy in the communities it works in.

Balanced revenue mix

UK	44%
US	40%
Rest of the World	16%

Buildings	46%
Infrastructure	44%
Utilities	8%
Other	2%

Public	60%
Private	25%
Regulated	15%

FOR MORE INFORMATION, SEE PAGE 209

1 Including share of joint ventures and associates.

GROUP CHIEF EXECUTIVE'S REVIEW

Continued strong performance delivering profitable growth

Leo Quinn
Group Chief Executive

2024 profitable growth targets achieved

Balfour Beatty delivered another year of strong operational performance in 2024, which resulted in the Group growing earnings, average cash and order book. The key 2024 objective of growing the profit from earnings-based businesses (Construction Services and Support Services) was achieved, with underlying profit from operations (PFO) from those businesses increasing by 7% to £252 million (2023: £236 million), while the year-end order book increased by 12% to £18.4 billion (2023: £16.5 billion) following progress in Balfour Beatty's chosen growth markets. The Group's underlying profit for the year improved to £227 million (2023: £205 million) driven by the earnings-based businesses, increased gains on Investments disposals and higher net finance income. Non-underlying items after tax were a loss of £49 million (2023: £11 million) and included a charge in relation to the Group's obligations under the UK Building Safety Act (BSA).

In 2024, £161 million of cash was returned to shareholders (2023: £208 million) through a combination of dividends and share buybacks and average net cash increased to £766 million compared to £700 million in 2023.

Strong Group portfolio performance led by UK

Balfour Beatty's geographical, operational and contract diversity is a key strength of the Group, and has been an important factor in the consistency of its financial results in recent years. This was further demonstrated in 2024, as the Group

Our investment proposition

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

1. High-quality and de-risked portfolio
- Diverse portfolio across UK, US and Hong Kong
- £18.4 billion order book
- Robust governance and disciplined bidding

2. Expert capability
- Track record of complex infrastructure delivery
- Unique end-to-end capabilities
- Record employee engagement

3. Sustained growth drivers
- Governments driving growth through infrastructure
- Capabilities aligned to growth markets
- UK demand outweighing supply

4. Responsible goals
- Evolved sustainability strategy launched in 2024
- Net zero carbon emissions targets verified by SBTi
- Ambitious community targets

5. Financial strength
- Strong cash generation
- £1.25 billion Investments portfolio
- Sector leading balance sheet

delivered profitable growth in both of the earnings-based businesses. Construction Services underlying PFO increased to £159 million, as UK Construction PFO margin continued to improve with a further year of strong project delivery and Gammon recorded 14% revenue growth, while US Construction profitability reduced due to the cost of delays at a small number of civils projects. Support Services delivered strong growth, with revenue increasing by 20% and PFO margin remaining close to the top of its targeted range. Infrastructure Investments surpassed its disposal targets, which offset an increase in costs. The Directors' valuation of the Investments portfolio increased by 3% to £1.3 billion (2023: £1.2 billion), with two new projects added. The Group has forecast further growth in the medium term, driven by its focus on four key markets; UK energy, transport and defence and US buildings.

High-quality order book providing foundations for 2025 and 2026

The Group's order book grew by 12% in 2024 to £18.4 billion (2023: £16.5 billion), and while orders remain significant across Balfour Beatty's focused geographic footprint of the UK, US and Hong Kong, the increase was largely driven by progress in two of the identified growth markets:

- In the UK, the strengthening and upgrading of the power transmission network is underway and the demand for engineering and construction expertise continues to outweigh supply. Balfour Beatty holds market-leading capabilities in this space and the order book for power transmission and distribution work has more than doubled in 2024;
- In the US, the combination of the Group's organic growth strategy and a more stable economy has resulted in the buildings business growing its order book by 26% (24% at constant exchange rate (CER)) during the year, with increased demand across most of its geographies and client sectors.

In a period of rising demand, the Group continues to be selective in the work it undertakes, using increased bid margin thresholds and utilisation of disciplined risk frameworks and contract governance to reduce risk and raise quality in the forward order book. As a result, the order book comprises a portfolio of projects that the Group believes has the appropriate contractual terms and conditions for the risk undertaken, with UK Construction being heavily weighted towards lower-risk target cost and cost plus incentivised fee contracts and US Construction being heavily weighted towards buildings projects, for which the Group ensures early issuing of subcontracts and insurance of the supply chain in order to protect its margin.

Beyond the reported order book, Balfour Beatty has positions on several long-term frameworks, including Scottish and Southern Electricity Networks' (SSEN) c.£10 billion Accelerated Strategic Transmission Investment (ASTI) framework and two SCAPE Civil Engineering frameworks in the UK, which were extended for two further years in 2024. The Group's awarded but not contracted pipeline also grew in the year, due largely to the addition of SSEN's £690 million Skye 132kV reinforcement project and various US Buildings projects.

Looking ahead to further growth

The Group's outlook in each of its chosen markets is positive through the medium term. In the UK, multi-year investment in infrastructure is a priority and a necessity for the Government and will be crucial in achieving the country's growth and clean energy goals. The Government has also committed to leveraging private investment, upskilling the UK's workforce and delivering planning reform with the Planning and Infrastructure Bill. In the US, US Buildings' organic growth strategy and a more stable economy have contributed to the division's encouraging progress.

ICON AWARDS

In 2024, Balfour Beatty celebrated its inaugural Icon Awards at the world-class V&A Museum in London, bringing together almost 400 colleagues from across the UK, US and Hong Kong to celebrate the very best of Balfour Beatty.

The 'Quinn-tessential' Award

This category recognised individuals who have made an outstanding contribution to Balfour Beatty. The winners of this award were personally selected by Leo Quinn, Group Chief Executive.

Winner: Keith McCoy

Senior Vice President, US Buildings and Civils

Keith joined us over 31 years ago as a Project Engineer. Two years ago, he took on the Caltrain Rail job over in California – a herculean effort – building a cohesive team, tackling complex delivery and with a 'Be the Best' mantra that inspires people to deliver.

Above: Award presentation photo. (Left to right) Steve O'Sullivan, Senior Project Director – Major Projects and Leo Quinn, Group Chief Executive.

Winner: Steve O'Sullivan

Senior Project Director, Major Projects

Steve started his career with Balfour Beatty 44 years ago as an electrical apprentice aged 16. He is now leading our HS2 Old Oak Common station project in London. He is not just a Balfour Beatty leader, but an industry leader – one of the very best.

READ MORE ABOUT OUR ICON AWARDS EVENT ON p74

SCAN OR CLICK TO HEAR LEO'S THOUGHTS ON BALFOUR BEATTY'S INAUGURAL ICON AWARDS

GROUP CHIEF EXECUTIVE'S REVIEW CONTINUED

Looking ahead to further growth continued

- **UK energy:** The essential long-term upgrade to the UK's energy infrastructure is well underway, driving improvement in energy security and facilitating the energy transition, with significant and timely investment in both generation and network infrastructure necessary to meet the Government's net zero targets. Balfour Beatty is heavily involved in projects such as the new Hinkley Point C nuclear power station and Net Zero Teesside and across the UK with its market-leading power transmission and distribution capability.
- **US buildings:** Balfour Beatty's buildings operations are focused primarily on specific, high growth regions, with construction spending in the Group's chosen states projected to grow 7% per year to 2029, ahead of the national average. There are encouraging trends in the division's specialist industries, with increased investment in government buildings, higher residential construction, and booming data centre demand. The Group has also seen encouraging results from its organic growth strategy, securing increased orders in sectors such as education, aviation and hospitality, as a result of further geographic diversification.
- **UK defence:** Government plans to strengthen national security and modernise defence infrastructure are bringing material opportunities to market, with these schemes increasingly requiring contractors with high-security experience and end-to-end capabilities. Balfour Beatty's capabilities and credentials, including its experiences in civil nuclear construction, are well matched to these requirements and in 2024 the Group was selected by Rolls-Royce as a construction partner for its Ministry of Defence and AUKUS expansion.
- **UK transport:** Investment in the UK transport network is an important component of the Government's growth plans and is essential to address ageing infrastructure, net zero targets and domestic and international connectivity. Given Balfour Beatty's capabilities and market share in the construction and maintenance of road and rail, and its experience in delivering major airport projects, the Group is well positioned to capitalise on transport opportunities when they arise, with growth expected in the medium term.

In the shorter term, PFO growth across 2025 and 2026 in Balfour Beatty's Construction Services division is expected to be weighted towards further margin improvement, rather than higher volumes. Growth in the Support Services division is expected to be largely driven by the expansion of work in the power transmission and distribution sector, which is not reliant on Government funding or the ongoing comprehensive spending review.

Capability is key

The combination of a strong order book and broad market opportunities is supportive for Balfour Beatty's growth aspirations, but as demand rises, challenges surrounding capability and workforce naturally rise too. As such, attracting and recruiting new talent and retaining its existing experts are increasingly important areas of focus and investment for the Group, as it looks to closely match the rising trajectory of work with a growing, and appropriately skilled, workforce.

The annual employee engagement survey is an essential tool for the Group to assess its own performance and the progress made in the year. In 2024, the survey results were particularly strong, with overall employee engagement at 84% (2023: 81%), which is 11 percentage points above the industry average. This is the seventh successive year of improvement in Balfour Beatty's employee engagement scores.

Balfour Beatty's people strategy focuses on the four strategic pillars of Attract, Retain, Grow and Thrive. To attract new talent at all levels of experience, the Group leverages its inclusive culture, the breadth of its capabilities and its portfolio of nationally critical infrastructure projects as a powerful part of its employer proposition. In 2024, this contributed to an increase in new starters in the UK, including over 500 in the Power Transmission and Distribution business alone. To retain its talent, Balfour Beatty focuses on providing an inclusive environment where its people feel valued and can be productive, and progress was made in the year with the Group's voluntary attrition rates in the UK improving to 10% (2023: 12%). This supportive culture also offers employees the opportunity to develop their skills and competencies, while building their careers, with the Group's focus on employee wellbeing supporting them to thrive. At year end, 7.3% of the UK workforce were apprentices, graduates and sponsored students in 'earn and learn' positions, exceeding both The 5% Club's base target and overall average.

Strong progress in pursuit of Zero Harm

Health, safety and wellbeing (HS&W) continues to be the top priority for Balfour Beatty. Given the nature of the work undertaken by the Group, Balfour Beatty has a duty of care to all of those working on its projects and the public to deliver an industry-leading HS&W programme, which is present on site and reinforced each day. In 2024, the Group's key metrics, which exclude international joint ventures, improved further and achieved record levels, with the Lost Time Incident Rate reducing from 0.11 to 0.09, the three-day Lost Time Injury Rate falling from 0.08 to 0.07 and observations increasing to over 470,000 (2023: 400,000), due in part to the US business almost doubling its number of observations raised throughout the year.

The Group remains determined to keep raising the bar and taking the next step on the journey to Zero Harm, with further utilisation of technology a key enabler to this. Balfour Beatty's introduction of digital permits and checklists, while enabling AI solutions, has contributed to the Group leading the industry in safety performance, while improving productivity and assurance. In 2024, the roll out of human form recognition cameras continued at pace. These award-winning multi-camera systems, installed on mobile plant, detect the human form and proactively communicate this detection visually and audibly to the plant operator. Insights from the data collected, combined with advancements in AI, will allow for teams to plan work more safely and effectively in the future. AI is also being used to more thoroughly analyse the vast amount of safety data collected across Balfour Beatty, which will allow the Group to be more predictive in the identification of safety trends and events.

Launch of evolved Sustainability Strategy

In June, Balfour Beatty launched its evolved Sustainability Strategy, extending its focus to six areas which encompass climate change, nature positive, resource efficiency, supply chain integrity, community engagement and employee diversity, equity, and inclusion. As part of the evolved strategy, the Company has brought forward its UK based target to create £3 billion of social value by 2025 (previously 2030) as well as initiating new net zero targets as its understanding of the scale of the challenge has evolved. Following a process to stress test its targets with the Science Based Targets initiative (SBTi), the Group has revised its net zero target for Scope 1 and 2 emissions to 2045, and Scope 3 to 2050, both originally set for 2040. The targets, which are both stretching and realistic, have been validated by the SBTi and are underpinned by an industry-leading, fully transparent UK carbon reduction plan.

In 2024, the Group delivered £991 million (2023: £936 million) of social value, including spend with local suppliers and local businesses, and volunteering. The Group also achieved a small decrease in absolute carbon emissions and a 13% intensity reduction in Scope 1 and 2 greenhouse gas (GHG) emissions.

Increased dividends and share buybacks in 2025

The Group's capital allocation framework has been in place since 2021, facilitating the delivery of attractive shareholder returns, while ensuring the appropriate balance between investment in the business, and a strong capital position. Given the Group's encouraging position, including its large order book, strong balance sheet and the depth of opportunities in its chosen markets, Balfour Beatty is confident of continuing to deliver significant future shareholder returns. As such, the Board is today recommending a final dividend of 8.7 pence per share (2023: 8.0 pence), giving a total recommended dividend for the year of 12.5 pence per share (2023: 11.5 pence). Additionally, the Company intends to repurchase £125 million of shares during the 2025 phase of its multi-year share buyback programme, bringing the cumulative return to shareholders since the introduction in 2021 of the multi-year capital allocation framework to over c. £940 million.

The total cash return to shareholders in 2025 (including the final 2024 dividend and 2025 interim dividend) is therefore expected to be c.£188 million (2024: £161 million).

Outlook

The Board expects an increase in PFO from its earnings-based businesses in 2025, with further growth in 2026.

Infrastructure Investments is expected to continue to deliver attractive end-to-end returns from its recurring income, by divesting assets and making new investments in line with the Group's capital allocation framework. For 2025, gains on investment disposals are expected in the range of £20-£30 million.

The Board expects net finance income of around £25 million for 2025 and for the effective tax rates in each of the three geographies to remain close to statutory rates, albeit with cash tax payments in the UK remaining below statutory levels in the medium term as losses are utilised. Average net cash in 2025 is expected to be roughly £800 million, with capital expenditure between £35 and £40 million and working capital remaining broadly flat.

The Group's long-term outlook remains positive, with the growth forecast in 2025 and 2026 being driven by strong visibility from its high-quality order book, alongside the further opportunities in the energy, transport and defence sectors in the UK and the Group's chosen buildings sectors in the US. This gives the Board confidence in Balfour Beatty's continued ability to deliver profitable managed growth and sustainable cash generation, and in turn significant ongoing shareholder returns.

Leo Quinn
Group Chief Executive
11 March 2025

The Diamond Award

ICON AWARDS

This category celebrated individuals who have dedicated many years to Balfour Beatty or the wider industry.

Winner: Kevin Webber

Commercial Services Manager, Major Projects and Highways

Kevin joined the Company in 1988 as a Trainee Quantity Surveyor. Since then he's helped deliver flagship infrastructure projects and created an industry-leading upskilling programme for the commercial profession – the go-to person to support and guide our teams.

Above: Award presentation photo. (Left to right) Paul Raby, Group Human Resources Director, Kevin Webber, Commercial Services Manager – Major Projects and Highways, and Leo Quinn, Group Chief Executive.

Winner: Kennedy Cheung

Director, Gammon

Kennedy joined as a Graduate Civil Engineer in 1978. Known for his innovative project management and his leadership in the industry, his reputation for groundbreaking advancements has seen him recognised by the 'Hong Kong Engineering Wonders of the 21st Century' awards.

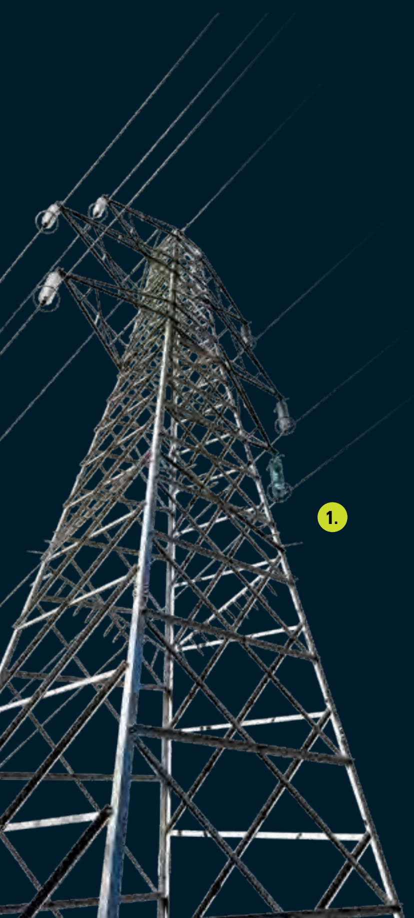
Above: Award presentation photo. (Left to right) Paul Raby, Group Human Resources Director, Kennedy Cheung, Director – Gammon, and Leo Quinn, Group Chief Executive.

READ MORE ABOUT OUR ICON AWARDS EVENT ON p74

MARKET REVIEW

Well positioned in growth markets

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



1.

2.

UK energy transition and security

Balfour Beatty has been at the forefront of delivering some of the most complex energy schemes in the UK. The UK energy transition offers immense growth opportunities underpinned by the UK Government's commitment to make Britain a 'clean energy superpower', with £100 billion in spending planned over the next five years. Capital investment in energy infrastructure is expected to surge over the next three decades to support the transition to renewable-powered, electrified systems. Flagship initiatives such as Scottish and Southern Electricity Networks Accelerated Strategic Transmission Investment (ASTI) framework and the Sizewell C nuclear power station, demonstrate the scale of infrastructure required to modernise the grid and support low-carbon energy generation, whilst the £22 billion commitment to carbon capture and storage projects underscores the UK Government's focus on the sector.

2024 momentum

- Awarded first phase of the Skye 132kV reinforcement project for Scottish and Southern Electricity Networks (SSEN) Transmission
- Delivering Early Contractor Involvement (ECI) activities for Sizewell C with funding committed until April 2026
- Selected as the preferred construction partner for Net Zero Teesside

£19bn

AVERAGE ANNUAL POWER GENERATION AND GRID CAPITAL INVESTMENT (2022–2030)

Source: UK Energy Transition Outlook 2024, DNV; Analysis of the National Infrastructure and Construction Pipeline, 2024

UK transport

The UK transport sector is expected to deliver significant growth as demand increases for infrastructure upgrades, sustainable transport solutions, and ongoing asset maintenance of ageing networks. Balfour Beatty is a trusted partner in advancing the UK's transport network with extensive experience in delivering major UK transport projects, ongoing maintenance contracts, and infrastructure management. As a result, Balfour Beatty is well positioned to capitalise on opportunities to deliver new assets and refurbish existing transport infrastructure, help cities shift towards low-carbon transport networks, and provide essential maintenance services, which are crucial for the long-term performance of roads, railways, airports, and public spaces.

2024 momentum

- Awarded major road contract, A9 dualling in Scotland
- Early Contractor Involvement (ECI) activities at Lower Thames Crossing
- Delivering highways maintenance contracts with Buckinghamshire, East Sussex and Lincolnshire County Councils

£234bn

TRANSPORT SPENDING IN THE UK'S NATIONAL INFRASTRUCTURE PIPELINE (2023/24-2032/33)

Image: DWL Architects.

UK defence and security

The UK defence and security sector offers significant growth opportunities, driven by ongoing Government commitments to strengthen national security and modernise defence infrastructure. As geopolitical tensions continue to rise, the UK Government is targeting 2.5% defence spending as a share of GDP in 2030 to maintain its nuclear deterrent and expand, modernise and maintain its existing estate. The sector's critical nature ensures long-term funding and stability, with increasing investment in military bases, training facilities and secure installations. Balfour Beatty has worked on a range of defence facilities and has expertise in delivering large-scale, high-value projects in highly regulated and secure environments which means it is well positioned to support this critical work.

2024 momentum

- Selected by Rolls-Royce Submarines Limited as the construction partner for their major expansion in Derby
- Long track record of defence delivery; currently working on 10 military-related sites

2.5% GDP

UK'S 2030 DEFENCE SPENDING TARGET

Source: Defending Britain: leading in a more dangerous world, HM Government; Dodge Construction Central

US buildings

The US buildings sector presents a compelling growth opportunity driven by strong demand for commercial, industrial and institutional facilities. Economic expansion, population growth, urban development and the modernisation of ageing government building stock continue to fuel the need for office spaces, retail and hospitality centres, warehouses, manufacturing plants and healthcare, educational and government buildings. This sustained demand, combined with the scale and diversity of projects, makes the US buildings market a key opportunity for seeking long-term growth. Balfour Beatty's track record across a wide range of sectors and large-scale projects, along with its established and expanding footprint, provides a robust foundation to deliver challenging, high-value buildings projects.

2024 momentum

- Notable awards include Maryland Avenue office to residential conversion in Washington DC, Durham public schools in North Carolina, Georgia State Capitol and Legislative Office Building, Little Elm High School in Texas, Sacramento International Airport Pedestrian Walkway in California, and several tenant improvement projects in the Northwest

US$428bn

2029 BUILDING SPENDING IN OUR CHOSEN STATES

KEY

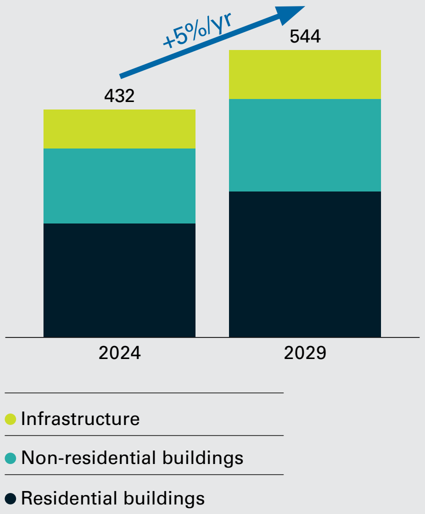
1. Skye 132kV reinforcement project, Scotland.
2. A9 Dualling Contract, Scotland
3. RAF Marham, Norfolk
4. Sacramento International Airport Pedestrian Walkway

MARKET REVIEW CONTINUED

UK Construction and Support Services

Balfour Beatty is the UK's leading construction and infrastructure provider, collaborating with its customers to develop cutting-edge solutions to meet the challenges of tomorrow.

UK CONSTRUCTION SPENDING FORECAST TO GROW 5% PER YEAR
Construction spending, £bn, nominal



Source: IHS Markit

Market trends

The UK Construction and Support Services businesses capabilities and track record means it is well positioned to support the delivery of critical infrastructure necessary for the UK's long-term priorities.

Expanding energy infrastructure

The UK's target to achieving net zero emissions by 2050 necessitates a significant increase in low-carbon energy projects. The UK Government is committed to supporting multi-billion pound projects in offshore wind, conventional nuclear, small modular reactors and carbon capture, utilisation, and storage (CCUS). Whilst the establishment of Great British Energy, and continued funding for Sizewell C, further underpins the UK Government's commitment to transition the country into a clean energy superpower.

Balfour Beatty awarded first phase of the Skye Reinforcement Project for SSEN Transmission

Balfour Beatty has been awarded the first phase of the £690 million Skye 132kV reinforcement project for Scottish and Southern Electricity Network (SSEN) Transmission. On completion, the project will ensure the supply of secure, clean electricity to thousands of homes and businesses across the Hebrides and West Highlands.

The detailed design and development phase, valued at £32 million, will see Balfour Beatty provide technical solutions for a new 137km, 132kV double circuit overhead line between the existing Fort Augustus and Edinbane substations, as well as new sealing end compounds to link the overhead line to the underground electricity network, ultimately joining the Isle of Skye and Western Isles to mainland Scotland.

Due to the expansive and unique terrain, Balfour Beatty will engage its in-house Environmental and Sustainability team to consider ecological and environmental requirements, from peat management to wildlife translocation, contributing to SSEN Transmission's biodiversity net gain targets.

In addition, the Company will work closely and collaboratively with local communities to minimise disruption wherever possible, including introducing a 'Skye workers village' to provide the construction workforce with dedicated site accommodation.

This latest award follows the Company's appointment to SSEN Transmission's Accelerated Strategic Transmission Investment (ASTI) framework in August 2023 for which it commenced detailed development and design in early 2024.

Main construction work for the Isle of Skye Reinforcement Project is expected to begin in early 2025. At project peak, Balfour Beatty will employ 650 people including 32 apprenticeship and graduate positions as part of the Company's commitment to The 5% Club.

Balfour Beatty's growth markets

- UK energy transition and security
- UK transport
- UK defence and security
- US buildings

Investment to modernise the UK's electricity grid

Facilitating the integration of renewable energy sources necessitates expansion and upgrading of the current electricity grid, with an estimated £60 billion of investment in network infrastructure required by 2030. This includes projects such as SSEN's Accelerated Strategic Transmission Investment (ASTI) framework, SP Energy Networks' Strategic Agreement for Transmission Overhead Line Works and National Grid's RIIO-T2 projects, which bring to market a strong pipeline of opportunities for Balfour Beatty.

Enhancing and future-proofing the Strategic Road Network

The Government's Road Investment Strategy 3 (RIS3, 2025–30) is expected to prioritise maintaining and improving the Strategic Road Network (SRN), reducing congestion, advancing environmental goals and integrating modern technologies. While the focus may shift toward smaller maintenance projects, deferred RIS2 schemes, such as the Lower Thames Crossing, ensure continued opportunities for major infrastructure developments as well.

Rising demand for essential local road maintenance

The UK faces a local road maintenance backlog of between £7.6 billion and £15.6 billion. Despite central funding allocations, such as the pothole fund and highways maintenance block, and the £8.3 billion earmarked for maintenance allocated under the Network North Plan for the 2023/24 to 2033/34 period, local authorities still report funding gaps amid rising maintenance cost and increasing repair needs. This presents an opportunity to deliver cost-effective maintenance solutions and technology-driven infrastructure management.

Sustained rail investment

Under Control Period 7 (2024–29), £45 billion is allocated to Network Rail for infrastructure upgrades, including track renewals, bridge replacements, station refurbishments, and electrification. HS2 continues with Government funding for phase one and tunnelling to Central London. The Government is investing in electrification to phase out diesel-only trains by 2040, with projects like the TransPennine route upgrade and Midland Main Line electrification involving major work, including overhead line installation and signalling upgrades.

Prioritised defence and security spending

Amid rising geopolitical tensions, the Government has reaffirmed its commitment to maintaining a nuclear deterrent and advancing the development of a new class of submarine, the SSN-AUKUS, necessitating substantial infrastructure investment. Additionally, there is a clear acknowledgement of the need to modernise other defence infrastructure to strengthen the UK's military capabilities, which is driving a significant pipeline of opportunities.

Balfour Beatty selected by Rolls-Royce as construction partner for MOD and AUKUS expansion work in Derby

In 2024, Balfour Beatty was selected by Rolls-Royce as its non-fissile construction partner to help deliver the expansion of their site in Raynesway, Derby.

Rolls-Royce is currently supporting the existing Astute and Dreadnought boat build programmes through the delivery of reactor plant and associated components. Additionally, it provides frontline support across the world for reactor plant equipment from its Operations Centre in Derby and supports the submarines when in the Barrow-in-Furness shipyard and the naval bases at Devonport and Faslane.

Rolls-Royce will be doubling the size of their Raynesway site, after a need to meet the growth in demand from the Royal Navy and following last year's AUKUS announcement.

The increase in demand will see Balfour Beatty build new manufacturing and office facilities as well as the adjoining site infrastructure.

The increase in work from the Ministry of Defence (MOD) will create 1,170 skilled roles at Rolls-Royce, across a range of disciplines including manufacturing and engineering.

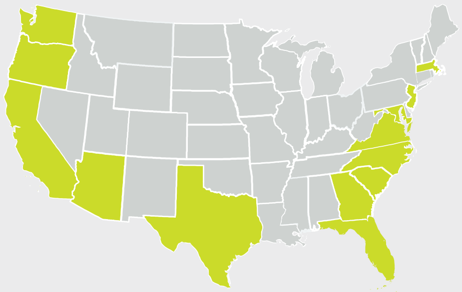
WSP, the leading multi-disciplinary professional services consultancy, has been selected as Rolls-Royce's non-fissile design partner. Balfour Beatty and WSP will work closely over the next decade to bring the Raynesway site expansion plans to life.

MARKET REVIEW CONTINUED

US Construction

Balfour Beatty builds the structures and infrastructure that enhance how people live, work, learn and play in specific, high-growth regions.

Our chosen states

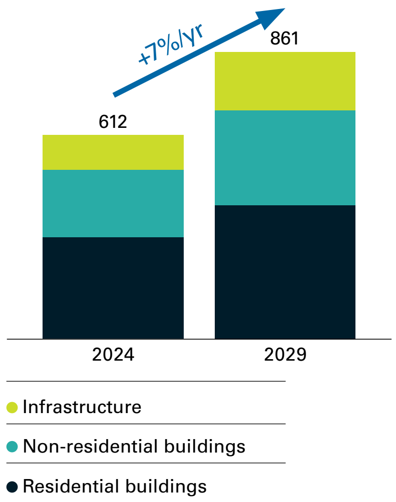


Why these areas

- Strong growth in the Mid-Atlantic and Carolinas
- Diversification potential in the Southeast
- Demographic-driven projects in Texas
- Leading education builder in California
- Prominent data centre presence in the Northwest

CONSTRUCTION SPENDING IN OUR CHOSEN STATES FORECAST TO GROW 7% PER YEAR

Construction spending, US$bn, nominal



Source: Dodge Construction Central

Market trends

Construction spending in our target states is projected to surpass the national average, driving growth for our business amid favourable broader trends.

Demographics spur demand for education facilities

School districts continue to focus on building and renovating K-12 facilities to tackle overcrowding and ageing infrastructure, while higher education prioritises student accommodation and teaching facilities. In Balfour Beatty's chosen states, education construction is expected to reach US$65 billion by 2029.

Steady pipeline of government building modernisation projects

A steady pipeline of projects is expected to drive the modernisation, repair, and renovation of ageing, underfunded government buildings stock to meet current needs. For example, the General Accountability Office (GAO) reports that 903 federal buildings require repairs and alterations, with 44 needing urgent attention. Consequently, the government buildings segment in Balfour Beatty's target states is projected to grow at 11% per annum from 2024 to 2029.

Photo credit: rendering courtesy of Nelson Worldwide.

Georgia Legislative Office Building

Working in partnership with Garbutt Construction and SG Contracting, Balfour Beatty began the construction on the Georgia Legislative Office Building in Atlanta.

The 350,000 square-foot facility is designed to meet the needs of the General Assembly. The eight-storey building will house all legislative offices and supporting functions, including office suites for legislators, meeting and committee rooms, and dedicated areas for the public, press and lobbyists.

This is one of three significant initiatives currently underway by the team for the Georgia State Financing and Investment Commission, including major renovations to the Capitol building. These projects demonstrate the team's focus on delivering impactful solutions for Georgia's evolving infrastructure needs.

"We are truly honoured to be part of this transformative project for the State of Georgia. It's an incredible opportunity for our team to contribute to a landmark development that will serve as a cornerstone for the state's legislative operations for generations to come," says Scott Skidelsky, President of the Southeast geography.

Balfour Beatty's growth markets

UK Energy transition and security	UK defence and security
UK transport	US buildings

Resilient hospitality and leisure pipeline

The US hotel construction pipeline continues to expand, with projects up 11% and rooms up 6% year-on-year. Dallas, Atlanta, Phoenix, and Austin rank among the top five US cities for pipeline activity, as the sector is set to reach US$14 billion in 2029 in Balfour Beatty's chosen states. Despite low consumer sentiment, strong consumer spending fuels investment in convention centres, stadiums, arenas, and theme parks, with public-private partnerships and infrastructure expansion driving the most promising projects.

Office recovery and booming data centre demand

Office construction spending in Balfour Beatty's target states is expected to reach US$40 billion by 2029, driven by demand for hybrid workspaces, rising return-to-office trends, and reversal in extremely high vacancy rates. Data centre construction will continue to grow at pace, with Amazon, Meta, Google, and Microsoft set to invest US$178 billion in 2025, fuelled by surging cloud adoption and AI infrastructure demand.

Stable demand for multifamily housing

Higher financing and maintenance costs and slow rental growth has depressed multifamily housing activity in recent years, but a combination of continued job growth, elevated mortgage rates, and rising house prices, continues to sustain demand. Such strong demand dynamics in Balfour Beatty's chosen states is expected to see multifamily activity outperform the national outlook, with 16% annual construction spending growth projected from 2024 to 2029.

Economic growth maintains ongoing transport investment

Continued US economic expansion and a return to pre-pandemic travel patterns are expected to sustain demand for new and upgraded transport infrastructure. Investment in road and airport construction will focus on expanding capacity and modernising facilities to support steadily increasing traffic and passenger volumes. This rising demand is driving major projects, including the I-35 Capital Express Central project and the SMForward initiative at Sacramento International Airport, which aims to expand the airport in anticipation of future passenger growth.

Sacramento International Airport's new pedestrian walkway

In August 2024, Balfour Beatty began construction activities to deliver the Sacramento International Airport Pedestrian Walkway project. The Pedestrian Walkway project is part of SMForward, a $1.3 billion capital improvement programme to expand the Sacramento International Airport (SMF) to accommodate future anticipated demand. Once complete, the new walkway will support the airport's traveller growth well into the future by connecting SMF's Terminal B to Concourse B via a sky bridge, providing passengers with the ability to walk or ride the airport's existing automated people mover.

The project team will deliver a quarter-mile walkway featuring 1,800 tonnes of steel, 3,425 cubic yards of concrete, four moving walkways, four escalators and three elevators along a panoramic corridor.

As the first undertaking of the airport's expansion programme, the Pedestrian Walkway project is the initial step in leveraging transformative partnerships and creative financing solutions to deliver the future of SMF. Throughout the programme's projected duration, 800 jobs will be created in the first four years alone, contributing to economic growth opportunities for local businesses and further development in the community.

Balfour Beatty has more than 75 years of extensive aviation experience in delivering complex and recognisable airport projects across the US. The Company specialises in building landside and airside facilities and has worked with clients including Los Angeles World Airports, Raleigh-Durham International Airport, Jacksonville International Airport and Dallas-Fort Worth International Airport.

The project team is leveraging lean construction methods, innovation and technology, including live estimating, Building Information Modelling, OpenSpace and offsite prefabrication to deliver SMF's Pedestrian Walkway. The project is scheduled for completion in 2026.

"Balfour Beatty is truly honoured to be the selected building partner on the pedestrian walkway. Sacramento International Airport is our local airport, so we take great pride in bringing this project in for a nice smooth landing and turning it over to the community."

Kyle Frandsen
Vice President, Sacramento,
Balfour Beatty US Buildings

MARKET REVIEW CONTINUED

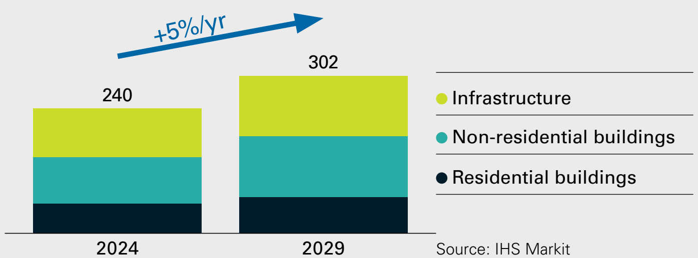
Gammon

For over 65 years, Gammon, Balfour Beatty's joint venture with Jardine Matheson, has forged a reputation for delivering high-quality projects throughout Asia.

Market trends

Gammon operates within markets that are projected to continue to grow over the next decade, whilst continuing to explore new opportunities.

HONG KONG CONSTRUCTION SPENDING FORECAST TO GROW 5% PER ANNUM
Construction spending, HK$bn, nominal



Source: IHS Markit

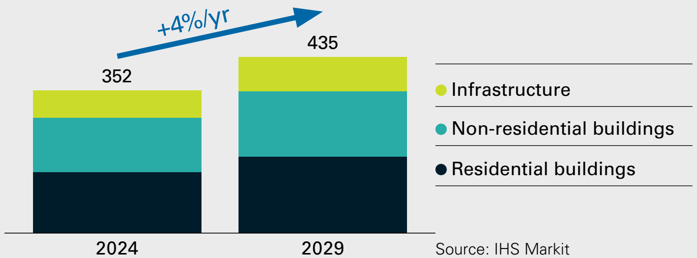
Hong Kong

Northern Metropolis
The HK$224 million Northern Metropolis project aims to turn 30,000 hectares of land into a housing and economic powerhouse, with key projects including the development of the San Tin Technopole, a new government building in Kwu Tung North, the new Huanggang Port building and the North District hospital expansion.

Transport infrastructure extension
The Major Transport Infrastructure Development Blueprint lays the foundation for extensive expansion of Hong Kong's existing transportation network, with the railway network set to increase from 270km to nearly 390km and major roads from 260km to nearly 380km.

Enhanced aviation investment
The Airport Authority Hong Kong expanded its Airport City blueprint, more than doubling the scale of development. New projects include an ecosystem for the art industry, AsiaWorld-Expo Phase 2 development, a marina with ancillary facilities and a fresh food market.

SINGAPORE CONSTRUCTION SPENDING FORECAST TO GROW 4% PER ANNUM
Construction spending, HK$bn, nominal



Source: IHS Markit

Singapore

Rail and aviation expansion
Phase 2 of the Cross Island Line will see the construction of six stations from Turf City to Jurong Lake District. The Changi East airport development, spanning 1,080 hectares, includes the new Terminal 5 project, a three-runway system, tunnel and underground systems construction and the Changi East Industrial Zone.

Green Data Centre Roadmap
Singapore's Infocomm Media Development Authority (IMDA) has launched a Green Data Centre (DC) Roadmap in May 2024 that charts a sustainable pathway for the continued growth of DCs in Singapore. The roadmap is aimed to support the country's AI and compute developments in the digital economy.

Hospitality development
The Resorts World Sentosa expansion encompasses the construction of two new hotels, enlargement of the Singapore Oceanarium, the addition of Universal Studio's Minion Land, three levels of retail and dining called The Forum and renovations of three existing hotels.

Gammon enables three-runway system launch at Hong Kong International Airport

The official inauguration of the three-runway system at Hong Kong International Airport in November 2024 further strengthens Hong Kong's position as a major international aviation hub.

Gammon has contributed significantly to this key milestone through delivering the key tunnel structure of the Automated People Mover, Baggage Handling System and Terminal 2 Expansion Works projects, including the tunnel beneath the runway and taxiways, essential infrastructure for air traffic control, and viaduct and road systems.

It also completed the façade and roof works of the Terminal 2 building, all integral parts of the Airport Authority Hong Kong's Master Programme.

Infrastructure Investments

Balfour Beatty Investments is recognised as a leader in public-private partnerships and other developments in the UK and US.

Investment focus

STUDENT ACCOMMODATION

University of Sussex, West Slope Residences.

Demand for student accommodation remains strong for both conventional and off-campus student housing projects.

EV CHARGING INFRASTRUCTURE

Urban Fox UEone retractable EV charger.

Growth in EV adoption provides opportunities for the Group in the residential charger deployment market.

NASCENT ENERGY TRANSITION

Humber Gateway OFTO, UK.

As the UK's energy mix transitions to more renewable sources, the Group continues to evaluate these changes for both investment and construction opportunities.

MILITARY HOUSING

Fort Bliss Military Housing, Texas.

The Group continues to develop and maintain a large network of privatised military housing facilities across the US.

MULTIFAMILY HOUSING

Landings at Lake Gray, Jacksonville.

US multifamily accommodation continues to come to market, providing opportunity to invest in the regeneration of these properties.

PUBLIC-PRIVATE PARTNERSHIP PROJECTS

Automated People Mover, Los Angeles International Airport.

Legislation allowing public-private partnership (P3) projects has passed in 42 states, creating opportunities in courthouse, school, government building and transport projects.

An actively managed portfolio investing in the growth and enhancement of public and private infrastructure.

£1.3bn*

	SHARE OF PORTFOLIO VALUE
UK roads	13%
UK student accommodation	11%
UK healthcare	11%
UK energy transition	5%
UK other	2%
US military housing	48%
US student accommodation	5%
US residential	5%

New investments
- 296-unit multifamily housing project in New Jersey (Philadelphia metropolitan statistical area)
- 564-bed purpose-built student housing asset in Denton, Texas

Disposals
- Sell-down of 2,540 University of Texas (Dallas) student housing project to a 5% shareholding

Student accommodation
- Construction underway for student housing projects at The University of Sussex in the UK and William & Mary in the US
- Development contract executed for new 1,070-bed student accommodation at University of Texas (Austin)

New military homes
- New Government funding at Fort Leonard Wood and Fort Eisenhower t build new houses
- Potential ground lease extension at Fort Carson to fund faster redevelopment

Energy upgrades
- Delivered green energy generation and efficiency solutions to multiple military bases

First UK EV installations
- Urban Fox electric vehicle chargers installed in Dundee and across the Balfour Beatty estate

US P3
- Los Angeles International Airport, Automated People Mover construction progress

Financing critical infrastructure
- M25 design, build, finance and operate contract

* Directors' valuation as at 31 December 2024.

Digital and AI advancements

Our digital-first approach is improving safety, productivity and assurance.

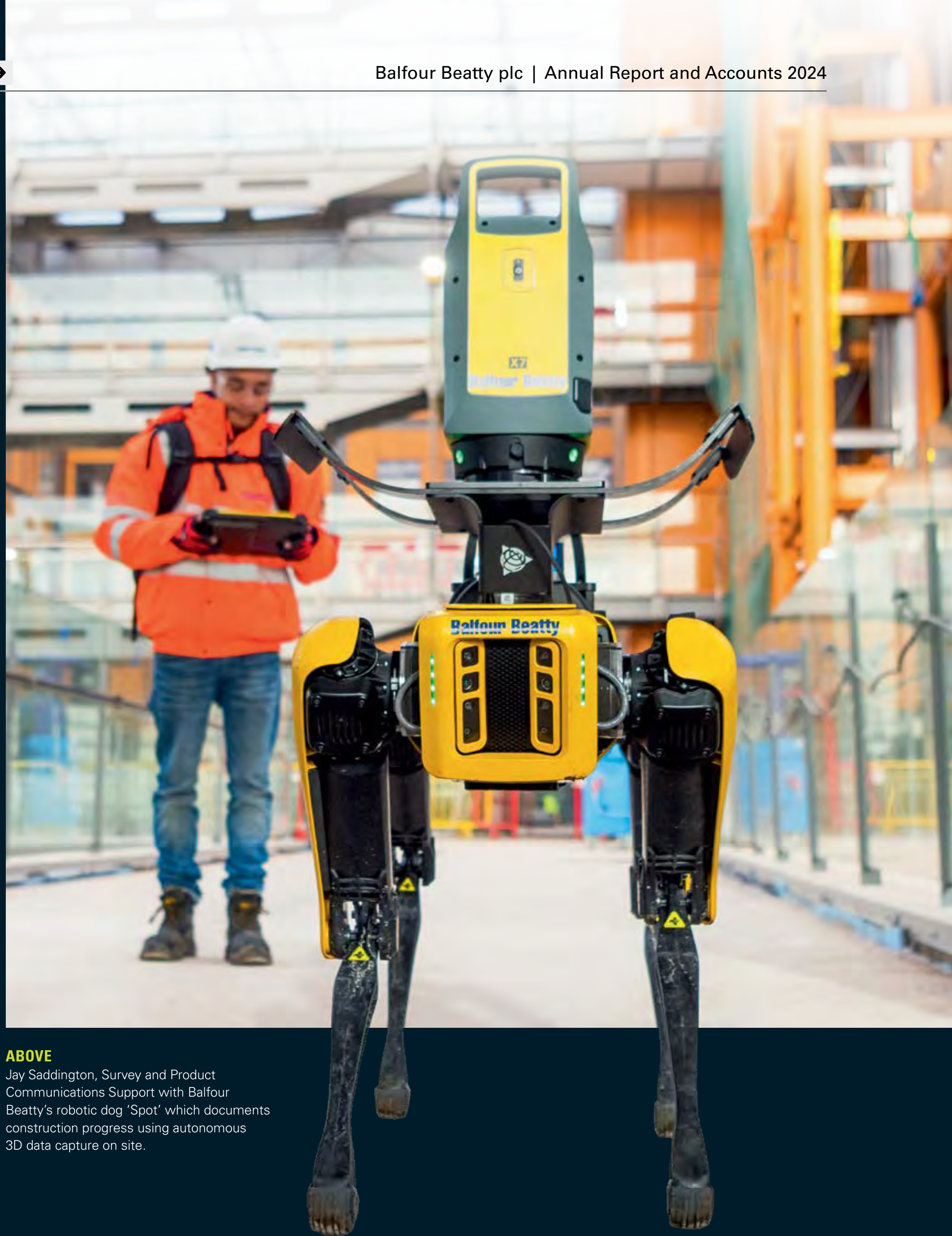
By capitalising on our investment in a central data lake – a secure repository containing billions of data points from across Balfour Beatty – we are swiftly integrating new AI and digital technologies. This is revolutionising how we manage and deliver projects. We're also empowering our workforce with personal AI assistants to streamline repetitive tasks, allowing them to focus on more complex, high-value work.

Today, over 90% of our UK projects and contracts leverage our digital toolkit to enhance efficiency and compliance. Tasks such as progressive assurance, checklists and permits are now digital, supporting our Zero Harm and Right First Time focus by capturing safety and quality observations through our Observations App. In 2024, over 470,000 observations and examples of good practice were submitted across the Group – an increase of 70,000 compared to the previous year. These observations guide interventions that ensure safety and meet quality standards for our customers.

We have also continued to roll out new hardware and technology. Notably, we've mandated the use of human form recognition cameras on various heavy plant machinery in the UK, including excavators, dumpers, and wheeled loaders. These cameras alert operators to nearby personnel, reducing the risk of accidents. Incident data is captured on a central dashboard, enabling us to track trends and address safety concerns more effectively.

470,000
OBSERVATIONS RAISED IN 2024

90%
OF UK PROJECTS USE DIGITAL TOOLS



ABOVE
Jay Saddington, Survey and Product Communications Support with Balfour Beatty's robotic dog 'Spot' which documents construction progress using autonomous 3D data capture on site.

AI collaboration for enhanced outcomes

Our in-house AI assistant, StoaOne, is now supporting 1,500 UK-based employees by automating mundane tasks. This allows our experts to dedicate more time to their core work. For example, on the Midlands Metropolitan University Hospital project, StoaOne categorised and prioritised over tens of thousands of data points, playing a crucial role in the successful handover of the 770-bed hospital.

In addition to developing our proprietary AI tools, we are adopting market-leading solutions. In our US Balfour Beatty Communities business, AI-powered software now generates accurate 1D and 3D as-built drawings from photographs, streamlining project closeout. In the UK, AI is being used to assess site supervisors' competencies before they join our teams, while our work winning teams use AI tools to enhance processes and improve bid submissions.

To accelerate our AI adoption, in November 2024, we hosted 'The Big AI Challenge' hackathon with 70 experts from Balfour Beatty and Microsoft. The event explored how we could leverage data and AI to bring six innovative ideas, submitted through our My Contribution programme, to life.

The solutions developed during the event include automating the generation of inspection and test plans to prevent costly rework and clustering highways repairs to improve productivity by reducing the time spent travelling between each repair, are now being refined for implementation in 2025.

"Our recent 'Big AI Challenge' brought together some of the greatest minds from across Balfour Beatty and Microsoft to generate solutions to some of our biggest business opportunities."

Jon Ozanne,
Chief Information Officer, Balfour Beatty

FIND OUT MORE ABOUT THE BIG AI CHALLENGE ON p78

ABOVE
At Balfour Beatty, we use drones to provide real-time data and high-resolution aerial imagery for site inspections, surveying and progress tracking.

Digital Dynamo Award

ICON AWARDS

This category celebrated an individual who embraces technology to redefine how we do business.

Above: Award presentation photo. (Left to right) Jon Ozanne, Chief Information Officer, George McArthur, Concrete Technical Manager – HS2 Major Projects, and Clare Barclay – Microsoft CEO, UK.

Winner: George McArthur

Concrete Technical Manager, HS2 Major Projects

George has demonstrated exceptional leadership and innovation in revolutionising fresh concrete quality control through the implementation of in-transit digital monitoring. His initiative has not only eliminated the need for manual testing at concrete pours, but also significantly reduced costs and improved efficiency across a large-scale project.

READ MORE ABOUT OUR ICON AWARDS EVENT ON p74

OUR STRATEGY: BUILD TO LAST

Delivering Build to Last

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

Our strategy

Our strategy, Build to Last, is fundamental to how we are building a market-leading Balfour Beatty for the next 100 years. It is our platform for sustainable growth, productivity, inclusive talent – all ensuring the best capability to deliver on our promises and our enduring commitment to Zero Harm.

Our KPIs

Our Build to Last strategy is measured against our five values – Lean, Expert, Trusted, Safe and Sustainable.

More information

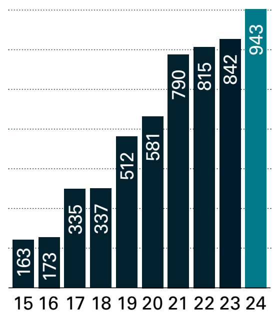
Find out how our strategy is supported by the current market on pages 14 to 21. For the risk appetite in the context of the Company values see page 92.

Lean

We create value for our customers and drive continuous improvement

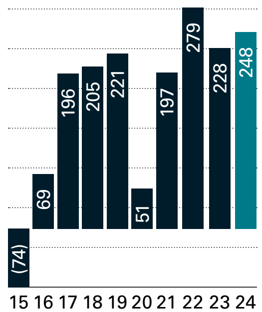
We are thoughtful and agile, continuously challenging our ways of working to improve health and safety and productivity, eliminate waste and enhance quality to make us more competitive.

NET CASH £m
excluding non-recourse borrowings and lease liabilities



2024:
£943m

UNDERLYING PROFIT/(LOSS) FROM CONTINUING OPERATIONS £m



2024:
£248m

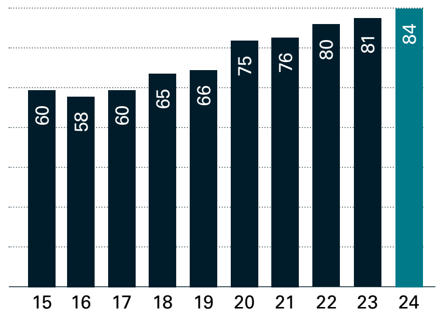
p86

Expert

Our highly skilled colleagues and partners set us apart

Our people are leaders. We're the experts of today and inspire the leaders of tomorrow. We invest in our colleagues, building their skills and knowledge, to develop a passionate, world-class workforce drawn from all parts of our society.

EMPLOYEE ENGAGEMENT INDEX %



2024:
84%

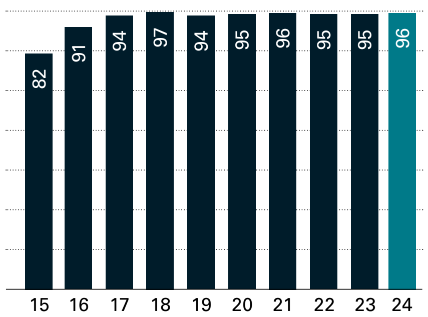
p68

Trusted

We deliver on our promises and we do the right thing

We build trust every day by delivering on our promises, always. We're accountable for our decisions and work with the upmost integrity to ensure we're making the right choices.

CUSTOMER SATISFACTION AVERAGE %



2024:

96%

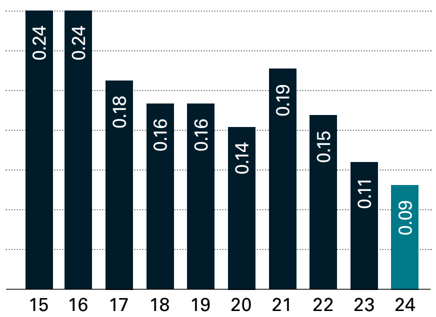
p46

Safe

We make safety personal

Safety is our licence to operate. Nothing is more important than the health, safety and wellbeing of our colleagues and the communities we serve. We are unrelenting and uncompromising in our commitment to achieving Zero Harm.

LOST TIME INJURY RATE (LTIR)
excluding international joint ventures



2024:

0.09 LTIR

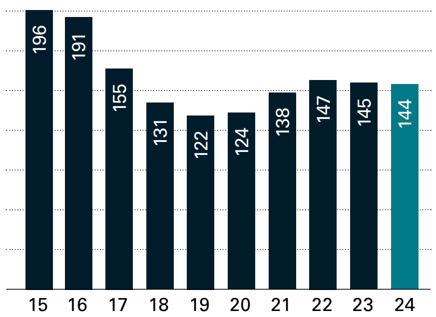
p40

Sustainable

We act responsibly to protect and enhance our planet and society

We leave a positive legacy for the people we work with, the communities we work in, and the world in which we operate. We want to enhance our impact on the environment, working with our supply chain partners, customers and communities to ensure our choices are sustainable.

TOTAL SCOPE 1 AND 2 EMISSIONS (tCO_2e) 000s



2024:

144 tCO_2e 000s

p48

STAKEHOLDER VALUE

Sharing the value we create

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

About our stakeholders

From shareholders and employees to customers, supply chain partners and the communities we operate in, each stakeholder group holds a vested interest in Balfour Beatty's activities, performance or success. Their support, feedback and collaboration are vital for driving business growth and profitability but also for fostering trust and sustainability and building a positive lasting legacy.

Shareholders

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

2024 engagement examples:

- Throughout 2024, the Company held 83 meetings with shareholders and investors. The Group also attended eight investor conferences during 2024, hosted by London-based investment banks, and further investor roadshows were held in Jersey, Edinburgh, Boston and Montreal. For details on how the Board engages with investors see pages 128 and 131.
- To keep shareholders up to date with Company news including financial information, we share regular updates via regulatory announcements, webcasts and presentations.
- As part of the Group's annual shareholder engagement plan, Charles Allen, Lord Allen of Kensington, CBE, Non-executive Group Chair met with a number of the top 10 shareholders. In addition, management also saw international shareholders with Group Chief Executive Leo Quinn meeting investors in Hong Kong, and Chief Financial Officer Phil Harrison meeting investors in New York.

Creating value:

Balfour Beatty has established the strongest balance sheet in its sector and from this position of strength, continues to deliver on its multi-year capital allocation framework, announced in 2021. This provides a balanced approach between the investment needs of the business, regular dividend payments and additional returns to shareholders. Balfour Beatty intends to return c.£188 million in 2025 through a combination of dividends and share buybacks, which will bring the cumulative return to shareholders since the introduction in 2021 of the multi-year capital allocation framework to over £940 million.

83
MEETINGS HELD IN 2024

33,000
VIEWS OF LEO'S HALF YEAR RESULTS LINKEDIN POST

Expanding our shareholder engagement reach

Balfour Beatty's 2024 half year results and 2023 full year results announcements generated 2,000 virtual views, with the announcements accessed over 25,000 times in 2024. Headlines from full and half year results are shared in an engaging way on our corporate social media channels and from our Group Chief Executive, Leo Quinn's LinkedIn profile.

In 2024, Leo's LinkedIn posts received record engagement levels; in March 2024, his post was seen by 33,000 people and in August 2024, his post was seen by 255,732 people.

SCAN OR CLICK TO WATCH LEO'S BEHIND THE SCENES VIDEO ON BALFOUR BEATTY'S 2024 HALF YEAR RESULTS

Customers

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

2024 engagement examples:

- In October 2024 and November 2024, we hosted the first of our ministerial roundtables with the Labour Government, focusing on nuclear power with Nuclear Minister, Lord Hunt, and offshore wind, with key speaker, Michael Shanks MP, Parliamentary Under-Secretary of State for Energy and Net Zero. These roundtables serve as a platform to address the challenges hindering infrastructure delivery, bringing together decision-makers, key industry leaders, customers and potential customers to shape the agenda and reinforce Balfour Beatty's role as a key player in this space.
- As an industry leader, we know that freely sharing best practice is the best way to help the industry develop and evolve. In 2024, we continued with our 'five-minute reads' focusing on 'fuelling the energy transition: tackling the skills gap'. Balfour Beatty HR Director, Maxine Wheldon, shared her views on how the industry can tackle the skills gap to deliver vital infrastructure that supports secure, affordable, decarbonised energy by 2050.
- As construction partner appointed by Rolls-Royce Submarines for their non-fissile infrastructure programme, we are working in collaboration with Rolls-Royce and the Design Partner WSP, co-located in a shared office, to jointly develop the programme masterplan and project designs. This early contractor involvement and collaboration between partners is essential to overcome the significant challenges associated with delivering such a large complex programme of work whilst maintaining safe operation of the existing estate. Our collaborative approach and team behaviours were key components of the selection process that led to our appointment.

ABOVE
Neil Dalton, Work Winning Director – Defence, Balfour Beatty signing the Armed Forces Covenant with Major General Andy Sturrock, Director of Strategy and Plans, Defence Infrastructure Organisation.

SCAN TO WATCH OUR VIDEO ON THE RE-SIGNING OF THE ARMED FORCES COVENANT

Creating value:

The key metric for our Trusted value is customer satisfaction. In 2024, over 1,800 customer satisfaction reviews were carried out with the Group's customer satisfaction score standing at 96%.

96%

CUSTOMER SATISFACTION SCORE

Employees

FOR DETAILS ON HOW THE BOARD ENGAGES WITH EMPLOYEES SEE PAGES 127 TO 128

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

2024 engagement examples:

- My Contribution (MyC) is our engagement programme for employee-led business change, giving every colleague a voice and the empowerment to take personal action to build a better company, by sharing their ideas for improvement and collaborating with colleagues to make them happen. In 2024 colleagues from across the UK and the US shared over 2,000 MyC ideas, with those delivered generating an estimated £3.2 million of cash, £3.2 million of cost savings, 53,800 hours of time saved, as well as 270 ideas delivered in the Better Place to Work category that have helped us improve inclusivity, health and wellbeing, safety, and create a more sustainable business.
- Live events and conferences form a key approach for delivering impactful employee engagement across the Group. In 2024, the Group took a new approach to recognising and engaging employees. On 25 September Balfour Beatty held its inaugural Icon Awards at the V&A Museum in London. Bringing together almost 400 colleagues from across the UK, US and Hong Kong, the evening celebrated the very best of the Group, proving an endorsement of the Group's leading place in the industry, the strength of the brand and the power of the culture.
- In November, the Group took an innovative approach to Strategic Business Unit (SBU) conferences. With a series of back-to-back leadership events at a single venue in Birmingham. The aim was to deliver high-impact and high-quality events, through a more efficient and sustainable approach, drawing inspiration from the concept of 'modern methods of construction'. Over five days, three events were held hosting a combined 681 delegates, presented by 96 speakers. This new, lean approach provided a high-impact, lower-cost, more effective way to update and engage employees across the business.
- In February, Charles Allen, Lord Allen of Kensington CBE, Non-executive Group Chair of Balfour Beatty, spent time with the Co-Chairs of the five UK Affinity Networks, who work to make a positive difference to the Company's workplace processes, and practices. The session afforded him the chance to hear first hand why the Co-Chairs have stepped up to get involved, and some examples of their efforts including the supply of sanitary products being mandated across all offices and sites.

Creating value:

The key metric for our Expert value is employee engagement. In 2024, our Group employee engagement score was the highest since 2017, rising for the seventh year in a row to 84%, up from 81% in 2023 and 11% higher than the industry average.

84%

EMPLOYEE ENGAGEMENT SCORE

STAKEHOLDER VALUE CONTINUED

Supply chain and strategic partners

The thousands of supply chain partners we work with across the Group play an instrumental role in our success and in improving and enhancing best practice across our industry.

ABOVE
The Founder's Pledge graduation ceremony.

> **It's fantastic to celebrate the achievements of the 12 apprentices and the success of the Founder's Pledge. Mentoring programmes like this are vital to help apprentices."**
>
> **The Rt Hon Baroness Jacqui Smith**
> Minister for Skills

2024 engagement examples:

- In the UK, Leo Quinn, Group Chief Executive, announced his Founder's Pledge as part of The 5% Club's 10-year anniversary in 2023. 12 apprentices from across the UK business and its supply chain secured the coveted Founder's Pledge award. Leo personally gifted £10,000 to support the chosen apprentices and help address the troubling statistics that nearly half of apprentices in the UK fail to complete their training due to a lack of wellbeing and financial support. The year-long programme was closed out in December 2024 with a graduation ceremony hosted by Leo and the Rt Hon Baroness Jacqui Smith, the Minister for Skills, and the supply chain companies' CEOs and their mentees. Patrick Flannery, Managing Director of Flannery Plant Hire, said: "It was incredibly rewarding to be part of the Founder's Pledge, mentoring and spending time with my mentee Chloe throughout her journey. The experience has provided me with valuable insights into the challenges apprentices face and has inspired us as a business to look into how we can provide them with the support they need to ultimately maximise completion rates." Rupert Forster, a Balfour Beatty apprentice working at Hinkley Point C, who was mentored by Leo, said: "Being part of this mentorship programme hasn't just been about gaining skills and advice – it's about learning how to practically navigate the challenges that come with early career development, and how to persevere through them".
- Balfour Beatty regularly acts as a convener of thought leaders, collaborating relentlessly for the benefit of its customers. In July, an early careers team within Balfour Beatty's Strategic Design Partnership – established in 2017 to redefine the relationship between contractor and designer – came together for a hackathon tackling the topic of carbon reduction in the industry. Also in July, Balfour Beatty and Microsoft joined together for 'The Big AI Hackathon'. Testing out six ideas generated from My Contribution, the 70-strong team worked for seven hours armed with its knowledge and competitive spirit to pursue prototypes and prizes.
- Balfour Beatty is a founder, gold member and board member of the Supply Chain Sustainability School. We support our suppliers and subcontractors to become active members of the School, and to demonstrate improvement through regular self-assessment and work towards a level of accreditation as a demonstration of competence. In 2024, we generated £1,035,580 of partner value through a variety of activities delivered through the school including workshops.

98%
OF INVOICES PAID WITHIN 60 DAYS (86% IN 2019)

Creating value:

Ensuring cash reaches our supply chain partners quickly for work carried out remains a priority. Balfour Beatty is committed to paying all supply chain partners on time and to mutually agreed terms. We continually invest in our processes and procedures to improve our payment performance and enhance accuracy and transparency through increased automation and efficient exception management.

We exceed the UK's Government Procurement Policy Notice, which is applicable to newly advertised central government procurements and frameworks exceeding £5 million annually. The policy maintains the obligation for bidders to demonstrate they pay 95% of invoices within 60 days and to settle all invoices within an average of 55 days.

In the last six months of 2024, we improved our performance with invoices paid within 60 days rising from 97% in the first six months of 2024 to 98%, and the average days to pay improving to 33 days.

Governments

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

2024 engagement examples:

- In December 2024, we supported The Institute for Government by publishing a report titled 'Devolution and Urban Regeneration: How Can Metro Mayors Transform England's Towns and Cities?' and hosted a research roundtable attended by around 20 representatives from combined authorities and development corporations. This initiative is part of Balfour Beatty's broader efforts to strengthen relationships with combined authorities.

Creating value:

In June 2024, as the UK entered the second week of the UK general election campaign trail, 12 Tier One UK infrastructure and construction contractors and consultants published their 'Blueprint for Growth'. The work, orchestrated by Balfour Beatty, shared 12 recommendations that the future government should implement to effectively boost the UK's economic growth and productivity.

The document represented a notable collective commitment from the UK infrastructure and construction industry to collaborate with policymakers, industry stakeholders and Government agencies to help develop the 12 recommendations and realise the shared vision of a thriving infrastructure sector, which continues to drive sustainable growth, create jobs and build a brighter future for the UK.

Right First Time Award

ICON AWARDS

This category is for an individual who constantly delivers with quality at the forefront of their mind seeking improvements to ensure we avoid costly re-work and deliver on our commitments.

Above: Award presentation photo. (Left to right) Steve Helliwell, Managing Director – Balfour Beatty Living Places, Frank O'Hare, Construction Manager – HS2 Area North, and Shaun Davies MP – Member of Parliament for Telford.

Winner: Frank O'Hare

Construction Manager, HS2 Area North

Frank is a dedicated leader who prioritises quality, ensuring projects are completed to the highest standard with his 'check, check, and check again' philosophy. His meticulous attention to detail during preconstruction helps identify and correct even the smallest errors, preventing delays and ensuring first-time success. Frank's leadership extends beyond project management; he mentors team members, apprentices, and summer placements, helping them develop their strengths and improve weaknesses.

READ MORE ABOUT OUR ICON AWARDS EVENT ON p74

Communities

Our activities can have a lasting impact on the communities in which we operate – we strive to leave a positive legacy.

2024 engagement examples:

- When Hurricanes Milton and Helene crossed over the Southeast of the US within three weeks of each other, they left significant wind damage and, tragically, loss of life in their wake. Colleagues from Balfour Beatty's US Buildings and Civils business across Florida, Georgia and the Carolinas volunteered with church and community organisations and made countless donations to support the people most affected within their communities.
- In the UK, the Sellafield Box Encapsulation (BEP) Project team held the third Social Prescribing Festival, at The Whitehaven Rugby League Stadium, bringing together 1,550 people from the community to talk about mental health and wellbeing. The event saw 562 children fed, with 66 support services and 17 activity providers in attendance. Balfour Beatty, Mental Health and Wellbeing Lead Cath Melvin, said "We may never know the true impact of the ripple effect caused by something as simple as picking up a leaflet, having a five-minute chat, or browsing a service provider's information stand. What we do know is that we touched the lives those who attended".

Award-winning volunteering in Hong Kong

In Hong Kong, Gammon was recognised by the Construction Industry Volunteer Award Scheme with six prestigious awards. Notably, Gammon colleague Au Kam Chuen was individually recognised for his exceptional contributions, receiving the Gold award for Excellence in Construction Industry Volunteering.

Creating value:

In the UK, Balfour Beatty continues to use the National TOMs framework as a method of measuring and reporting social value to a consistent and recognised standard. In 2024 across Balfour Beatty's UK projects, we delivered over £990 million in social value and met our target to deliver £3 billion in social value by 2030 five years early.

For more information about our community engagement efforts in 2024, see pages 63 to 65.

OPERATIONAL REVIEW

Strong performance across diverse portfolio

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

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

Construction Services

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

Financial review

Revenue at £8,199 million was up 1% (2023: £8,081 million), a 3% increase at CER, with higher volumes at Gammon. Underlying profit from operations increased to £159 million (2023: £156 million) due to improved profitability in UK Construction and higher volumes at Gammon, partially offset by reduced profitability in US Construction. Statutory profit for the year was £87 million (2023: £143 million). The order book increased 11% (9% at CER) in the year to £15.2 billion (2023: £13.7 billion), due to a strong year of orders in US Construction.

UK Construction: Revenue in UK Construction decreased by 1% to £3,011 million (2023: £3,027 million).

UK Construction underlying profit from operations increased to £81 million (2023: £69 million), largely driven by improved project delivery and the mix of work. This represents a 2.7% PFO margin (2023: 2.3%) and demonstrates progress in the Group's medium-term ambition to achieve a 3% PFO margin in UK Construction, with further improvement expected in 2025 and 2026.

REVENUE[1]
£8,199m
2023: £8,081m

STATUTORY REVENUE
£6,630m
2023: £6,695m

UNDERLYING PROFIT FROM OPERATIONS
£159m
2023: £156m

STATUTORY PROFIT FROM OPERATIONS
£87m
2023: £143m

ORDER BOOK[1]
£15.2bn
2023: £13.7bn

1 Including share of joint ventures and associates.

The UK Construction order book grew marginally to £6.2 billion (2023: £6.1 billion), with 92% (2023: 91%) of those orders from public sector and regulated industry clients.

US Construction: Revenue in US Construction decreased by 2% (1% increase at CER) to £3,638 million (2023: £3,697 million). Underlying profit from operations for US Construction reduced by 22% to £40 million (2023: £51 million) as a small number of civils projects have taken longer than initially scheduled. Due to the fixed-price nature of the contracts, the cost of these delays has impacted profitability in 2024 and US Construction PFO is expected to improve in 2025.

The US Construction order book increased by 27% (25% at CER) to £7.1 billion (2024: £5.6 billion) with increases in both the buildings and civils divisions. US Buildings grew its order book in all but one of its geographic divisions, with an increase in commercial office, hospitality, government, education and airports. US Civils order book growth was largely due to the business signing a $746 million contract to rebuild part of the Interstate 35 through Austin for the Texas Department of Transportation.

Gammon: The Group's share of Gammon's revenue increased by 14% (17% at CER) to £1,550 million (2023: £1,357 million) driven by an increase in major civils volumes, including the Terminal 2 expansion and automated people mover projects at Hong Kong International Airport. Underlying profit increased to £38 million (2023: £36 million) representing a 2.5% profit margin (2023: 2.7%).

The Group's share of Gammon's order book decreased by 5% (11% at CER) to £1.9 billion (2023: £2.0 billion), with the progress made on the airport projects largely offset by new orders, which included a residential development in the Kai Tak area for the Hong Kong Housing Society, data centres in Hong Kong and Singapore, and a civils contract in Hong Kong's Northern Metropolis to prepare the land and deliver engineering infrastructure works for a new development area.

CONSTRUCTION SERVICES

	2024			2023		
	Revenue[1] £m	**PFO £m**	**Order book[1] £bn**	Revenue[1] £m	PFO £m	Order book[1] £bn
UK Construction	**3,011**	**81**	**6.2**	3,027	69	6.1
US Construction	**3,638**	**40**	**7.1**	3,697	51	5.6
Gammon	**1,550**	**38**	**1.9**	1,357	36	2.0
Underlying[2]	**8,199**	**159**	**15.2**	8,081	156	13.7
Non-underlying	**–**	**(72)**	**–**	–	(13)	–
Total	**8,199**	**87**	**15.2**	8,081	143	13.7

1 Including share of joint ventures and associates.
2 Before non-underlying items (Note 10).
A reconciliation of the Group's performance measures to its statutory results is provided in the Measuring our financial performance section .

Operational review

UK Construction

Strong medium-term outlook in UK growth markets

Since coming to power in July 2024, the UK Government has been firm in its commitment to stimulating growth in the UK economy, and has highlighted the importance of maintaining, improving, and expanding UK infrastructure in achieving this. As part of its broad investment plans, the Government has addressed the requirement for additional investment in various sectors, including Balfour Beatty's UK growth areas of energy, transport and defence, with further detail to follow in June as part of the 10 Year Infrastructure Strategy and multi-year comprehensive spending review. The Government is also investigating other potential enablers to reduce the time and costs associated with infrastructure development in the UK, including the simplification of planning and the utilisation of private financing. In January 2025, the Government announced plans to block campaigners from making repeated legal challenges to planning decisions for major infrastructure projects in England and Wales, with the intention of reducing the time taken to achieve the relevant consents.

The essential long-term upgrade to the UK's energy infrastructure is now well underway, driving improvement in energy security and facilitating the energy transition, with Balfour Beatty heavily involved in active projects such as the new Hinkley Point C nuclear power station in Somerset and across the UK with its market-leading power transmission and distribution proposition. The scale of work required to meet the UK's net zero ambitions is vast and is likely to be ongoing for decades to come. In 2024, there were a number of key developments in the progression of new projects which Balfour Beatty expect to play a major role in:

- the UK Government announced a £21.7 billion pledge for projects to capture and store carbon emissions from energy, industry and hydrogen production. Following this, Balfour Beatty, alongside Technip Energies and GE Vernova, received notice to proceed to start the full engineering, procurement and construction package for the onshore power, capture and compression contract at Net Zero Teesside, the world's first gas-fired power station with carbon capture and storage;
- for the proposed Sizewell C nuclear power station, the UK Government increased its financial commitment to take the project to final investment decision to £5.5 billion. Balfour Beatty is part of the Civils Works Alliance for Sizewell C, alongside Bouygues Travaux Publics and Laing O'Rourke, which will deliver the extensive civil works package; and
- Great British Nuclear, the UK Government's expert nuclear delivery body, shortlisted four companies for its small modular reactor programme, including Holtec, for which Balfour Beatty is the main construction partner. Final decisions are expected to be announced in the coming months.

The UK Government plans to strengthen national security and modernise defence infrastructure, with the intent of increasing defence spending to 2.5% of GDP by 2027. Balfour Beatty has been a long-term participant in the UK's defence and security sector and has delivered growth in its market share during 2024. The Group's experiences in civil nuclear construction hold close adjacencies with some of the projects being tendered, while its end-to-end capabilities can simplify high security project delivery by reducing complex interfaces. As a testament to this, Balfour Beatty has been selected by Rolls-Royce as a construction partner for the expansion work in Raynesway, Derby, needed to meet the growth in demand from the Ministry of Defence and as a result of the AUKUS agreement. As part of the package of works, which will be executed in stages over the next eight years, Balfour Beatty will deliver infrastructure enabling works, build new manufacturing and office facilities, and redevelop existing industrial buildings on site. This will increase Rolls-Royce's capacity to manufacture reactor components for nuclear submarines. The UK defence sector has been identified as one of the Group's key growth markets, and as such, further material opportunities are currently being pursued.

In the UK transport sector, the Group retains strong market positions in both major road and rail construction.

Pioneering Engineering Award

ICON AWARDS

This category was for a team who create new boundaries by designing out risk, moving us into more modern ways of working.

Above: Award presentation photo. (Left to right) Nigel Russell, Chief Executive Officer – HS2 Major Projects, The HS2 Marston Box Slide Team, and Alistair Phillips-Davies CBE, Chief Executive Officer – SSE.

Winner: The HS2 Marston Box Slide Team

Sasan Ghavami, Neil Kennard and John Gill, HS2 Major Projects

In a huge feat of engineering last year, our HS2 team delivered the world's longest box slide to move Marston Box railway bridge into place over the M42. Built using the Autopirage method – enabling the installation of a structure entirely prefabricated on a nearby base and sliding it to its final position – the Marston Box bridge slide reduced construction time from two years to six months and eliminated the need for piling, lowering the carbon footprint. The operation was developed through a collaboration between Balfour Beatty VINCI joint venture, HS2 and National Highways, and was completed safely, moving the 12,600-tonne structure 186 meters in just 48 hours.

READ MORE ABOUT OUR ICON AWARDS EVENT ON p74

OPERATIONAL REVIEW CONTINUED

Construction services continued

Operational review continued

UK Construction continued

Strong medium-term outlook in UK growth markets continued

Transport is an important component of the Government's growth plans, and further details are expected as part of the 10 Year Infrastructure Strategy and the Treasury's multi-year comprehensive spending review, due in June. Following these announcements, National Highways will release its third Road Investment Strategy (RIS3). These plans will give a clearer timeline for projects such as the Lower Thames Crossing road scheme, a project which the Group was awarded £1.2 billion of work for in 2023 but has yet to go to contract, and major rail electrification schemes, all of which are of strategic importance to both the UK and Balfour Beatty. The Group also holds deep experience in construction at UK airports, so the Government's plan for expansion and development of London airports is also positive for Balfour Beatty in the medium term. During 2024, Balfour Beatty was awarded a £185 million contract on the A9 road in Scotland, which will see the Group upgrade six miles of single carriageway to dual carriageway, and undertook early contractor involvement activities on the Lower Thames Crossing.

Continued margin expansion and strong operational delivery

Balfour Beatty holds a market-leading position in a growing UK infrastructure market, with unmatched scale and vertically integrated capability for delivering major and regional civils projects. In a period of increased demand, the Group is being more selective in the work it undertakes, resulting in a higher quality and lower-risk forward order book. The 2024 order book is heavily weighted towards lower-risk contract forms, with 59% target cost and 20% cost plus incentivised fee, while the remaining 21% is weighted towards two stage fixed price contracts, which are inherently lower-risk than one stage fixed price arrangements. UK Construction currently has around 700 live projects, and the Group remains focused on ensuring that new work is contracted on the appropriate contractual terms and conditions for the risk undertaken, in order to protect the Group's margin and reduce the loss-making portion of the project portfolio.

The two key drivers of the ongoing increase in the UK Construction margin, which has improved for a fourth successive year and is forecast to do so further in 2025, are the lower-risk nature of the order book and strong operational delivery. Balfour Beatty's ambition to provide industry-leading project delivery across the UK Construction portfolio not only drives margin performance in the period, but demonstrates the Group's capabilities and standards, thereby aiding the pursuit of future work.

On the UK's largest infrastructure project, HS2, Balfour Beatty and its joint venture partners are delivering the main civil engineering works for the Area North section and the new station at Old Oak Common in west London. On Area North, the Balfour Beatty VINCI joint venture has completed the four huge piers of the Curzon 2 bridge, marking a significant construction milestone on the sequence of viaducts that will take high-speed trains in and out of Birmingham. At Old Oak Common, the Balfour Beatty VINCI SYTRA joint venture completed the excavation of the stations underground box, a vast structure big enough to accommodate the equivalent of 300 Olympic sized swimming pools, and has now completed construction of the stations base slab, which required 76,000 cubic metres of concrete and 17,000 tonnes of reinforced steel. At Hinkley Point C, the Balfour Beatty team delivering the marine works for the new nuclear station have made strong progress under the Bristol Channel. In December, the team completed the two connections in the outfall tunnel, which was a key project milestone for the year, with focus now on the remaining connections in the two intake tunnels.

The Major Highways team is two years in to the major improvement scheme at the interchange between Junction 10 of the M25 and the A3. During 2024, Balfour Beatty conducted three full weekend closures as part of the improvement scheme at Wisley, the first in the M25's 38 year history, with works completed ahead of schedule on all occasions. The team has also made good progress on the A63 improvement scheme in Hull and has added additional emergency refuge areas on the M25, M3 and M4, improving safety for all users of these routes.

In 2024, the division completed work at a wide range of projects including the Edinburgh Futures Institute at the University of Edinburgh, highway and junction improvements in North West Crewe and the Lewisham Gateway residential project. Beyond the new Rolls-Royce and A9 contracts, other projects added to the UK Construction order book during 2024 included HMP Highland in Inverness, on behalf of the Scottish Prison Service, enabling works at HMNB Devonport, a replacement secondary school for the Nairn academy and also the divisions share of the Group's recent power transmission and distribution orders.

In November, Balfour Beatty signed a two year extension to its existing four year term as sole contractor to both of the SCAPE Civil Engineering frameworks, which cover England, Wales and Northern Ireland, and the entirety of Scotland. The frameworks will now run until November 2028.

Balfour Beatty VINCI completes first sections of HS2 Curzon Street station viaduct

In 2024, Balfour Beatty VINCI completed the first sections of the landmark viaduct that will bring high-speed trains into Birmingham's new Curzon Street station.

The completed sections mark the next step on the programme to build a series of viaducts to carry the railway through Birmingham's industrial heartland and into the city centre.

High speed trains will travel out of the west portal of the 3.5 mile Bromford Tunnel at Washwood Heath and onto a one mile long stretch of connected viaducts through Duddeston, and cross over the Birmingham to Derby railway, Lawley Middleway and Digbeth Canal.

On the approach into Birmingham, the five viaducts are Duddeston, Curzon 1, Curzon 2, Lawley Middleway and Curzon 3, which links to Curzon Street station.

The completed six metre-high sections of the Curzon 3 viaduct are where the structures widen from a single deck to four separate decks, spanning 65 metres at the widest point, to carry the tracks to the Curzon Street station platforms.

US Construction
Balfour Beatty's US Construction division is comprised of the US Buildings and US Civils businesses. US Buildings is a construction management business diversified across geographies and client sectors, which targets major cities and urban areas in states with favourable economic outlooks. The US Civils business focuses on highways projects in Texas and the Carolinas, and on local rail and civils work in California. Given the division's diversification across capabilities, geographies and sectors, the result of the recent US election has not had a material impact on the outlook for US Construction, while recent third party forecasts have projected construction spending in the Group's chosen states to surpass the national average to 2029, with an annual average growth of 7% forecast.

At the 2023 full year results announcement, the Group outlined differing strategic approaches to the two US Construction disciplines, which have influenced the direction of the businesses in 2024 and will continue to do so in the future. US Buildings had been recognised as one of Balfour Beatty's four growth markets, with the business making notable progress in 2024, and is considered the lower-risk segment within the division. With most of the projects undertaken by US Construction contracted on fixed-price terms, Buildings utilise the early issuance of subcontracts and insurance of the supply chain to mitigate risk. Comparatively, civils contracts in the US are generally delivered on a self-perform basis, which on fixed price arrangements gives limited scope to mitigate inflation and schedule risk. As a result, the Group remains cautious in its approach to complex civils contracts in the US and has reduced its exposure to the sector in recent years, with bidding now focused on projects which closely align to its core capabilities.

US activities further weighted towards growing US Buildings business
Balfour Beatty's growth engine in the US is its buildings business, which increased revenue by 2% (5% at CER) in 2024 and contributed 87% of US Construction revenues (2023: 85%, 2022: 78%). Having identified the opportunity for growth in 2023, based on the strength of some core markets, including aviation, leisure, education and government, combined with the impact of a more settled economy, the Group put to work its two-pronged organic growth strategy to add further diversification to its regional businesses. The Group opened new offices, targeting additional cities in states with existing Balfour Beatty offices, and broadened the end-markets served in some regions where the business was already active. These factors have contributed to the US Buildings order book increasing 26% (24% at CER) in 2024, underpinning the growth expectations for 2025 and beyond.

The new office locations, which were chosen based on market fundamentals and adjacency to established offices, include Sacramento in California, Savannah in Georgia, Charleston in South Carolina, Wilmington in North Carolina, Richmond in Virginia, and Jacksonville and Tampa in Florida. These offices have played an important role in the order book growth and are delivering projects such as the construction of a new terminal at the Jacksonville International Airport, a runway expansion at the Airport in Onslow County near Wilmington, and the second phase of an elementary school project in Sacramento.

By broadening the regions in which it serves certain end-markets, the US Buildings business is further utilising its in-house expertise and long-term customer relationships to drive organic growth, with success in various sectors. Following on from recent activity at Los Angeles International Airport, the Group more than doubled its aviation order book in 2024, adding new work in North Carolina, Florida and California. In education, the Group has leveraged its market-leading Californian offering, where it was the top education builder for the second consecutive year, to strengthen its local order book and also win work in North Carolina and Oregon. While for theme parks, as well as material new work being added in Florida, work is under way on projects in Texas and California. The Group is also exploring data centre opportunities outside of the Northwest market, which has served the business well in recent years.

Dream Team Award

ICON AWARDS

This category was for a team who encompasses everything we expect at Balfour Beatty. A team who constantly do the right thing and work together to be collaborative, inclusive, safe, sustainable, customer focused, innovative – who've gone that extra mile and delivered something amazing.

Above: Award presentation photo. The Harkers Island Bridge Replacement Team (left), Stephen Tarr, Divisional CEO – Power, Transmission & Distribution, Rail and Balfour Beatty Kilpatrick, (middle, back), and Andrew McNaughton, Executive Director – Atomic Weapons Establishment (right).

READ MORE ABOUT OUR ICON AWARDS EVENT ON p74

Winner: The Harkers Island Bridge Replacement Team

Pete Distefano, Mike Ewell, Will Janning, Alex Tejero, Benjamin Sasser, Michael McDermot, Jacob Willcox and Greg Wilkerson, US Civils

The Harkers Island team went more than the extra mile to deliver the project a year early. They partnered with the client to work through challenges at world record speed to expedite the delivery of the project while making sure all work was delivered safely. The team also used new innovations and products to provide the client with a better and more durable product. They were the first in the US to use carbon strand reinforcing and fibreglass bars in place of steel rebar – a lightweight and strong material to use for structural strengthening and repairs. This alone will be a legacy for Balfour Beatty.

Strong operational delivery in US Buildings
During the year, progress has been made on significant Buildings projects including:

- transformation of an old Coca-Cola bottling facility in Atlanta, Georgia, into an elevated mixed-use property;
- the completion of the Del Mar Heights School rebuild project in San Diego, California;
- began construction activities to deliver Sacramento International Airport's pedestrian walkway project in California;

OPERATIONAL REVIEW CONTINUED

Construction services continued

Operational review continued

US Construction continued

Strong operational delivery in US Buildings continued

- started construction of a mixed-use development in Dallas, Texas, which includes retail, restaurant, office and parking; and
- broke ground at the new Durham School of the Arts in North Carolina, alongside our joint venture partner.

Further progress made in US Civils strategy

The US Civils business continued to pivot towards a more concentrated portfolio of projects in 2024. Highways and bridges, which are profitable activities for the division, represents 75% of the order book at year end compared to 60% the year before. This was driven by progress made on live projects during the year and new orders, which included a $746 million contract to rebuild part of the Interstate 35 through Austin for the Texas Department of Transportation. The project, which is expected to complete in 2033, closely aligns to the Group's selective approach to US civils; working for a long-term customer and in a geography where Balfour Beatty has proven expertise, strong teams and trusted supply chain partners.

Progress at the major US Civils projects in 2024 included:

- Balfour Beatty achieved substantial completion on the Caltrain electrification rail project in California in 2024, with final completion achieved in February 2025;
- the business completed construction of the Sterling Natural Resource Center, a water reclamation facility in California;
- as part of the LINXS joint venture at Los Angeles International Airport, the Group entered the testing and commissioning phase of the project, with recent testing bringing a train vehicle through the airport's central terminal area, and the three automated people mover stations inside it, for the first time;
- as part of the Colorado River Constructors joint venture on the Oak Hill Parkway highways project in Texas, the Group opened four cross-street bridges to traffic; and
- progress continues on the Havelock Bypass project in North Carolina, with all 16 bridges and roadway construction now successfully completed.

Gammon

Strong positions in Hong Kong and Singapore

Gammon, Balfour Beatty's 50:50 joint venture with Jardine Matheson based in Hong Kong, has forged a reputation for delivering high-quality projects in Southeast Asia. The outlook for the Hong Kong construction sector remains positive, with Government commitments to grow the railway network and build new major roads, in addition to the long-term Northern Metropolis project to develop more than 3,000 hectares by phases over the next 20 years. Gammon's Singapore operations finished 2024 with a record order book and further opportunities to come. The Singapore Government is projecting increased infrastructure spend in 2025 and 2026, as it rolls out major infrastructure projects at its airport and metro, and the private sector property market continues to be strong.

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

During 2024, Gammon delivered an increased volume of work, with the automatic people mover (APM) and Terminal 2 expansion projects at Hong Kong International Airport both reaching peak levels of activity. The official inauguration of the airport's three-runway system in November signified a key milestone for both projects, with Gammon playing a crucial role in the airports expansion to date, including the construction of a tunnel beneath the runway and taxiways, as well as essential infrastructure for air traffic control, utilities, roads, and drainage.

Gammon's Tonkin Street project reached substantial completion in October and is the first private residential project in Hong Kong to adopt concrete Modular Integrated Construction (MiC). By implementing MiC for the 22-storey, 198 unit, residential tower, the project achieved 65% reduction in construction waste and noise, as well as 60% decrease in traffic loading, significantly lowering carbon emissions throughout the construction process.

Gammon's buildings team is progressing with the One Causeway Bay project, which when complete will have 500,000 square feet of office space across 24 floors and five floors for retail, marked a major milestone with a topping-out ceremony. The project, which occupies the former site of the historic Excelsior Hotel on the waterfront of Hong Kong's Victoria Harbour, will open in 2025.

Gammon celebrates the topping out of One Causeway Bay

In 2024, Gammon celebrated the topping out of the One Causeway Bay project, developed by Mandarin Oriental Hotel Group and managed by Hongkong Land. This milestone marked the structural completion of Hong Kong's newest premium waterfront commercial development.

The building has achieved provisional Platinum ratings from BEAM Plus and Leadership in Energy and Environmental Design (LEED), pre-certification from WELL, and a Platinum rating from WiredScore certification. It is also targeting a Platinum rating from SmartScore certification. The project employs sustainable materials, including green concrete, green rebar, FSC-certified timber, and recycled materials.

Once complete, One Causeway Bay will offer 500,000 sq. ft. of premium Grade A office space across 24 floors, along with 55,000 sq. ft. of retail space over five floors, including a rooftop bar and restaurant.

Support Services

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

REVENUE[1]
£1,210m
2023: £1,006m

STATUTORY REVENUE
£1,210m
2023: £1,006m

UNDERLYING PROFIT FROM OPERATIONS
£93m
2023: £80m

STATUTORY PROFIT FROM OPERATIONS
£93m
2023: £80m

ORDER BOOK[1]
£3.2bn
2023: £2.8bn

1 Including share of joint ventures and associates.

Financial review

The Support Services business provides power, plant, road and rail maintenance and is characterised by profitable recurring revenues underpinned by long-term frameworks targeting a PFO margin of 6-8%.

Support Services revenue increased by 20% to £1,210 million (2023: £1,006 million), mainly due to higher volumes in the road maintenance business, which included the first full years of the major contracts at Buckinghamshire and East Sussex, and increased power transmission and distribution activity. Underlying profit from operations increased to £93 million (2023: £80 million) driven by higher revenue. This resulted in PFO margin of 7.7% in the year (2023: 8.0%), which is at the top end of the targeted 6-8% PFO margin range and represents a further strong year for the power, road and rail maintenance businesses, with the reduction in margin driven by a change in the mix of work delivered.

The Support Services order book increased by 14% to £3.2 billion (2023: £2.8 billion) driven by new power transmission and distribution contacts, aligned with the growing demand in the sector.

Operational review

Further traction in power transmission and distribution expansion

In 2024, the UK Electricity System Operator published a report titled 'Beyond 2030 – A national blueprint for a decarbonised electricity system in Great Britain', which estimated that over £60 billion of investment in network infrastructure is required by 2030 to facilitate the connection of new offshore generation and other new renewable energy sources. The key transmission infrastructure operators, National Grid, SSEN and SPEN, have now published their RIIO-T3 business plans, which layout their proposed projects to 2031 and confirm the sharp expansion of work required across the industry in the balance of this decade and beyond.

SUPPORT SERVICES

	2024	2023
Order book (£bn)	**3.2**	2.8
Revenue[1] (£m)	**1,210**	1,006
Profit from operations[2] (£m)	**93**	80
Non-underlying items (£m)	**–**	–
Statutory profit from operations (£m)	**93**	80

1 Including share of joint ventures and associates
2 Before non-underlying items (Note 10)
A reconciliation of the Group's performance measures to its statutory results is provided in the Measuring our financial performance section

Balfour Beatty holds a market-leading position in the rapidly growing UK power transmission and distribution construction industry and saw a record level of bidding success in 2024, being contracted or selected for various schemes and frameworks including:

- an Initial Works Contract with SSEN for the Skye Reinforcement project;
- a £192 million contract with SSEN for the Argyll Substations project;
- a £363 million contract with National Grid to deliver the Bramford to Twinstead Reinforcement project;
- a contract with Prysmian to install 69km of high-voltage direct current land cables as part of the Eastern Green Link 2 (EGL2) project, being jointly developed by SSEN Transmission and National Grid; and
- selected as one of eight preferred partners for Scottish Power Energy Networks' Strategic Agreement for Transmission Overhead Line Works, with up to £3 billion of work being tendered.

Unlocking renewable energy capacity between Scotland and England

In 2024, we were awarded a contract by Prysmian to install 68km of high voltage direct current (HVDC) land cables from Fraisthorpe Sands to Drax in Yorkshire, England, as well as an additional 1km of HVDC land cable at Peterhead, in Scotland.

The works are part of the Eastern Green Link 2 (EGL2) project, which was jointly developed by Scotland and Southern Electricity Networks (SSEN) Transmission and National Grid Electricity Transmission. The project will form a 2GW HVDC electrical 'superhighway' cable link from Scotland to England which, when complete in 2029, will carry enough electricity to power two million households.

Our teams will be responsible for delivering approximately 15% of the route on behalf of Prysmian, replacing and upgrading approximately 25km of overhead lines in North Yorkshire, which will increase the capacity to connect the EGL2 project.

The new cables will be installed underground, to reduce the visual impact of the scheme and ensure that the landscape across East Riding of Yorkshire, North Yorkshire and at Peterhead remains unhindered for the local community and visitors alike.

OPERATIONAL REVIEW CONTINUED

Support Services continued

Operational review

Further traction in Power T&D expansion
The increased activity in the market is driving a capability imbalance, with demand outweighing supply. This brings commercial opportunities to the Group, which benefits from holding the largest power workforce in the UK, and ensures that contracts can be undertaken on a lower-risk basis than in the past. It also leaves the Group with a recruitment challenge to meet the growing demand, and in 2024 the Power team had over 500 new starters, while improving the retention of existing colleagues.

During the year, the business finished wiring all 116 T-Pylons and constructing a further 27 traditional lattice pylons on the Hinkley Point C Connection project for National Grid. The Viking Link interconnector, the longest interconnector in the world for which Balfour Beatty constructed the 65km UK onshore underground cable route, is now live and transmitting power between the UK and Denmark. The Group also completed 62km of overhead line refurbishment between Bramford and Norwich, began to transition 3.5km of overhead lines in the North Wessex Downs to underground cables, handed back the first leg of the London Power Tunnels 2 project and energised the final circuit at the 400kV Littlebrook Substation. Balfour Beatty's portfolio of power transmission and distribution projects continues to reflect the major role which the Group is playing in upgrading the grid to meet the UK's net zero ambitions.

Increased road maintenance activity
The addressable road maintenance market continues to grow, with the Government's Autumn 2024 Budget announcing nearly £1.6 billion in capital funding for local highways maintenance in England for the financial year starting April 2025, which represents a £500 million increase on the prior year. Longer-term funding will be determined by the ongoing comprehensive spending review.

In 2024, Balfour Beatty substantially increased the volume of road maintenance work delivered, driven by the first full year of the Buckinghamshire and East Sussex contracts which had started in 2023, and increased demand for road patching activities. Looking forward, there are several Local Authority contracts coming to market in the next year for which the Group is well positioned, as it looks to further deploy its effective maintenance solutions and technology-driven infrastructure management.

Rail
The rail maintenance market is well funded for the period to 2029, with £45 billion available for investment in operations, maintenance and renewal as part of Network Rail's Control Period 7 (CP7) strategic business plan. The business is diversified across various frameworks, and during the year won £169 million of work for the Central Rail Systems Alliance framework, with the Group now half way through its 10 year contract.

The Group is particularly focused on electrification schemes, as part of its ambition to deliver more net zero infrastructure in the UK. Furthermore, the proposed restructuring of the UK rail industry should see greater opportunities for efficiency as the management of track and trains are brought closer together.

Infrastructure investments

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

REVENUE[1]
£606m
2023: £508m

STATUTORY REVENUE
£394m
2023: £292m

UNDERLYING PROFIT BEFORE TAX
£54m
2023: £47m

STATUTORY PROFIT BEFORE TAX
£51m
2023: £43m

DIRECTORS' VALUATION
£1.25bn
2023: £1.21bn

1 Including share of joint ventures and associates, before non-underlying items.

Financial review

Infrastructure Investments made an £8 million underlying loss from operations in the year (2023: £5 million profit). In the US, the costs relating to the independent compliance monitor's work across the US military housing portfolio increased, and in the UK, the Group wrote off capitalised bidding costs following the cancellation of a student accommodation project, for which it had been awarded preferred bidder status. When including a gain on disposal of £43 million (2023: £26 million), underlying profit from operations was £35 million (2023: £31 million).

Balfour Beatty continues to invest in attractive new opportunities, each expected to meet its investment hurdle rates. In the year, the Group invested £28 million in new and existing projects, with a US student accommodation project and a US multifamily housing project added to the portfolio. Balfour Beatty also continues to sell assets, timed to maximise benefit to shareholders. One disposal was completed in 2024, with the Group reducing its stake in the Northside student accommodation project at the University of Texas at Dallas. The transaction delivered £43 million gain on disposal and £43 million of cash, which was above the Directors' valuation.

Net investment income of £19 million was £3 million higher than the prior year (2023: £16 million) and included an impairment write back of subordinated debt as, following a final decision from Ofgem, costs were recovered relating to a faulty OFTO cable, which had been provided for in prior periods. This was partially offset by lower interest received on subordinated debt.

INFRASTRUCTURE INVESTMENTS

	2024 £m	2023 £m
Pre-disposals operating profit[2]	**(8)**	5
Gain on disposals[2]	**43**	26
Profit from operations[2]	**35**	31
Net investment income[~]	**19**	16
Profit before tax[2]	**54**	47
Non-underlying items	**(3)**	(4)
Statutory profit before tax	**51**	43

2 Before non-underlying items (Note 10).
~ Subordinated debt interest receivable, net interest receivable on PPP financial assets and non-recourse borrowings, fair value (loss)/gain on investment asset and impairment to subordinated debt receivable and accrued interest.
A reconciliation of the Group's performance measures to its statutory results is provided in the Measuring our financial performance section.

Underlying profit before tax increased to £54 million (2023: £47 million). Statutory profit before tax was £51 million (2023: £43 million).

Operational review

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

- **student accommodation:** Across the UK and US, demand for student accommodation remains strong as universities continue to improve their facilities to attract students;
- **residential:** Balfour Beatty continues to see attractive US multifamily housing come to market, providing opportunity to invest profitably in the regeneration of these properties;
- **US P3:** The US has become an increasingly exciting market for public-private partnerships, and, to date, 42 states (plus DC) have passed legislation allowing P3 projects; and
- **energy transition:** As the UK's energy mix transitions to more renewable sources, and the UK adopts more sustainable transport such as electric vehicles, there are opportunities for private sector investment.

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

In the US, the Group added two new projects to the portfolio, with a 564 bed US student accommodation project in Denton, Texas, and a 296 unit US multifamily housing project in Mount Laurel, New Jersey. The Group was also awarded a developer contract to build a 1,070 bed undergraduate student housing complex at the University of Texas in Austin, while good progress has been made with construction on the 1,204 bed William & Mary University project in Virginia. The Group's key US P3 investment is the automated people mover project at Los Angeles International Airport, with US Construction contributing to the build phase and Infrastructure Investments providing an element of the financing. Construction is ongoing.

In US military housing, the Group supported the military's energy resilience goals by completing rooftop solar projects across five Navy bases in Florida, totalling 10.55 megawatts, and a $31 million energy savings performance contract bringing energy and water efficiency improvements to the housing communities at 11 Navy installations in the Southeast. In 2025, the Group will be redeveloping homes at Ft Eisenhower and Ft Leonard Wood, with Government funding announced for both, while a ground lease extension at Ft Carson is under negotiation in order to bring forward funds to finance faster redevelopment. The Group continues to work with the independent compliance monitor, who commenced work in 2022 having been appointed by the Department of Justice. In November 2024, Balfour Beatty Communities and the independent compliance monitor agreed to extend the most recent implementation period to enable the delivery of the additional recommendations set out in the first follow-up report and agreed to commence the second follow-up review period in March 2025.

Balfour Beatty Communities celebrates the start of a new military housing development at Fort Carson

Balfour Beatty Communities, in partnership with the United States Army, celebrated the start of a new military family housing construction at Fort Carson, Colorado. The ceremony, held in August 2024, at the Arapahoe Village neighbourhood construction site within Fort Carson Family Homes, marked the commencement of the first phase in an anticipated multi-phased project looking to bring more than 200 new homes on the base.

This initial phase will deliver 56 new three and four bedroom townhome units, including an accessible unit designed for persons with disabilities. This development aims to provide high-quality, modern living spaces that cater to the needs of military families stationed at Fort Carson. Features will include garages, an open-concept floor plan, plank flooring, energy-efficient appliances, and EV charging infrastructure.

Col. Sean M. Brown, former Garrison Commander, Fort Carson said: "This project represents a critical investment in the quality of life for our service members and their families. We are excited to see these new homes come to fruition and are grateful for the partnership in making this vision a reality."

Construction of the first phase of homes is underway, with completion anticipated in Autumn 2025.

DIRECTORS' VALUATION OF THE INVESTMENTS PORTFOLIO

Strong track record of value creation

The Directors' valuation increased by 3% to £1,254 million (2023: £1,212 million). The portfolio is 58% weighted towards the US (2023: 58%). The number of projects in the portfolio increased by one to 60 (2023: 59).

Balfour Beatty invested £28 million (2023: £31 million) in new and existing projects. During the year the Group added two new investments: a student accommodation project in Denton, Texas, and a multifamily housing project in Mount Laurel, New Jersey.

Cash yield from distributions amounted to £34 million (2023: £48 million). Balfour Beatty continued disposals in the year with proceeds of £43 million (2023: £61 million), with the Group reducing its stake in the Northside student accommodation project at the University of Texas at Dallas. A preferred bidder student accommodation project in the UK was cancelled and has been removed from the portfolio.

Unwind of discount at £81 million (2023: £87 million) is a function of moving the valuation date forward by one year with the result that future cash flows are discounted by twelve months less.

Operational performance movements resulted in a £2 million decrease (2023: £1 million). The operational performance movements in the UK were primarily due to recovery of costs for previous repairs on a faulty OFTO cable, offset by a higher costs and risk premia on certain assets. In the US, higher than forecast rental increases on the military housing portfolio were offset by higher costs, including an increase in independent compliance monitor costs.

The exchange rate movement was a £12 million increase (2023: £43 million decrease). This was driven by sterling depreciating against the US dollar, slightly offset by sterling appreciating against the euro and thereby reducing the valuation of the one euro denominated project in the portfolio.

Methodology and assumption changes

The methodology for valuing most investments in the portfolio remains the discounted cash flow (DCF) method. Under this methodology cash flows for each project are forecast based on historical and present performance, future risks and macroeconomic forecasts. They also factor in secondary market assumptions. These cash flows are then discounted using different discount rates, which are based on the risk and maturity

MOVEMENT IN VALUE 2023 TO 2024

£m	2023	Equity invested	Distributions received	Sales proceeds	Unwind of discount	Operational performance	FX	2024
UK	509	2	(18)	–	34	(1)	(1)	**525**
US	703	26	(16)	(43)	47	(1)	13	**729**
Total	1,212	28	(34)	(43)	81	(2)	12	**1,254**

PORTFOLIO VALUATION DECEMBER 2024

Value by sector

Sector	**2024 No. projects**	2023 No. projects	**2024 £m**	2023 £m
Roads	**12**	12	**162**	168
Healthcare	**2**	2	**133**	129
Student accommodation	**5**	6	**137**	137
Energy transition	**4**	4	**64**	44
Other	**2**	2	**29**	31
UK total	**25**	26	**525**	509
US military housing	**21**	21	**605**	562
Student accommodation and other PPP	**5**	4	**58**	83
Residential housing	**9**	8	**66**	58
US total	**35**	33	**729**	703
Total	**60**	59	**1,254**	1,212

Value by phase

Phase	**2024 No. projects**	2023 No. projects	**2024 £m**	2023 £m
Operations	**57**	55	**1,208**	1,164
Construction	**3**	3	**46**	46
Preferred bidder	**–**	1	**–**	2
Total	**60**	59	**1,254**	1,212

Value by income type

Income type	**2024 No. projects**	2023 No. projects	**2024 £m**	2023 £m
Availability based	**17**	17	**370**	353
Demand – operationally proven (2+ years)	**39**	37	**836**	807
Demand – early stage (less than 2 years)	**4**	5	**48**	52
Total	**60**	59	**1,254**	1,212

of individual projects and reflect secondary market transaction experience. The main exception to the use of DCF is for US multifamily housing projects which, due to the perpetual nature of the assets and the depth and liquidity of the rental housing market, are valued based on periodic broker reports for each property.

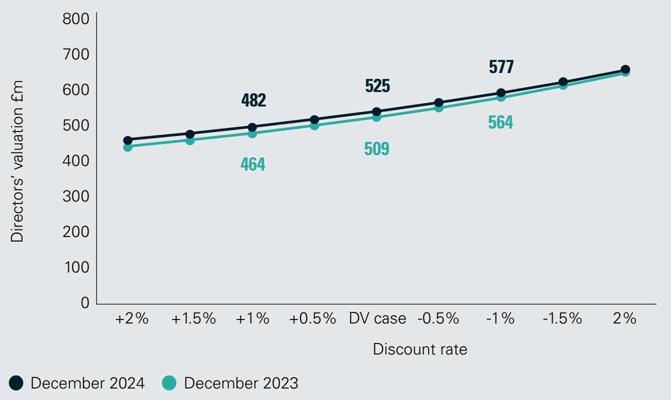
UK discount rates range from 7.25% to 10.25% (2023: 7.25% to 9.25%) depending on the maturity and risk of each project. The implied weighted average discount rate for the UK portfolio is 8.4% (2023 8.3%). A 1% change in the discount rate would change the value of the UK portfolio by approximately £48 million.

US discount rates range between 6.25% and 10.5% (2023: 6.25% and 10.5%) and the implied US weighted average discount rate is 7.9% (2023: 8.1%). A 1% change in the discount rate would change the value of the US portfolio by approximately £79 million.

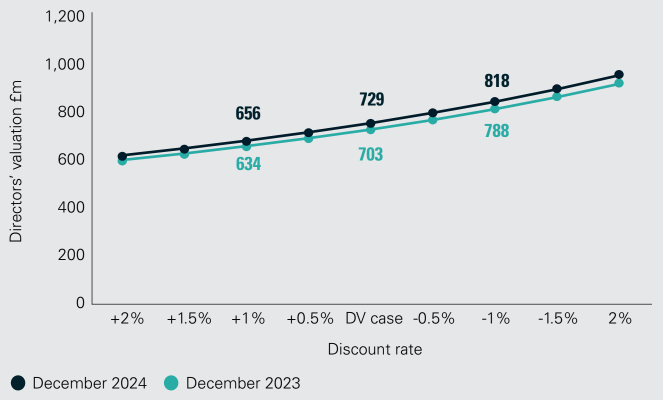
The portfolio remains positively correlated to inflation. A 1% change in the long-term inflation rate in the UK portfolio would change the valuation by approximately £28 million and a 1% change in the long-term rental growth rate in the US portfolio would change the valuation by approximately £74 million.

As in previous periods, the Directors' valuation may differ significantly from the accounting book value of investments shown in the financial statements, which are produced in accordance with International Financial Reporting Standards (IFRS) rather than using a discounted cash flow approach. A full reconciliation is provided in section i) of the Measuring Our Financial Performance section.

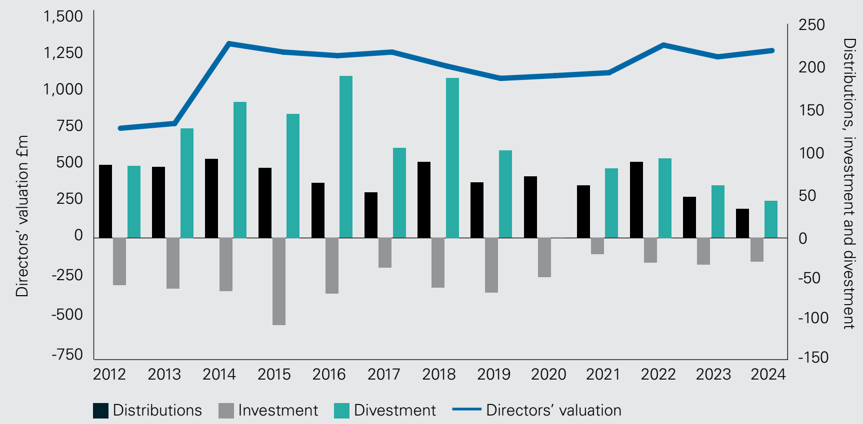
UK PORTFOLIO VALUE AT A RANGE OF DISCOUNT RATES



US PORTFOLIO VALUE AT A RANGE OF DISCOUNT RATES



PORTFOLIO INVESTMENT, DIVESTMENT AND DISTRIBUTIONS



HEALTH, SAFETY AND WELLBEING

Creating a safe and healthy workplace

At Balfour Beatty, the health, safety and wellbeing of our people and partners is fundamental to our success.

Through our Zero Harm vision, we are committed to eliminating all illness and injuries caused by our work activity and embedding a culture where safety is a core value. Through monitoring our leading indicators, and adopting an innovative, collaborative and data-driven approach, we can proactively manage health, safety and wellbeing risks. Beyond physical safety, we recognise the importance of occupational health, including mental health and wellbeing, and offer comprehensive support, training and initiatives to ensure everyone goes home safe and well every day. Aligned with our Build to Last strategy, we continue to drive industry-leading standards, fostering a workplace where people feel empowered to speak up, take responsibility, and help shape a safer, healthier future.

In 2024, Balfour Beatty successfully delivered a number of incredibly complex projects, delivering over 105 million hours of work and achieving our safest year to date across challenging environments. This milestone is a direct result of the unwavering dedication of our people and partners, who live and breathe our Zero Harm ethos every day. Our success goes beyond statistics; it embodies a culture of shared responsibility, where safety is not just a priority but a fundamental value that guides every decision and action.

Strong governance and accountability

Health, safety and wellbeing remain our highest priority, underpinned by strong governance and accountability. We treat health like safety and mental health like physical health, ensuring a holistic approach to wellbeing.

Our Board-level Safety and Sustainability Committee provides strategic oversight of the Zero Harm strategy, ensuring continuous improvement, while our Executive Committee drives accountability for this strategy working closely with the Health, Safety and Wellbeing team to identify areas of focus and performance criteria, and reviewing any serious incidents where necessary.

To strengthen operational safety, in 2024 we launched a Project Construction Leads group for all those responsible for frontline safety across our sites. Recognising the vital role our supply chain has in delivering our projects safely, we also hosted the inaugural Strategic Supplier Safety, Health, and Environment Leadership team (SHELT) forum. By aligning our supply chain partners with our Zero Harm objectives, we aim to drive systemic safety improvements throughout our operations.

ZERO HARM

MAKE SAFETY PERSONAL

The Golden Rules

1. **BE FIT FOR WORK**
2. **ALWAYS RECEIVE A BRIEFING BEFORE STARTING WORK**
3. **REPORT ALL UNSAFE EVENTS AND CONDITIONS**
4. **STOP WORK IF ANYTHING CHANGES**

Balfour Beatty requires its employees and supply chain partners to always follow our four Golden Rules. We believe that if these simple steps are followed at all times, the chance of a preventable incident is eliminated.

Performance statistics

LOST TIME INJURY RATE

∨ 0.09

MAJOR INJURY RATE

– 0.02

ACCIDENT FREQUENCY RATE 3-DAY LOST TIME INJURIES

∨ 0.07

ACCIDENT FREQUENCY RATE 7-DAY LOST TIME INJURIES

∨ 0.05

"Our industry-leading safety performance this year is a direct result of the unwavering commitment, vigilance and care shown by our people every day. Zero Harm isn't just a goal, it's a mindset that defines how we work, support each other and drive change across our industry."

Lee Hewitt
UK Health, Safety and Wellbeing Director, Balfour Beatty

Industry-leading safety performance

2024 saw industry-leading safety performance, with improvements across all key indicators:

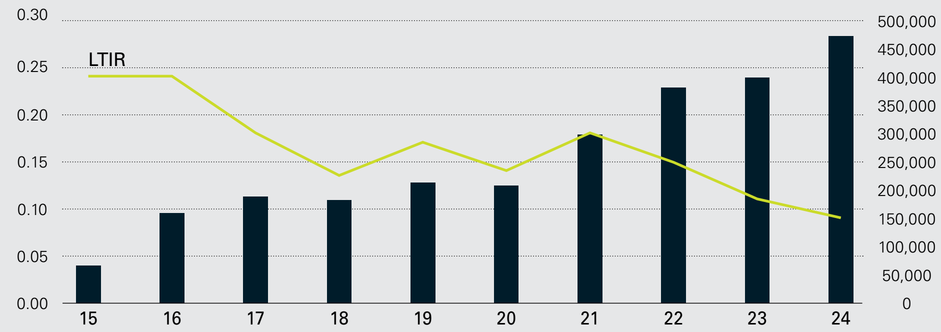
- our Lost Time Injury Rate (LTIR) improved from 0.11 to 0.09 across the Group, marking our lowest-ever rate of injury;
- in the UK, we recorded an LTIR of 0.11, surpassing even the artificially low incident rates seen during the COVID-19 pandemic; and
- in the US, our LTIR dropped from 0.10 to 0.07, alongside industry-leading performance across other safety metrics.

These achievements were underpinned by a strengthened Zero Harm culture, with a significant increase in health and safety observations – our key leading indicator – rising to over 470,000, driven in part by the US business nearly doubling its observations.

Despite working a record 105 million hours, we maintained a strong safety record, proving that increased complexity and scale do not compromise our commitment to Zero Harm. Individual projects and business units exemplified this ethos:

- in UK Construction three of our Regional Civils delivery units, along with the Regional Buildings Business Unit celebrated year-long Zero Harm milestones; and
- our Balfour Beatty VINCI HS2 joint venture, with a 9,000-strong workforce, celebrated 1.7 million hours without a Lost Time Injury (LTI).

LOST TIME INJURY RATE AND HEALTH, SAFETY AND WELLBEING OBSERVATIONS

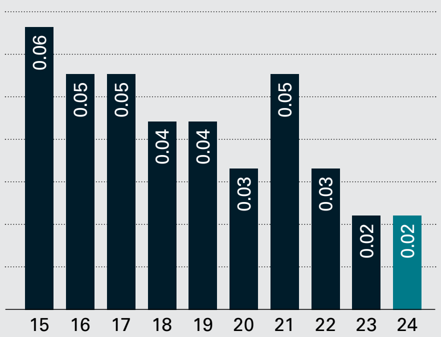


Pre 2022 LTIR adjusted upwards in 2022 report, following internal reclassification of incidents within one business area. Excluding international joint ventures.

- Across the US:
  - 41 projects achieved over one year without an LTI;
  - 12 projects reached over five years without an LTI; and
  - our US military housing Navy base, Quiet Harbor at Saratoga Springs' team marked 16 years without an LTI.

As Balfour Beatty continues to build the critical infrastructure of the future, its focus remains steadfast: ensuring that every person who works with us goes home safe and well. Through leadership, digital innovation, and engagement, we are setting new benchmarks for health, safety, and wellbeing – driving progress across our industry and beyond.

MAJOR INJURY RATE



Excluding international joint ventures.

HEALTH, SAFETY AND WELLBEING CONTINUED

BELOW
Gammon team at the CIC Outstanding Contractor Awards

18th consecutive year of safety recognition in the US

In 2024 Balfour Beatty's US Rail team celebrated their 18th consecutive year of recognition from the National Railroad Construction (NRC) Maintenance Association through their Safe Contractor of the Year award programme.

This year was the 10th time the team received platinum level recognition, equating to a perfect score of 100 out of 100 points in the rigorous evaluation process. This award was given in recognition of nearly 800 Balfour Beatty teammates working almost one million hours with zero lost time injury, to deliver approximately 700 miles of track work across three states.

Best mental health in the workplace strategy award in the UK

In 2024, Balfour Beatty won the 'Best Mental Health in the Workplace Strategy' Award at the This Can Happen Global Awards which recognises organisations that have implemented an exceptional strategy to strengthen mental wellbeing through adopting an inclusive, preventative, and supportive approach. This cross-sector accolade recognised the evolution of our wellbeing strategy since 2020 as it has progressed from awareness raising and people-focused reactive support, to proactive solutions.

Balfour Beatty was proud to showcase its holistic approach encompassing our Health and Wellbeing Strategy underpinned by our Zero Harm vision, alongside project and employee-led initiatives such as the appointment of health and wellbeing advisers and employee groups such as the Menopause Support Group.

The judge recognised 'great implementation (of the strategy) with a holistic approach to improve mental health and wellbeing'.

Gammon celebrates success at 2024 CIC Outstanding Contractor Awards

Gammon, our joint venture which operates in Southeast Asia, won multiple awards at the 2024 CIC Outstanding Contractor Awards, including the prestigious 'Outstanding Contractor Award' in the Major Contractor category. These awards recognise commitment to safety, innovation, young practitioners, sustainability, professionalism and integrity management.

Driving Zero Harm through digital innovation

AI

In 2024, StoaSafety, our in-house, AI-driven digital innovation programme for safety, began to bring the power of artificial intelligence to bear in enhancing safety outcomes. As an organisation, we collect vast amounts of safety data, much of which has traditionally been used to shape our strategic direction. However, many of these data points are lagging indicators. By leveraging AI-powered large language model tools, we can now analyse this data more comprehensively, enabling a more predictive approach to identifying safety trends and risks.

A key example is our observation data – one of the strongest indicators of safety culture on our sites and projects. Over the course of our Build to Last journey, our industry-leading Lost Time Injury Rate (LTIR) has been closely linked to an increase in observations. AI allows us to harness this correlation, pinpointing areas where early intervention can drive even stronger safety outcomes.

Already, this approach is delivering tangible benefits. AI analysis of observation data has enabled us to identify and address instances of abuse faced by our colleagues on the road network. By mapping high-risk locations at a glance, we can proactively engage with local police forces and authorities to mitigate risks and enhance protection for our workforce. This is just one example of how an AI-powered, data-driven approach can help drive improvements in health, safety and wellbeing.

Equipping our teams with essential information

MY CONTRIBUTION

Minimising the risk of debilitating conditions caused by prolonged use of powered hand tools remains a critical focus across our projects. Where possible, we design out activities that require vibrating tools, but where their use is unavoidable, we are committed to reducing exposure and mitigating risk. Our Hand Arm Vibration Syndrome (HAVS) zero target – a campaign to eliminate new cases of HAVS – has driven innovation and engagement across the business, generating a series of MyC ideas aimed at improving workplace health.

One such idea led to the development of the Balfour Beatty Tool Selector Guide, created in collaboration with occupational health specialists and our Asset & Technology Solutions team. This mobile app provides site teams with a regulated and approved list of low-vibration tools that deliver the same efficiency while significantly reducing health risks. By offering a selection of at least five alternative tools for each task, the guide helps eliminate high-vibration options and raises awareness of safer alternatives.

The introduction of this tool marks a significant step forward in reducing HAVS risks across our operations.

BELOW
A screenshot of the HAVS selector tool mobile app.

Human form recognition

In 2024, we accelerated the development and deployment of human form recognition (HFR) cameras, reinforcing our commitment to innovation in site safety. From June, all plant hired from Balfour Beatty's approved supply chain partners has been equipped with this mandatory system, marking a significant milestone in our safety strategy. These award-winning, multi-camera systems are installed on mobile plant to detect human presence and provide immediate visual and audible alerts to operators, preventing potential collisions before they occur.

A key advantage of HFR technology is its ability to capture and analyse incursion data. By providing both telematic data and automated video footage of exclusion zone breaches, HFR enables supervisors and management teams to build a more comprehensive understanding of site-specific risks. As AI technology advances, the integration of real-time video analysis will allow us to identify patterns, trends, and root causes of people-plant interface infringements. These insights will help us refine our approach, enhancing planning, training, and operational safety measures to further reduce risk and ensure our people go home safe every day.

Digital rehearsal to manage risk

The work Balfour Beatty colleagues undertake is often challenging and highly technical. Factors such as location, other ongoing works, proximity to road and rail infrastructure and members of the public, programme and space constraints, all add layers of complexity to our operations. In 2024, we developed the capacity to perform 'digital rehearsals' – 3D animated walk-throughs of work activities in simulated environments designed to replicate real-world conditions. These rehearsals can help highlight additional risks and hazards that may not have been apparent at design phase, and can be turned into short, animated videos to help brief colleagues.

Zero Harm Award

ICON AWARDS

This category recognised those who put health and safety at the heart of everything they do; challenging the norm, driving empowerment, and taking action to eliminate risks and protect the mental and physical health of our people.

Above: Award presentation photo. (Left to right) Lee Hewitt, UK Health, Safety and Wellbeing Director, Nick Boyle, Technical Director – Major Projects, and Stuart Doughty CMG, former Balfour Beatty Non-executive Director.

Winner: Nick Boyle

Technical Director, Major Projects

Nick's contribution to Zero Harm by driving innovation, improvement and health and safety by design across Balfour Beatty and the broader industry is significant. Since 2009, Nick has created, organised, promoted and hosted the Zero Harm Safety by Design and Engineering Forum. With 300+ presentations and 1000+ online attendees, colleagues of all levels, academics, and our supply chain are empowered to share improvements in health and safety. Nick also created the Technical Expert Networks, empowering others to challenge and improve their areas of the business.

READ MORE ABOUT OUR ICON AWARDS EVENT ON p74

HEALTH, SAFETY AND WELLBEING CONTINUED

Driving Zero Harm through digital innovation continued

Mandatory digital permits

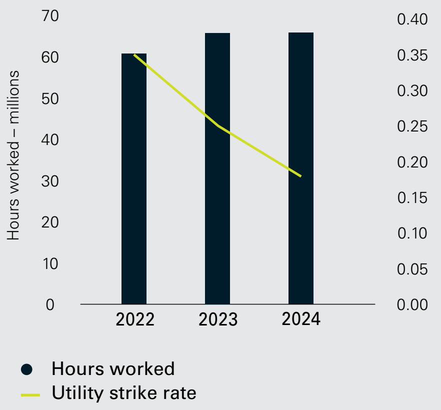
Building on the success of its digital permitting systems in managing high-risk activities, Balfour Beatty made digital permits mandatory across its sites from January 2024. This step drives clarity, efficiency and discipline in adhering to safe systems of work, ensuring that critical checks are visibly and consistently applied.

Our approach to digital permitting has evolved beyond the initial mandate, now encompassing all point-of-work safety checks, including permits, briefings, and risk assessments. These can now be conducted digitally, approved remotely, and supported by photographs and geolocation data to verify that checks occur precisely where they are required. The workforce has embraced this innovation, contributing 12 My Contribution ideas to enhance functionality. One of the outputs was the digitisation of pre-use plant inspection checklists, which streamlines checks while ensuring only relevant, equipment-specific questions are asked. Work is also progressing to link these inspection records directly to permits, further strengthening safety oversight.

Digital permits have been particularly impactful in reducing risks associated with breaking ground near existing services- over 40,000 digital permits to break ground were issued in 2024, contributing to a 30% reduction in service strikes. (See the 2024 utility strike rate graph to the right.) As a result of these enhanced control measures, only two high-potential service strikes were recorded in the UK this year, demonstrating the tangible safety benefits of our digital-first approach.

Today, 90% of our permits are managed digitally, with ongoing efforts to expand coverage in areas with limited internet connectivity.

2024 UTILITY STRIKE RATE



Going beyond compliance in health and wellbeing

Balfour Beatty's award-winning health, safety and wellbeing strategy, established in 2022, is focused on fostering a healthy organisation that goes beyond compliance. It aims to support the long-term health and success of our employees, partners, and the communities we serve. Through continuous evaluation and improvement, our wellbeing initiatives have led to innovations such as the Health Maturity Matrix, a self-assessment tool to help our projects determine a baseline, and then plan areas for improvement with specific action plans and commitment to priority areas, tailored e-learning tools on health topics, enhanced peer support programmes, and new trauma support guidelines.

US Buildings' Zero Harm lunch and learn sessions

In 2024, Balfour Beatty's US Buildings team entered its third year of hosting employee Lunch and Learn sessions, reinforcing our commitment to continuous learning and safety excellence. A minimum of sixteen sessions are held each year, with participation required for all operations, preconstruction, and Health, Safety, and Environmental teams.

These sessions cover a wide array of topics, including impactful safety observations, client perspectives on safety, driver expectations, managing public access routes, utility strike prevention, and more. Each Lunch and Learn offers an in-depth exploration of lessons learned, innovative solutions, and knowledge sharing; fostering meaningful discussions to drive forward our Zero Harm culture.

Promoting psychological wellbeing

In December 2024, Balfour Beatty achieved ISO 45003 accreditation, the first global standard for managing psychological health and safety at work. This prestigious certification affirms the quality of our business processes and demonstrates our ongoing commitment to addressing mental health within the construction industry. Balfour Beatty is proud to be one of only a few companies in our sector to have attained this certification, reinforcing our leadership in promoting psychological wellbeing. By meeting the rigorous standards of ISO 45003, we ensure that best practices are consistently applied, driving accountability and fostering a culture of care and mental health awareness across our projects.

Suicide Prevention Month in the US

Recognising the heightened suicide risk in the construction industry, Balfour Beatty's US Buildings and Civils business is committed to raising awareness and empowering our teams and partners to recognise the warning signs of suicide. During the 2024 Suicide Prevention Awareness Month, and beyond, the team facilitated important conversations and highlighted vital mental health resources for our colleagues.

Two training sessions were conducted to equip attendees with the skills to support colleagues, friends, or family members at risk. Participants were trained to recognise signs of suicide risk, offer support, and connect individuals with the help they need.

UK supervisor forums and project construction leads

Balfour Beatty's Health, Safety and Wellbeing strategy continues to evolve, embedding safety deeply into our organisational culture. In 2024, we strengthened our engagement with employees at all levels through multiple communication channels, including The Hi-Vis newsletter, Site Leader calls, and health, safety and wellbeing function calls. These channels ensure that safety remains at the front of our minds and support a culture of transparency and continuous improvement across the business.

Recognising that our supervisors are the linchpins of safety on the ground, Balfour Beatty has reinforced their critical role in shaping our Zero Harm objectives. The establishment of the UK Supervisor Forum gives these leaders a direct voice in influencing the direction of our strategy, creating a forum for sharing expertise and driving safety initiatives across our operations. Their insights are vital in cascading safety priorities through local Business Unit forums, creating a consistent and integrated approach to safety across all levels of the business.

Building on the success of this approach, in 2024 we created a dedicated group of Project Construction Leads (PCLs), who are pivotal in influencing safety outcomes on site. This 'Community of Practice' fosters collaboration and standardisation across the business, empowering approximately 125 colleagues to drive a consistent, high-performance safety culture across all projects. Regular interactions through face-to-face meetings and bi-monthly online forums ensure the ongoing evolution of our safety practices and strengthen our collective commitment to Zero Harm.

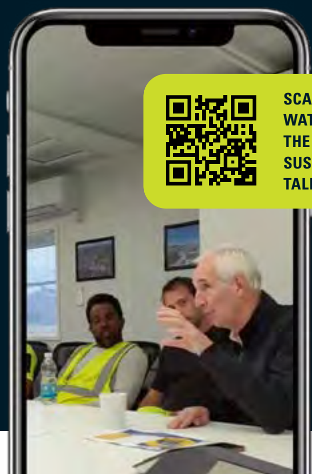
SCAN OR CLICK TO WATCH THE IMPORTANCE OF SITE BRIEFING

'Let's Talk' across the UK

Each September, Balfour Beatty takes the opportunity to reflect on our health, safety and wellbeing culture, focusing on how we can continue to enhance safety across our sites. In 2024, our Project Construction Leads – including Works Managers, General Foremen, Site Managers, and Supervisors – led 'Let's Talk' sessions, supported by local Health, Safety, and Wellbeing teams. These sessions focused on empowering our local leaders to set the tone for safe work practices, inspiring their teams and reinforcing the importance of leading by example. The 'Let's Talk' initiative recognised the significant progress made while also encouraging open discussions on the challenges still to be addressed, reinforcing the need to make safety personal at every level.

> **The 'Let's Talk' campaign has been pivotal in promoting open communication and tackling local project challenges. With the strong backing of our Project Construction Leads, we've seen an incredible level of engagement that will undoubtedly strengthen our safety culture moving forward."**

Eddie Tapper
UK Works Manager, Balfour Beatty



SCAN OR CLICK TO WATCH LEO'S VISIT TO THE UNIVERSITY OF SUSSEX FOR THE 'LET'S TALK' EVENT.

ETHICS AND COMPLIANCE

Doing the right thing

Every day we are trusted by customers, business partners and the communities we work with to do the right thing, make a difference and behave responsibly. That includes treating each other fairly, respecting our business partners and caring for our communities – leaving a legacy we can be proud of. It also means being transparent and acting with integrity.

Ethics programme

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

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

In 2024 a key focus area was the enhancement of our ethics and compliance systems. A new Group-wide Speak Up helpline and disclosure registers were launched, with the systems co-located in a new portal, providing a one-stop shop for the main ethics and compliance systems our employees need to use.

Steps have also been taken to align the programme itself across our territories with common, global principles underpinning our new Group policies on conflicts of interest and gifts and hospitality. This alignment has been aided by the appointment of new Heads of Ethics and Compliance for the UK and US Buildings and Civils businesses. 2025 will see a continued focus on alignment across the Group where possible.

In the UK, a key area of focus during 2024 has been on strengthening the engagement with our Ethics Officers, a network of employees who volunteer to support key ethics and compliance initiatives.

A Fraud Working Group chaired by the Group General Counsel has also been established to oversee our response to the new 'failure to prevent fraud' offence under the Economic Crime and Corporate Transparency Act 2023. A key first step has been to focus on our fraud risk assessment. We anticipate this being a priority area in 2025.

In relation to the US Military Housing business, Balfour Beatty continues to co-operate with the US Department of Justice and is now in the third year of a monitorship entered into on 6 September 2022.

SCAN OR CLICK TO FIND OUT MORE ABOUT OUR CODE OF ETHICS PROGRAMME

Speak Up

Speaking up is at the heart of our ethics and compliance programme and we continue to explore all opportunities for encouraging employees to voice their concerns or questions. In our 2024 employee engagement survey, 75% of responding UK and US employees indicated that they felt empowered to raise concerns and speak up without fear of negative consequences, an increase of 1% compared to 2023.

In 2024, 495 Speak Up cases were received across the Group, an increase of 11% from 2023. The Right to Respect programme that we started to roll out in 2023 appears to have been a key driver in our increased reporting, something which we view positively and is indicative of a healthy Speak Up culture. Our Speak Up reporting rate is in line with benchmarks.

Rates of substantiation remained consistent with the prior year at 40% (2023: 39%). Concerns about employee conduct continue to make up the majority of cases received, accounting for 50% of all cases in 2024 (2023: 51%), followed by cases relating to fraud, deception and dishonesty (15%), and Code of Ethics violations (14%).

Confirmed breaches of Balfour Beatty's Code of Ethics may result in disciplinary action, including termination of employment for serious breaches, with 47 individuals leaving the business in 2024 following substantiation of a Speak Up case. A substantiated breach by a supply chain partner of our Code of Ethics or Supplier Standards may result in termination of their contract. As well as addressing cases individually, we conduct root cause analysis where possible to enable us to take steps to prevent similar issues arising again in the future.

In 2025, we will be providing more transparency to our employees on our Speak Up data and on the real issues we address as part of our ongoing efforts to demonstrate the benefits of speaking up.

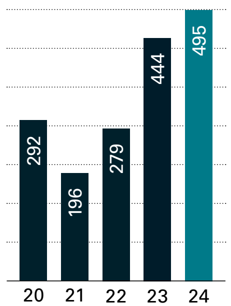
Improving industry standards

The Group plays its part in supporting others too and strives to help improve ethical business standards across the industry, regularly interacting and supporting ethics focused industry bodies such as the Institute for Business Ethics and the Business Ethics Leadership Alliance.

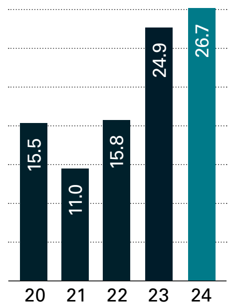
FIND OUT MORE INFORMATION ON OUR APPROACH TO MODERN SLAVERY ON PAGE 62

SCAN OR CLICK TO READ THE GROUP'S MODERN SLAVERY STATEMENT 2024

NUMBER OF SPEAK UP HELPLINE CASES



NUMBER OF CASES PER 1,000 EMPLOYEES



TAX STRATEGY

Being a responsible taxpayer

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

Being a responsible taxpayer

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

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

Tax governance

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

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

Tax risk appetite

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

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

Managing tax risk

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

- new and developing tax legislation is monitored and where it is relevant Balfour Beatty participates in consultations issued by the tax authorities. When new or changed legislation is announced, the impact on the Group is assessed and active measures are taken to ensure there are adequate processes in place to comply with any change;
- tax risks in relation to compliance and reporting are managed by meeting regularly with professional advisers, industry groups and the tax authorities to both keep abreast of changes in these areas and to seek information on new systems and software; and
- risk in relation to tax in general is managed by the internal Tax team and if a position is uncertain the Group may obtain third-party advice in order to gain clarity or support for a particular stance or approach.

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

Interaction with tax authorities

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

Walk the Talk Award

ICON AWARDS

This category celebrated a colleague who always acts with integrity, treats everyone fairly, speaks up when things aren't right and helps us to make sure our business is worthy of the trust others place in us.

Above: Award presentation photo. (Left to right) Tracey Wood, Group General Counsel and Company Secretary, Julia Buckland, Head of Benchmarking – Major Projects and Highways, and Nigel Cann, Managing Director – Sizewell C.

Winner: Julia Buckland

Head of Benchmarking, Major Projects and Highways

Alongside her role as Head of Benchmarking, Julia's commitment to improving honesty, respect, fairness and responsibility has been the catalyst for cultural change in Balfour Beatty. As a technical specialist and engineer, Julia brings a unique perspective and approach, which allows her to offer logical, reasoned and detailed insight into ethical issues. This experience, coupled with her extensive site-based and engineering background, allows her to provide a balanced, well-rounded perspective on the challenges faced both in an office and out on site.

READ MORE ABOUT OUR ICON AWARDS EVENT ON p74

SUSTAINABILITY

Building New Futures

In June 2024, we published the next evolution of our Building New Futures sustainability strategy, responding to the rapid changes in the sustainability agenda since 2020.

This evolution expanded our sustainability focus areas to better address the evolving challenges and opportunities we see. It maintains a strong emphasis on net zero, waste reduction and community value, driven by the urgency of the climate crisis and a belief that we can achieve more. In addition, we have added critical new focus areas: supply chain integrity, nature positive, and employee diversity, equity, and inclusion. These additions reflect our understanding that sustainability can only be achieved through a truly holistic approach.

Our commitment to mitigate and adapt to climate change is now underpinned by meaningful, science-based net zero targets that ensure we are on the right path. In 2024, we received independent validation from the Science Based Targets initiative (SBTi) for our near- and long-term net zero targets, reinforcing the ambition and achievability of our goals. Meanwhile, our approach to waste reduction has evolved into a broader focus on resource efficiency, reflecting our approach to tackling the issue from the design stage to prevent waste before it arises.

In our community engagement focus area, we have exceeded expectations by surpassing our target to generate £3 billion of social value in the UK by 2030, five years earlier than originally planned. We will be setting a new target in this area in 2025, aiming to generate even greater impact and deliver more value to the communities we serve.

Understanding that net zero cannot be achieved without also restoring and protecting the natural world, we have placed biodiversity – or being nature positive – at the heart of our strategy. As part of this, we committed to the UK Business & Biodiversity Forum's Nature Positive Pledge in 2024, and during 2025, we will set clear and measurable UK targets to halt nature loss, ensuring the natural environment is fully integrated into our approach. This focus on biodiversity enables us to enhance ecosystems and drive tangible improvements as part of our broader sustainability efforts.

Achieving our ambitious targets requires robust collaboration across our supply chain. As part of this, we have introduced supply chain integrity as a new focus area in our strategy, understanding that ensuring the sustainability and resilience of our supply chain is critical to reaching our long-term objectives. By strengthening these partnerships, we are ensuring shared accountability and a unified approach to our sustainability commitments.

The sixth focus area is the employee diversity, equity and inclusion. By fostering an organisation and culture that is diverse, equitable and inclusive, we aim to be the employer of choice for talented individuals, harnessing their creativity and innovation to drive forward our sustainability efforts and build a stronger, more resilient business.

To enable progress and ensure we meet our sustainability targets, shown on page 49, we have made significant investments in our sustainability function, building in-house expertise in key areas such as energy, carbon, social impact, biodiversity, and materials engineering. These investments are delivering tangible results. As well as exceeding expectations against our £3 billion social value target in 2024, most significant decrease in carbon intensity dropping from 15.0 to 12.8 tCO_2e per £m revenue, representing a 15% reduction. In addition to this, despite several key projects being at the peak of their carbon-intensive activities, we were able to maintain our absolute carbon emissions from last year, reflecting our consistent progress towards ambitious climate objectives and sustainable growth.

Looking to the future, we remain unwavering in our mission to drive transformative change. By embedding our core values – Lean, Expert, Trusted, Safe, and Sustainable – into everything we do, we are positioning ourselves as the partner of choice for our customers and continuing to build a resilient, sustainable future for our industry and the communities we serve.

Environmental, Social and Governance (ESG) ratings and scores

In 2024, Balfour Beatty plc achieved a FTSE4Good ESG score of 3.2 on a scale from 0 to 5 (higher scores are better).

Balfour Beatty submitted a disclosure to CDP for 2024; however, we did not receive a score by the date of this publication.

CDP scores are made publicly available at: www.cdp.net/en/data/scores

Building New Futures Award

ICON AWARDS

We want to build a better future for everyone, so this category celebrated an individual who played a key role in making us a more sustainable business.

Above: Award presentation photo. (Left to right) Jo Gilroy, Group Director of Sustainability, Kyle Frandsen, Vice President, Sacramento – US Buildings, and Philippa Spence, Managing Director Global Division – Ramboll.

Winner: Kyle Frandsen

Kyle Frandsen, Vice President, Sacramento, US Buildings

Kyle has passionately led on the 'Green Apple Day of Service' for 11 years – an initiative by the United States Green Building Council that brings volunteers together to host local service projects that make schools healthier and more sustainable. The impact that Kyle has brought to the business and our client's communities through his work on this sustainability project are laudable. It is spectacular that Kyle's efforts have not only inspired Balfour Beatty but have also inspired California's Encinitas Union School District to carry the sustainability torch with amazing results – a true example of leaving a positive legacy.

READ MORE ABOUT OUR ICON AWARDS EVENT ON p74

SCAN OR CLICK TO READ MORE ABOUT OUR APPROACH TO SUSTAINABILITY AND EXPLORE OUR BEST CASE STUDIES

Our sustainability strategy - Building New Futures

	Protecting and enhancing the environment			Leaving a positive social legacy		
Our focus areas	Climate change	Nature positive	Resource efficiency	Supply chain integrity	Community engagement	Employee diversity, equity and inclusion
Our commitments	Mitigate and adapt to climate change	Protect and enhance the natural environment	Deliver resource efficiency through our operations	Empower sustainable suppliers and champion ethical practices	Deliver long lasting social benefits for the communities we operate in	Create a diverse and inclusive organisation
Our targets[5]	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[3] 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]	£3 billion of social value created in the UK by 2025[4,6]	50% Increase in the number of female colleagues% in the UK by 2030[4] 60% Increase in minority ethnic and black representation 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 term (2050) targets.
3 Targets to be set in 2025.
4 Measured against a 2021 baseline.
5 As the Group has not yet quantified climate-related risk and opportunity metrics, cross-industry climate-related metrics from the TCFD guidance for all sectors have not been applied. For more information refer to the climate-risk and opportunities section (see pages 107 to 115).
6 In 2021 Balfour Beatty set a target to deliver £3 billion in social value by 2030. In 2024 as part of the evolved sustainability strategy this social value target was updated to be delivered five years early, in 2025.

SUSTAINABILITY CONTINUED

Climate change

SCAN OR CLICK TO EXPLORE OUR BEST CASE STUDIES

In 2024, Balfour Beatty's near and long-term science-based targets were validated by the SBTi. This provides a clear carbon reduction pathway focused on addressing key activities and emissions sources across the business.

Balfour Beatty commits to:

- achieving a 42% reduction in Scope 1 and 2 carbon emissions by 2030;
- net zero Scope 1 and 2 carbon emissions by 2045; and
- net zero for Scope 1, 2 and 3 emissions by 2050.

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

Of the Group's Scope 1 and 2 emissions, 91% were Scope 1 and 9% Scope 2. Balfour Beatty's Greenhouse Gas (GHG) emissions are predominantly from the use of diesel in vehicles, plant and equipment.

Market-based

Balfour Beatty's total Scope 1 and 2 GHG emissions in 2024 were 143,705 tCO_2e. This is a decrease from 2023 of 1,020 tCO_2e, representing a fractional reduction change of less than 1%. Market-based GHG emissions intensity also showed a reduction from 15.0 to 12.8 tCO_2e/£m revenue, an 15% reduction. Market-based methodology uses actual emissions intensity data from the sources of energy an organisation has purposefully chosen to calculate carbon emissions from electricity usage.

Location-based

Balfour Beatty's total Scope 1 and 2 GHG emissions in 2024 were 147,296 tCO_2e. This is an increase from 2023 by 835 tCO_2e, representing an increase of less than 1%. The Group's location-based GHG emissions intensity decreased from 15.2 tCO_2e/£m revenue in 2023 to 13.1 tCO_2e/£m revenue in 2024, a reduction of 13%. Location-based methodology uses average emissions intensity data to calculate carbon emissions from electricity usage.

Approach to carbon emissions reduction

In 2024, Balfour Beatty set out in detail its approach to emissions reduction in its PPN 06/21 Carbon Reduction Plan (CRP) at: www.balfourbeatty.com/carbon-reduction-plan. Although specific to UK operations, the principles contained within the CRP apply to global operations where Balfour Beatty has operational control or significant influence.

Plant, fleet and generators account for 92% of Balfour Beatty's Scope 1 and 2 emissions, to address this we are taking a three-pronged approach to emissions reduction: efficiency, electrification and alternative fuels.

Focus areas:

BELOW
Battery energy storage system used on Balfour Beatty's sites in the UK.

Tailoring battery storage solutions to suit project needs

Our Energy Management team has developed a deep understanding of battery capability which will underpin our ability to effectively charge and use electric plant, which will be a big focus in 2025.

There are a number of factors which influence a battery's performance, and it is important to make data-based decisions that account for a range of elements including seasonal weather and temperature variations across the UK, mobilisation timescales and daily fluctuations in demand.

To determine how these various factors impact battery use and decide on the technology and timing for deployment, the team has conducted extensive trials to analyse the performance of batteries from our existing fleet. In the process, they have gained a detailed understanding of how each of these batteries work, their efficiency and opportunities and barriers to adoption in different site locations. Different use cases have been identified for each technology type and methodologies developed to measure and monitor each battery's efficiency.

Several key lessons have been learned including how to configure batteries to meet the site power demands and specific operational conditions, how to select appropriate battery technology to best fit generator sizing to optimise efficiencies and developing a best practice approach to monitoring. These insights have driven improvement both within our own projects but also in the supply chain partners with whom we work.

We have not stopped our research and will continue developing our understanding through strong collaboration with original equipment manufacturers and suppliers. This will ensure that as new technology comes to market, we are well placed to make well-informed site deployment decisions and support our clients to make cost-effective decisions.

Focus areas:

The site energy efficiency dashboard

Efficiency is part of our three-pronged approach to reducing carbon emissions, alongside electrification and alternative fuels. To help our site teams understand how they are using energy in order to identify how they can be more efficient, we wanted to provide them with data on how they are using energy.

To do this, we had to overcome a number of challenges, including:

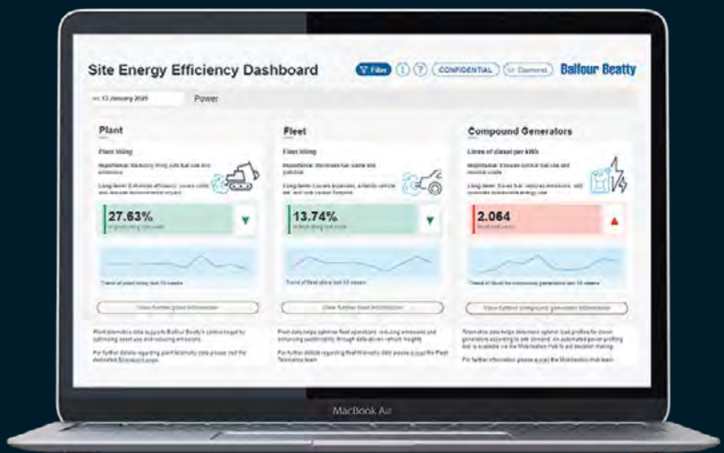
- a lack of aggregated and accessible real-time data making it hard to identify efficiency opportunities across fuel consumption, plant utilisation and energy use;
- a lack of tools to monitor and manage a sites carbon footprint effectively; and
- monitoring of equipment to understand if it is being properly utilised.

To address these challenges, we developed the Site Energy Efficiency Dashboard (SEED), which is an innovative tool in our industry. The easy-to-use tool brings together energy consumption data from several sources to help our teams to:

- make decisions that reduce energy consumption;
- identify underutilised plant and take actions to optimise usage;
- identify assets that are not working efficiently and address issues;
- discuss fuel efficiency during monthly project reviews; and
- identify training requirements to support efficient energy use.

Over time, we will be expanding SEED to capture data from more assets, providing further opportunities to improve efficiency and reduce carbon emissions.

BELOW
A screenshot of Site Energy Efficiency Dashboard.



GHG reporting methodology and assurance

Balfour Beatty discloses energy, carbon and related data aligned to the UK Government Streamlined Energy and Carbon Reporting requirements (SECR), covering all seven UN Framework Convention on Climate Change/Kyoto gases, and includes data from certain joint ventures and joint operations in line with the standards set out in our sustainability reporting criteria, which is available at: www.balfourbeatty.com/sustainabilityreporting

Scope 1 and 2 GHG emissions were calculated using the UK Government, US Environmental Protection Agency (EPA) and International Energy Agency's (IEA) most current conversion factors to determine equivalent tonnes of carbon dioxide (tCO_2e) that include Global Warming Potential rates from the Intergovernmental Panel on Climate Change (IPCC) assessment reports based on a 100-year timeframe. To meet this, the Group has determined and reported all direct emissions it is responsible for within the organisational boundary set and does not believe there are any material omissions.

Balfour Beatty's Scope 1 and 2 GHG emission sources include emissions from assets that are otherwise not referred to across the rest of the financial statements, such as energy provided by landlords and customers that Balfour Beatty does not directly procure.

PwC LLP was engaged to undertake an independent limited assurance engagement of the Group's Scope 1 and 2 emissions and resulting emissions intensity (expressed as a ratio of emissions to revenue), reporting to Balfour Beatty plc using the assurance standards ISAE 3000 (Revised) and ISAE 3410 over the GHG data that has been highlighted in this report with the symbol ®.

PwC LLP's full statement is available at: www.balfourbeatty.com/ILA_2024

Market-based methodology

Since 2020, alongside the location-based method, Balfour Beatty has reported against the GHG Protocol Scope 2 market-based reporting methodology. This method allows the application of an emissions factor of zero tCO_2e per kWh to supply contracts from suppliers of electricity purchased from renewable sources with a guarantee of origin certificate. For example, in 2024 in the UK c. 34,474 MWh of green tariff electricity was procured through the Group's utility procurement contract. A residual mix emission factor is applied to electricity where a REGO is not available. For electricity which does not come from a renewable source and a country-specific residual mix emission factor is not available, Balfour Beatty has applied either the appropriate supplier factor based on the supplier's published fuel mix where it is known and can be evidenced, or the country average electricity emission factor provided by the UK Government, EPA or IEA (as appropriate).

Scope 3 and outside of scope emissions

Scope 3 emissions and biogenic emissions have been prepared using the GHG Protocol Scope 3 guidance. As part of the compilation of a full GHG inventory for submission for validation to the SBTi, a review was undertaken for both biogenic emissions and forest, land and agriculture (FLAG) emissions. Outside of scope emissions are detailed in the table on page 54. FLAG emissions have been prepared in alignment with the GHG Protocol Land Sector and Removals guidance and the Draft for Pilot Testing and Review.

SUSTAINABILITY CONTINUED

Climate change continued

Approach for Group carbon reporting

Balfour Beatty's approach for Group carbon reporting is set out in the following diagram. To learn more, please read our sustainability reporting criteria at: www.balfourbeatty.com/sustainabilityreporting

OUR DIVISIONS

Construction Services | **Support Services** | **Infrastructure Investments**

100% Balfour Beatty operations

Projects that are joint ventures or joint operations with Balfour Beatty alongside other partners

- Joint operation/ unincorporated joint venture
- Incorporated joint venture

Equity investments

Does Balfour Beatty have full authority to introduce and implement operating policies in the shared operation?

Yes → Operational control (full authority)

No → Enhanced reporting criteria / Value chain

OPERATIONAL CONTROL (FULL AUTHORITY)

Balfour Beatty uses the operational control GHG consolidation approach, applying only the guidance explicit in the GHG Protocol. The Group accounts for 100% of GHG data from operations over which it has full authority in Scopes 1 and 2 with their associated Scope 3 value chain emissions.

SCOPE 1 AND 2 GHG EMISSIONS
ALL RELEVANT SCOPE 3 CATEGORIES

ENHANCED REPORTING CRITERIA

Balfour Beatty includes Scope 1 and 2 emissions of certain joint operations and unincorporated joint ventures where it has been concluded that neither party has full authority in accordance with the GHG protocol guidance, but in line with the enhanced reporting criteria where Balfour Beatty believes that it exerts considerable influence over operating policies and purchasing decisions, including those impacting carbon emissions. Balfour Beatty therefore deems it appropriate to include such operations within the reporting boundary as it has operational control in line with the enhanced reporting criteria. All emissions from these operations are included.

SCOPE 1 AND 2 GHG EMISSIONS
ALL RELEVANT SCOPE 3 CATEGORIES

VALUE CHAIN

Direct emissions from equity investments and incorporated joint ventures are accounted for as proportional emissions that occur in the reporting year within Scope 3, Category 15 (Investments) as are any other joint operations where the Group does not have considerable influence over operating policies, purchasing decisions or sustainability performance improvement actions.

SCOPE 3 CATEGORY 15: INVESTMENTS

Focus areas:

Syntech biofuel

Alternative fuels have been identified as key to our Scope 1 and 2 Science Based Targets initiative (SBTi) validated carbon reduction pathway and are important in our ability to reduce emissions now whilst preparing for low-carbon plant options to become more widely available and feasible for use at scale.

During 2024, working with our strategic plant hire partners and Original Equipment Manufacturers (OEMs), we have been trialling a sustainable biofuel produced by Syntech.

Syntech biofuel is a truly sustainable alternative to HVO fuel as it is produced in the UK and 100% sourced from UK waste cooking oil. It can be used as a 100% drop-in replacement for diesel in engines with OEM agreement, which provides an 80 – 90% reduction in carbon emissions. It can also be blended with diesel to support emissions reductions.

We have agreements to use the biofuel with several OEMs and suppliers and have an established framework volume, price and warranty arrangement for Balfour Beatty and associated supply chain use.

Balfour Beatty co-funded a deep dive[1] into HVO in 2024, and following the publication of the report in June we reviewed and updated our position statement[2] on HVO. Our position remains that we have chosen not to promote HVO use at this time.

1 www.actionsustainability.com/resources/hvo-guide-launch/
2 www.balfourbeatty.com/media/0ouj2nyi/hvo-positioning-paper-2024.pdf

Offsetting

Balfour Beatty does not, at present, offset any GHG emissions arising from the Group's operations, on the basis that there are significant opportunities to abate GHG emissions across Scopes 1, 2 and 3 through implementing efficiencies, modern methods of construction and the adoption of low-carbon technologies and materials. As the Group has committed to a near-term science-based target and net zero target aligned to the business ambition for 1.5°C campaign via the SBTi, should any offsetting be decided to be undertaken by the Group in future, this would abide by the Oxford Principles*.

Balfour Beatty also recognises the role large organisations can take in 'insetting' GHG emissions by implementing reduced or low-carbon solutions within the Group's value chain and supporting the decarbonisation of the construction sector. Insetting is the reduction of GHG emissions through investing in projects that sequester or reduce carbon emissions within a company's own supply chain or operational boundary and focuses on internal actions that directly contribute to emission reductions or removals.

* www.smithschool.ox.ac.uk/sites/default/files/2022-01/Oxford-Offsetting-Principles-2020.pdf

Scope 1 and 2 GHG emissions, baseline year (2020) to 2024

Carbon emissions	Baseline year 2020	2021	2022	2023	2024
Absolute (tCO_2e)					
Scope 1 – operational control boundary (full authority)	90,850	90,180	83,456	77,854	**71,246**
Scope 1 – applying enhanced reporting criteria[2]	20,117	30,772	48,223	54,736	**59,632**
Total Scope 1	110,967	120,952	131,679	132,590	**130,878**®
Scope 2 – operational control boundary (full authority)	12,668	17,245	12,296	10,628	**15,782**
Scope 2 – applying enhanced reporting criteria[2]	534	775	2,634	3,243	**635**
Total Scope 2 (location-based)	13,202	18,020	14,930	13,871	**16,417**®
Scope 2 – operational control boundary (full authority)	11,859	16,399	11,650	6,584	**7,239**
Scope 2 – applying enhanced reporting criteria[2]	788	791	3,903	5,550	**5,587**
Total Scope 2 (market-based)	12,647	17,190	15,553	12,134	**12,826**®
Scope 1 and 2 – operational control boundary (full authority)	103,518	107,425	95,752	88,482	**87,028**
Scope 1 and 2 – applying enhanced reporting criteria[2]	20,651	31,547	50,857	57,979	**60,268**
Total Scope 1 and 2 (location-based)	124,169	138,972	146,609	146,461	**147, 296**
Scope 1 and 2 – operational control boundary (full authority)	102,709	106,579	95,106	84,439	**78,485**
Scope 1 and 2 – applying enhanced reporting criteria[2]	20,905	31,563	52,126	60,286	**65,220**
Total Scope 1 and 2 (market-based)	123,614	138,142	147,232	144,725	**143,705**
Intensity (tCO_2e/£m revenue[3])					
Scope 1 and 2 – operational control boundary (full authority)	11.9	14.2	11.7	12.3	**10.2**
Scope 1 and 2 – applying enhanced reporting criteria[2]	64.8	99.8	50.4	20.7	**22.8**
Total Scope 1 and 2 intensity (location-based)	13.8	17.6	16.0	15.2	**13.1**®
Scope 1 and 2 – operational control boundary (full authority)	11.8	14.1	11.7	11.8	**9.2**
Scope 1 and 2 – applying enhanced reporting criteria[2]	65.6	99.8	51.7	21.5	**24.7**
Total Scope 1 and 2 intensity (market-based)	13.8	17.5	16.1	15.0	**12.8**®

1 The Group's Greenhouse Gas operational control boundary, metrics and descriptions can be found in the Balfour Beatty Sustainability Reporting Guidance: www.balfourbeatty.com/sustainabilityreporting
2 All emissions of certain joint operations and unincorporated joint ventures where neither party has operational control over the joint operation, but Balfour Beatty has a considerable influence over its operating policies and purchasing decisions, have been included in the Group's consolidated Scope 1 and 2 emissions (including intensity calculations) in line with enhanced reporting criteria. This is in addition to the emissions for Group entities for which Balfour Beatty has full authority in line with the GHG protocol operational control approach. For more detail, please refer to the decision-making process diagram on page 52.
3 To calculate the carbon intensity of the Group's Scope 1 and 2 total emissions, an adjustment to the final revenue has been made from £10,015,332,508 to £11,203,986,731. This includes intercompany revenue and the revenue of certain joint operations and unincorporated joint ventures over which the Group has a considerable influence over their operating policies and purchasing decisions in line with enhanced reporting criteria and in addition to the revenue of entities which align fully to the GHG protocol operational control approach. To calculate the carbon intensity of the Group's Scope 1 and 2 emissions from entities which align fully to the GHG protocol operational control approach an adjustment to the final revenue has been made from £10,015,332,508 to £8,562,929,978, which includes intercompany revenue.

® Included within PwC LLP's limited assurance scope.

SUSTAINABILITY CONTINUED

Climate change continued

Scope 3 emissions

Scope 3 emissions arise from Balfour Beatty's value chain and investments (including Gammon) and are not directly controlled by the Group, as set out in 'Approach for Group carbon reporting' on page 52. As Balfour Beatty has validated its science-based targets aligned to the Business Ambition for 1.5°C campaign with the SBTi, the Group has prepared Scope 3 information as disclosed in the table below. Implementing a business-wide assessment, it was determined that 13 of the 15 Scope 3 categories are relevant to the Group's operations. The exceptions are Category 10: Processing of sold products and Category 14: Franchises, as the Group does not sell intermediate products that are processed by downstream companies or operate franchises. All relevant categories are calculated and included in the Group's Scope 3 GHG inventory. Scope 3 emissions are measured using the GHG Protocol Corporate Value Chain (Scope 3) Standard.

Scope 3 GHG emissions, baseline year (2020) to 2024

	Assessment status	Baseline year 2020	2021	2022	2023	2024
Scope 3 emissions (tCO_2e)						
Cat 1: Purchased goods and services	Relevant, Calculated	2,836,477	3,076,315	3,023,913	3,432,952	**5,326,854**
Cat 2: Capital goods	Relevant, Calculated	13,184	19,954	17,330	35,866	**14,496**
Cat 3: Fuel- and energy-related activities (not included in Scope 1 and 2)	Relevant, Calculated	28,082	35,846	36,796	36,912	**37,461**
Cat 4: Upstream transportation and distribution	Relevant, Calculated	164,572	154,240	62,013	110,016	**121,096**
Cat 5: Waste generated in operations	Relevant, Calculated	2,538	5,228	1,551	2,460	**1,829**
Cat 6: Business travel	Relevant, Calculated	2,023	2,589	2,628	7,072	**5,653**
Cat 7: Employee commuting	Relevant, Calculated	1,055	2,110	2,137	2,091	**2,225**
Cat 8: Upstream leased assets	Relevant, Calculated	Included in Scope 1 and 2				
Cat 9: Downstream transportation and distribution	Relevant, Calculated	Included in Cat: 4				
Cat 11: Use of sold products	Relevant, Calculated	118	137	235	244	**156**
Cat 12: End-of-life treatment of sold products	Relevant, Calculated	16	18	16	17	**10**
Cat 13: Downstream leased assets	Relevant, Calculated	1,434	1,225	1,565	1,834	**1,000**
Cat 15: Investments	Relevant, Calculated	247,422	269,919	287,680	247,048	**242,345**
Total Scope 3		3,296,921	3,567,581	3,435,864	3,876,512	**5,753,125**
Total Scope 3 intensity tCO_2e/£m revenue	Relevant, Calculated	339	420	345	327	**470**
Biogenic emissions	Relevant, Calculated	12,527	3,828	5,838	8,263	**8,554**
FLAG emissions	Relevant, Calculated	646,198	859,158	390,158	1,079,492	**274,904**

1 To calculate the carbon intensity of the Group's Scope 3 total emissions, an adjustment to the final revenue has been made from £10,015,332,508 to £12,271,546,592. In addition to the revenue figure of £11,203,986,731 used for the Group's Scope 1 and 2 total emissions (see Note 3 to the table on page 53) and in line with enhanced reporting criteria, this includes the Group's proportional share of the revenue of: (i) incorporated joint ventures and (ii) certain joint operations and unincorporated joint ventures where the Group does not have considerable influence over their operating policies or purchasing decisions.

Approach for Scope 3 reporting

In 2023 Balfour Beatty stated its Scope 3 emissions inventory for the first time. We will continue to state our Scope 3 inventory year on year with a view to continuously improving our reporting methodology to allow us to accurately report on our Scope 3 emissions reduction performance once the maturity of industry datasets allows for 'actual' emissions reporting. The spend methodology currently used does not allow us to give an accurate picture of performance, as it does not consider the actual embodied carbon factors of the materials we are purchasing.

Improvements in data quality, moving from established estimation methodologies to actual data and more granular data, will allow Balfour Beatty to focus its efforts on GHG reductions in the Scope 3 categories over which the Group can have the most impact. Primary data collection with a higher degree of specificity allows the Group to target the most material Scope 3 categories of Category 1: Purchased goods and services and Category 15: Investments.

Lack of availability of primary data and corresponding embodied carbon for Category 1: Purchased goods and services continues to be a construction industry-wide issue. Not having the ability to understand GHG emissions in a business' value chain is a potential barrier to embodied GHG emissions reductions from high-carbon products such as steel, concrete and cement. Read about how we are working with our supply chain to decarbonise carbon-intensive materials on page 61.

In 2024, the Group continued to improve its approach to Scope 3, biogenic, and forest, land and agriculture (FLAG) emissions, having compiled a full GHG inventory from the 2020 baseline year that has now been validated by the SBTi.

Action

Achieving net zero emissions throughout the Group's entire supply chain will require effective and co-ordinated collaboration across diverse stakeholders. The Group's two most material categories of Scope 3; Category 1: Purchased goods and services and Category 15: Investments, are the primary focus of its Scope 3 emissions abatement measures.

Energy

In 2024, energy consumption (MWh) increased by 1% to 628,374 MWh from 2023.

Balfour Beatty continues to focus on energy efficiency and in 2024 the following measures were implemented:

- 66 EcoNet installations – reducing out of hours energy use and enable downsizing of generators;
- EcoSense cabins – 65% of cabin and welfare units are energy efficient, using around 30% less energy than traditional cabins; and
- 69 battery hybrid generator setups which enable the generator to stop running during periods of low power demand, to reduce fuel use and allow periods of quiet operation, particularly overnight.

Through the deployment of renewable energy generation solutions, Balfour Beatty generated 369 MWh of renewable energy in 2024. This included the use of a hydrogen generator paired with cabin mounted solar panels to provide power to the satellite compound at Canvey Island flood defence project in the UK.

The use of renewable energy also increased in 2024:

- 34,474 MWh of REGO-certified grid electricity (up 23% from 2023); and
- 138 MWh of green hydrogen-generated energy.

Starting in April 2024, the Group transitioned its utility procurement contract to Drax for zero-carbon electricity. Since a full calendar year has not yet passed with this supplier, and the REGO retirement period is incomplete, the associated REGOs have not been retired. As a result, there are no Ofgem public records as yet. However, the data has been tested and confirmed as part of this tariff, allowing us to state a zero-carbon emission factor for this electricity.

During 2023 and 2024 the Balfour Beatty Energy Management Unit (EMU) audited all energy consuming assets under UK operational control, in line with the requirements of the Energy Savings Opportunity Scheme (ESOS). The audit covered temporary site compounds, permanent property, construction plant and depots, and identified 35 MWh and £10.8 million of energy and financial savings respectively. The recommendations informed an energy action plan and several strategic projects to support the plan, including:

- the development, and introduction, of a Site Energy Efficiency Dashboard to provide operational teams with key energy efficiency metrics across mobile plant, road fleet and site temporary power supplies. See page 51 for more information;
- development of an automated energy demand management system, currently under trial, for modular accommodation deployed on site compounds;
- development of additional minimum energy efficiency standards for solar and hybrid tower lights, hybrid mobile accommodation units and the hybridisation of diesel generators; and
- ongoing development of digital energy efficiency deployment tools, including the introduction of a new dewatering pump selection tool.

Energy use in MWh

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

1 The figures in this table include energy from the Group's consolidated boundary aligned to the methodology referred to in Note 1 to the Scope 1 and 2 GHG emissions table on page 53.

2 The MWh per £m revenue is calculated using the adjusted revenue figure disclosed in Note 3 to the Scope 1 and 2 GHG emissions table on page 53.

SUSTAINABILITY CONTINUED

Nature positive

SCAN OR CLICK TO EXPLORE OUR BEST CASE STUDIES

For Balfour Beatty, a holistic approach is imperative for a sustainable future. To address climate change we must also tackle the degradation of the natural world, including biodiversity loss. These crises are deeply interconnected, each exacerbating the other. Human activities that harm ecosystems also drive climate change, while climate change further degrades natural habitats.

In 2024, Balfour Beatty committed to protect and enhance the natural environment in our Building New Futures sustainability strategy. We also signed the UK Business & Biodiversity Forum's Nature Positive Pledge, committing the UK business to support the restoration of our planet's life support systems.

The Nature Positive goal is to globally halt and reverse nature loss (as measured from a 2020 baseline), so that by 2030, nature is visibly and measurably on the path of remediation and by 2050, it has recovered sufficiently to sustainably support future generations.

The Nature Positive goal aligns with our Build to Last Sustainable value: to act responsibly to protect and enhance our planet and society. It is a mindset that puts nature at the forefront of decisions and actions. Nature Positive is an approach for our business to operate with a better understanding of our exposure to nature risks and dependencies and to join in a collective endeavour, to reverse nature loss.

Our pledge commits Balfour Beatty to:

- applying the mitigation hierarchy across the business, i.e. avoid, minimise, compensate;
- generating long-term benefits for nature;
- ensuring Nature Positive actions are additional to what would have happened without these actions;
- apply a precautionary approach where there is a lack of evidence or information;
- develop and publish a Nature Positive Plan;
- identify a nature baseline to assess impact against; and
- set SMART and costed targets to address the business dependencies and impacts on nature.

The business risks associated with nature and biodiversity loss are extensive: physical, regulatory, commercial, reputational, financial, and social. For Balfour Beatty, responsible risk management is a cornerstone of our business. Extreme weather events, widespread crop failures, food and resource shortages, flooding, wildfires, mass migration, civil and political unrest, shifting socio-economic-political priorities, and supply chain and workforce disruption are all forecast to increase with varying levels of severity and frequency over the coming years. By restoring and enhancing the natural environment, we are supporting the healthy ecosystems that are essential for the future prosperity of communities and economies in the UK and around the world.

Focus areas:

Restoring woodlands at the Harewood Estate

The Harewood Estate in West Yorkshire is 4,000 acres of ancient and semi-natural woodland, wood pasture parkland, arable farmland, ponds, lakes and wetlands, designed by Lancelot 'Capability' Brown in the 18th century. It has been home to the Lascelles family since 1738, with the Estate now managed by Ben Lascelles, an ecologist by profession. As part of the Estate's ambitious conservation programme to restore parklands and woodlands, 24 Balfour Beatty volunteers successfully planted 1,500 trees in just six hours, during a volunteering event that took place in 2024. The conservation programme not only aims to repair and preserve the environment but also increase the biodiversity and habitats for local wildlife.

The team's efforts were greatly received by Harewood Estate who shared the following feedback:

> **"We are writing to express our gratitude for your exceptional contribution this week at Harewood Estate… We are truly fortunate to have volunteers like you who are willing to invest time and energy into projects that have a lasting impact on our planet."**

Jay O'Donoghue
Forestry Foreman, Harewood Estate

Our early progress in this area has been driven by our UK in-house Natural Environment team of ecology, biodiversity, and arboriculture specialists. They have been working closely with our customers to survey, analyse risks, and deliver mitigation strategies to protect and enhance biodiversity in and around the projects we deliver.

Across all our UK SCAPE framework projects, we provide every customer with a report detailing project-specific feasible options and available measures to achieve biodiversity net gain (BNG), on- or off-site. In 2024, we worked in collaboration with a remote sensing artificial intelligence platform, AIDash, to significantly increase the speed at which we can complete BNG options reports for SCAPE and other projects that require a BNG feasibility assessment. By integrating AI systems into our site analysis, we can focus our efforts on providing thoroughly researched recommendations, tailored to each project and its landscape. This offers more efficient outcomes, benefiting both customers and nature.

We are continuing to invest in building in-house technical capacity and developing internal training programmes to ensure sufficient levels of business expertise and for the successful delivery of nature enhancements. Working on the M25 Junction 10/A3 Wisley Interchange improvement scheme for National Highways, we are providing the technical expertise required to build the UK's first heathland green bridge. As part of the same scheme, in 2024, we delivered extensive heathland restoration, woodland enhancement, ancient woodland soil translocation, and acid grassland enhancement.

We are currently undertaking work to gain a deeper understanding of the impacts we have on nature across our value chain. As this work progresses and our understanding matures, we will set clear and measurable targets for our UK business to halt and reverse net nature loss.

Environmental impacts and risk management

Balfour Beatty continues to maintain a robust business management system for identifying and managing environmental impacts and risks at an organisational and project level.

In 2024, we refreshed our in-house Environmental Site Awareness training course to reinforce the principles of our Environment What3Things – a short, digestible summary of three key measures that must be in place to manage environmental impact from our operations over seven areas of risk: pollution prevention, nuisance, waste management, materials management, wildlife, archaeology and cultural heritage, and working near water. We also included environmental incident performance reporting in our Bridging the Gap action plans. Bridging the Gap is a framework which has informed the action plans we have developed with each of our Business Units to focus our efforts where we can have the biggest impact and chart a course to deliver our commitments and targets.

Balfour Beatty was not subject to any prosecutions by environmental regulators in 2024.

In our evolved Building New Futures sustainability strategy, we set out our new approach to resource efficiency. With the construction sector responsible for an estimated one-third of the world's overall waste and extracting nearly 40 billion tonnes of raw materials from the planet each year[1], 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.

Collaborate Relentlessly Award

ICON AWARDS

This category was for an individual who champions collaboration to create high-performing teams.

Above: Award presentation photo. (Left to right) Phil Clifton, Divisional CEO – Major Projects, Highways and Ground Engineering, Pippa Jordan, Ecology Technical Specialist – Highways, and Nicola Bell MBE Executive Director, Major Projects – National Highways.

Winner: Pippa Jordan

Ecology Technical Specialist, Highways

Pippa has played a crucial role in the M25 Junction 10 project. Her leadership and collaboration have ensured strict adherence to environmental legislation, balancing business and ecological needs. She has been instrumental in implementing the Ecological Inspection Permit process, co-ordinating with stakeholders and leading innovative initiatives. Pippa's dedication has been key to the project's success, managing complex ecological commitments, overseeing sensitive site clearance, and initiating habitat enhancement works. Her ability to collaborate, guide teams, and navigate challenges has made her an exemplary environmental professional, deserving recognition for her relentless commitment to the project's environmental goals.

READ MORE ABOUT OUR ICON AWARDS EVENT ON p74

SUSTAINABILITY CONTINUED

Resource efficiency

SCAN OR CLICK TO EXPLORE OUR BEST CASE STUDIES

Zero avoidable waste

Part of our new approach to resource efficiency is to implement the Construction Leadership Council's zero avoidable waste routemap and to support this, we have committed to:

- eliminating non-hazardous excavation waste to landfill by 2030;
- achieving zero avoidable waste in the UK by 2040; and
- achieving zero avoidable waste in the US by 2050.

Through the implementation of our Bridging the Gap sustainability action plans, each Business Unit sets resource efficiency improvement actions based on the business's waste profile and performance.

Summary of 2024 performance

Non-hazardous waste

Total waste generated increased by 3% from 2023 to 2024, with the most significant increase being non-hazardous construction waste (29%). Non-hazardous construction waste intensity (tonnes/£m) increased by 43%. Non-hazardous demolition waste increased slightly by 3%, while non-hazardous excavation waste decreased by 0.06%.

1 pubs.geoscienceworld.org/msa/elements/article-abstract/18/5/327/619766/Sustainable-Sourcing-of-Raw-Materials-for

Hazardous waste

Overall, hazardous waste decreased by 7% from 2023 to 2024.

Waste reporting methodology

Reported waste data is for UK operations. In line with how we report GHG emissions, Balfour Beatty now excludes the Gammon business from waste reporting on the same operational control basis that it is excluded from carbon reporting. Refer to the 'Approach for Group carbon reporting' on page 52. US waste data is omitted until UK and US datasets are comparable.

In the UK, information about the types and quantities of waste generated by Balfour Beatty activities is captured for each project via our in-house reporting tool using records of waste removed from site by our waste supply chain and subcontractors. Records of waste movements from sites including types and quantities are collated to generate overall waste performance data. Waste data includes waste that is removed from sites and premises and is managed off site.

Balfour Beatty reports waste under four categories: construction, demolition, excavation and premises waste, which includes waste generated from offices and manufacturing facilities.

Balfour Beatty engages a variety of waste contractors and management routes across its operations and works closely with them to identify opportunities to implement sustainable waste management solutions. The options available can be dependent on local waste infrastructure.

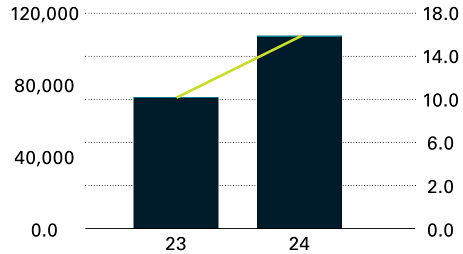
All UK suppliers and subcontractors engaged by Balfour Beatty to manage waste are subject to Supplier Sustainability Conditions which require full compliance with waste duty of care legislation and for suppliers that make their own arrangements for waste disposal to provide records of all waste transfers. Balfour Beatty works with several waste disposal contractors to meet the needs of its various operations.

Waste performance

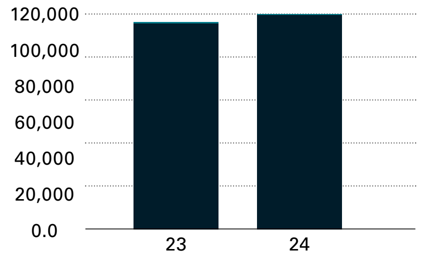
Following the achievement of the 2030 target by the UK business to reduce tonnes of waste generated per £m revenue by 40%, seven years earlier than planned, we have reset our waste baseline to 2023 and will be reporting the following waste performance indicators that are aligned to the principles of zero avoidable waste.

- Tonnes of non-hazardous construction waste generated, and the proportion diverted from landfill.
- Tonnes of construction waste per £m revenue
- Tonnes of non-hazardous demolition waste generated, and the proportion diverted from landfill
- Tonnes of non-hazardous excavation waste generated, and the proportion diverted from landfill
- Tonnes of non-hazardous premises waste generated, and the proportion diverted from landfill

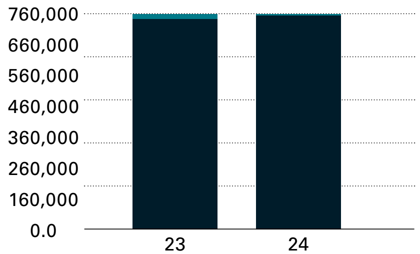
CONSTRUCTION WASTE (NON-HAZARDOUS) TONNES



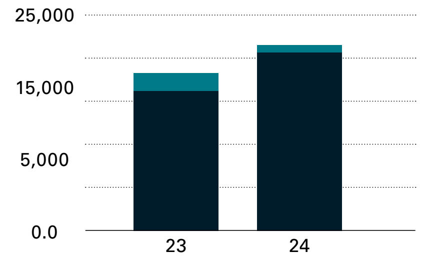
DEMOLITION WASTE (NON-HAZARDOUS) TONNES



EXCAVATION WASTE (NON-HAZARDOUS) TONNES



PREMISES WASTE (NON-HAZARDOUS) TONNES



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

Focus areas:

Sustainable packaging innovation at Dunfermline Learning Campus

The challenge: Balfour Beatty collaborated with Whitecroft Lighting to address the ambitious sustainability goals of the Dunfermline Learning Campus project for Fife College. The partnership aimed to eliminate single-use packaging waste while improving efficiency and safety on site.

The solution: Geopak System

The solution emerged through extensive collaboration between Balfour Beatty, Whitecroft Lighting, Cardiff University, and consultancy PDR. Together, we developed Geopak, a reusable, collapsible modular packaging system made from polypropylene. Geopak features GPS tracking for digital monitoring, ensuring secure delivery and efficient logistics. Post-use, the packaging is collapsed and returned for reuse. This innovation enables the transport of mixed lighting products whilst optimising space and reducing risks associated with waste on construction sites.

Key achievements

- Waste reduction: Geopak is projected to prevent up to two tonnes of packaging waste during the project.
- Efficiency gains: GPS tracking reduces the risk of lost items and streamlines site operations.
- Enhanced safety: eliminating single-use packaging reduces trip, fire, and biohazard risks.

Development and implementation

Jim Brannan, Balfour Beatty's Head of Supply Chain Development, led on the multi-stage development process, which involved two years of prototyping, workshops, and stakeholder collaboration. Early missteps in design were overcome through persistent innovation, culminating in a system that aligns with the project's energy and environmental goals.

Community and industry benefit

The initiative sets a standard for the wider construction industry. By making the design open-source, going forward Balfour Beatty and Whitecroft Lighting invite others in the sector to adopt the system.

The successful implementation of Geopak has inspired some of our other subcontractors to adopt the solution within their own supply chains. This initiative demonstrates the power of collaborative innovation in achieving sustainable construction goals and reshaping industry practices.

> "This system is a huge step forward. We said we'd help design it and bring it to market, but this is a solution for the construction industry, not just for Whitecroft and Balfour Beatty at Fife College."

Jim Brannan
Head of Supply Chain Development, Balfour Beatty

> "Congratulations to our Balfour Beatty team for leading the way and packing innovation into our new Fife College and Carnegie Conference Centre."

John McGee
Fife College's Campus Innovation Officer

SUSTAINABILITY CONTINUED

Resource efficiency continued

Focus areas:

Balfour Beatty's expert materials engineering team

Balfour Beatty employs a dedicated team of 100 materials engineering experts who provide industry-leading expertise and resources for our UK projects. The Materials Engineering department was first established in Balfour Beatty in the 1980s by the late Chief Materials Engineer, John Ferguson. The team is an integral part of our engineering community, offering comprehensive materials solutions for projects which support our zero avoidable waste targets.

By prioritising early contractor involvement and through ongoing collaboration with our customers, designers and our project teams, we can optimise earthworks and strategies for materials reuse and recycling. This approach significantly minimises waste, reduces costs and carbon emissions.

The team operates several testing laboratories accredited to the internationally recognised standard BS EN ISO 17025 (Competence of Laboratories) offering a wide range of tests for a broad range of construction materials. Balfour Beatty is one of only a few organisations to be granted Flexible Scope of Accreditation by UKAS, the national accreditation body.

The Materials Engineering team regularly contributes to several key industry bodies and working groups, such as the BSI Committees, Britpave Council, Quality Scheme for Ready Mixed Concrete Board and UKAS Construction Industry Technical Advisory Committee.

The teams key capabilities which support resource efficiency are:

- strategic planning at tender stage – our Materials Engineering team collaborates early in the tender process to develop materials reuse and supply strategies, enabling best value for our clients;
- onsite compliance – our in-house laboratories deliver rapid material compliance feedback, facilitating informed decision making and risk management;
- seamless integration with project teams – engaged from preconstruction through to project delivery, our team optimises materials management, reducing excavation and demolition waste;
- expert materials management and compliance – we provide materials management plans, waste management compliance, ongoing monitoring, and verification, supporting both project and hub-and-cluster approaches;
- proactive standards review – early assessment of material standards helps identify barriers and enablers to maximise recycling and reuse potential on site; and
- nationwide expertise for projects of all sizes – from small-scale developments to complex, major projects, our clients benefit from company-wide expertise that delivers optimal solutions balancing cost, programme efficiency, and environmental sustainability.

BELOW
M25 Junction 10 / A3 Wisely Interchange Improvement Scheme.

Focus areas:

Improving how we manage PPE

The manufacture and disposal of textiles pose a significant environmental challenge, with only 1% of clothing effectively recycled globally. In 2024, we purchased c. 64,000 items of hi-vis PPE in the UK, highlighting the importance of addressing this issue.

Focus on: the PPE lifecycle
On National Highway's A63 Castle Street Scheme in Hull, we trialled a durable, washable PPE range with a complete end-of-life recycling solution. Operatives used two sets of PPE alternately, sending one for laundering as needed. Garments were cleaned, mended, and safety-checked to ensure compliance. Radio Frequency Identification tags enabled precise tracking, facilitating data collection on carbon emissions and wash cycles.

Operatives praised the design and comfort, though lower-than-expected washing requirements limited the trial's scale. Building on this success, a larger trial is planned to gather more data and refine the approach.

Focus on: collaborative success
Balfour Beatty hosted a sustainable innovation event, bringing together our PPE supply chain partner, tier 2 manufacturers, and key internal stakeholders. Through 'speed dating' sessions and roundtable discussions, participants explored ways to enhance PPE sustainability, including consolidating the range, expanding laundry access and improving end-of-life management.

A PPE committee was formed to drive these initiatives, ensuring Balfour Beatty continues to lead in sustainable practices while aligning with business-wide goals.

"This event clearly demonstrates our approach to working hand in hand with our supply chain partners to drive meaningful change. Together, we're stronger, and together, we can achieve truly sustainable and impactful outcomes."

Jo Potts
Sustainability Director, Responsible Sourcing and Social Impact, Balfour Beatty

Supply chain integrity

SCAN OR CLICK TO EXPLORE OUR BEST CASE STUDIES

Balfour Beatty is committed to building a sustainable, ethical, and resilient supply chain that delivers long-term value for all stakeholders. Our supply chain is crucial to achieving the targets set out in our Building New Futures sustainability strategy, driving industry-wide transformation through collaboration and innovation.

Supply chain integrity is supported by key frameworks, including our Sustainable Procurement Policy, Procurement Strategy, Supply Chain Code of Conduct, Supplier Sustainability Conditions and Modern Slavery Statement. Together these articulate our expectations of our supply chain partners, while enabling collaboration to address shared sustainability challenges.

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 partners meet our sustainability and ethical expectations while contributing valuable expertise and balancing social, environmental, and economic needs.

Our activities are focused on three key areas:

- **carbon and materials:** reducing the environmental impact through sustainable sourcing and innovative material use;
- **human rights:** safeguarding ethical labour practices and protecting individuals' rights across our supply chain; and
- **inclusive procurement:** empowering 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.

The foundation of our approach is our Supply Chain Sustainability Risk heat map which integrates material sustainability considerations into procurement systems and processes, influencing what we buy and how we buy.

Carbon and materials

Balfour Beatty has set a SBTi verified target to reduce emissions from Scope 3 purchased goods and services, by 25% by 2030, based on a 2020 baseline. This target is integral to our net zero target, aligning with global climate goals and driving the transition to a low-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 our supply chain.

Efforts to reduce Scope 3 emissions are focused on sustainable procurement practices, carbon reduction initiatives for key materials, and embedding carbon management into procurement processes.

Our Responsible Sourcing team has worked closely with our Materials Engineering team to develop carbon and steel decarbonisation roadmaps, outlining expectations to 2030 and supporting both our carbon reduction targets and our clients.

Focus areas:

Decarbonising carbon-intensive materials

In 2024, Balfour Beatty undertook a comprehensive review of approaches to decarbonising its use of concrete and steel, two materials with high carbon intensities. These materials are critical to our operations and represent a key focus area in our commitment to achieving a 25% reduction in Scope 3 carbon emissions by 2030.

Cementitious materials

Our internal capabilities are critical to delivering sustainable solutions. In 2024, we launched the Concrete Knowledge course which now includes training on low-carbon concrete, as well as practical sustainable measures which can be implemented on our projects. This equips our teams with the knowledge to challenge the carbon intensity of concrete across our projects and positions us to meet the growing demand for sustainable construction solutions.

Following the closure of UK's last source of Ground Granulated Blast Furnace Slag, which has been instrumental in decarbonising concrete, we are exploring alternative methods to decarbonise the concrete used in our projects.

Balfour Beatty has signed an agreement with advanced materials engineering group Versarien to develop a range of low-carbon, graphene-infused, 3D-printable mortars suitable for civil construction. This will include the development of three mortars; one will be based on local materials with two enhanced with Versarien's graphene admixture, Cementene™. This project aims to demonstrate the performance, durability, and cost effectiveness compared to traditional construction materials.

Decarbonising steel production

We have taken proactive measures to support the steel industry's transition toward lower-carbon production methods. In 2024, we engaged with our supply chain and conducted a comprehensive survey involving over 50 steel suppliers to assess their decarbonisation strategies. The survey revealed that a significant portion of our supply chain is already adopting Electric Arc Furnace (EAF) technology, which reduces carbon intensity by 80% in comparison to traditional Blast Furnace steel production[1].

To further our commitment to carbon reduction, we have also initiated consultations with mills aiming to introduce green steel to the market in the coming years.

Low-carbon steel piles

In 2024, the Nuneham embankment, supporting a key bridge over the River Thames, began to show signs of failure due to movement in the Victorian brick abutment, leading to the closure of a major train route. To address this, our team reinforced the embankment with EcoSheetPiles, a low-carbon alternative to traditional steel piling.

EcoSheetPiles were sourced for their environmental benefits; manufactured using Electric Arc Furnace technology, they produce 370kg CO_2e per tonne, significantly lower than the typical 2.3 tCO_2e associated with traditional steel. The product is made from 100% recycled materials and produced with 100% renewable electricity, reducing emissions by 30% compared to conventional methods.

We significantly reduced the carbon footprint of the project, demonstrating our commitment to sustainable practices whilst meeting critical infrastructure needs.

1 www.bcsa.org.uk/resources/sustainability/steel-sustainability-faqs/

SUSTAINABILITY CONTINUED

Supply chain integrity continued

Target progress

For our data on Scope 3, Category 15 purchased goods and services, please refer to page 54.

Human rights

Modern slavery supply chain audits

Throughout 2024, Balfour Beatty has continued to focus on upskilling our UK supply chain and improving approaches to modern slavery across the industry. Following a pilot of modern slavery audits in 2023, we held an improvement workshop to collate feedback from the supply chain to enhance the process.

One of the key changes was creating a two-stage audit. Phase 1 consisted of a self-assessment by the supplier in advance, enabling them to work through the questions, prepare their evidence and build a picture of their own maturity. Phase 2 was an in-person audit to discuss the self-assessment, review the evidence and discuss maturity against each audit section which resulted in an agreed set of improvement actions. This two-stage process enabled more meaningful and impactful conversations.

Over the year 187 supply chain modern slavery audits have been completed. Since starting the audits in 2023, we have audited 308 of our supply chain partners.

Following the audits, we developed a guidance document which set out specific improvement actions and signposted to further resources from organisations like Supply Chain Sustainability School, Design for Freedom and the Global Slavery Index by WalkFree. In addition, we provided direct support to 12 supply chain partners from the 2023 cohort to accelerate progress, and organised two workshops that provided direct support for key improvement areas.

By the end of the year, 100% of our pre-qualified Constructionline, supply chain partners had a modern slavery statement or equivalent in place.

Inclusive procurement

Balfour Beatty is committed to continually developing its approach to inclusive procurement, creating social value and supporting the economic resilience of local communities. By engaging a diverse range of suppliers, including small and medium-sized enterprises (SMEs), voluntary, community, and social enterprises (VCSEs), and local businesses, the Company aims to contribute to inclusive growth and ensure that opportunities are accessible to all.

Inclusive procurement is integral to achieving Balfour Beatty's sustainability strategy targets, with a focus on driving long-term positive impacts in the communities where projects are delivered. The Company continues to work with a varied supply chain, ensuring that procurement processes are fair, transparent, and provide opportunities for businesses of all sizes to thrive.

Focus areas:

Skill-based volunteering day with Nuneaton Signs

Balfour Beatty recognised an opportunity to enhance the impact of their volunteer hours through skill-based volunteering. Social enterprises**, such as Nuneaton Signs, often face resource constraints, which can make it difficult to fully dedicate efforts to sustainability initiatives. Nuneaton Signs, the UK's leading road sign supplier that supports people with disabilities into employment (66% of its workforce have a disability), was eager to advance its sustainability practices but lacked the capacity to fully focus on this area.

To support, Balfour Beatty held a skill-based volunteering day at their premises. The Balfour Beatty team conducted a thorough energy audit to help Nuneaton Signs reduce its energy consumption. They also held an interactive session on carbon and responsible sourcing, which included upskilling on climate change and greenwashing, a discussion around carbon scopes and science-based targets, the feasibility of EPDs for Nuneaton Signs, the opportunity to utilise the circular economy, addressing best practices around managing modern slavery, and the sustainability impacts of different areas of spend.

The training sparked valuable discussions on how to enhance current practices. As a result, Nuneaton Signs updated and improved its modern slavery statement and began a heatmapping exercise on the sustainability impacts of different areas of spend.

Balfour Beatty also identified an opportunity to increase its spend with Nuneaton Signs on a range of recyclable signs, thus improving our environmental and social impact.

The results

- £4,242 of social value delivered
- 42 hours of skilled volunteering delivered
- Energy saving opportunities identified
- Actionable sustainability improvements identified

"What a fantastic day we had yesterday, courtesy of Balfour Beatty! Its Responsible Sourcing and Energy Management teams joined us for a collaboration day and provided us with advice on various topics such as Carbon Literacy, Resource Efficiency and Inclusive Procurement. A big thank you to the teams – we thoroughly enjoyed spending the day with you!"

Holly Hunter
Head of Social Value and Marketing, Nuneaton Signs

** Based on NT15, 2022 TOMS proxy values.

Community engagement

SCAN OR CLICK TO EXPLORE OUR BEST CASE STUDIES

Target progress

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

Balfour Beatty projects delivered £990,606,415.14Ⓐ during 2024 and therefore exceeded the £3 billion target during the year and since the target was set in 2021, social value data collected, verified and reported totals £3,460,071,854.

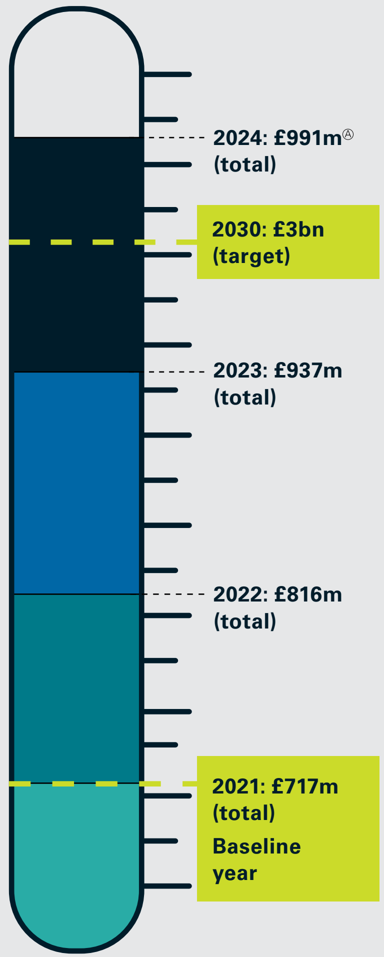
UK breakdown:	2021	2022	2023	2024	Total since target set
Spend with local suppliers	£761,486,644	£892,762,951	£959,174,488	£914,457,867	**£3,527,881,950**
Spend with SMEs	Over £1bn	Over £1.5bn	Over £1.4bn	Over £1.85bn	**Over £5.75bn**
Employee volunteering hours	23,000	19,645	18,986	20,154	**81,785**
Volunteering hours positively impacting the environment	872	2,572	2,968	4,225	**10,637**

From measuring social value to measuring social impact

Social value refers to creating positive, lasting benefits for society. We monetise it to demonstrate the value that our business actions have on local communities – whether that's through supporting the local economy, improving the lives of local people, or benefiting the local environment. Since there is no single standard for measuring social value, it can sometimes be difficult to break down exactly how this value is created or compare it to other organisations. Over the past year, we have focused on improving our data collection and reporting to provide greater transparency on the impact we've had in the communities where we operate.

SOCIAL VALUE GENERATED TO DATE

£3,460,071,854



Measuring our social impact

Social impact is more focused on measuring outcomes and changes brought about by specific projects and initiatives such as improving people's lives, creating job opportunities, or addressing specific community needs. In 2024, the Social Impact team has focused on improving reporting of social data across our projects. We know the incredible impact our project teams have in local communities, but without complete reporting, valuable contributions can go unrecognised. This year, through a concerted effort, we have increased the number of projects capturing social impact data helping us to better demonstrate the true value of our work. As a result we have seen an increase in the number of projects reporting data that is not spend related.

Across the UK, we have provided:

- 7,058 weeks of apprenticeships;
- 691 weeks of paid work experience;
- 585 weeks of training opportunities;
- 8,418 hours of community project volunteering;
- 421 hours of careers support; and
- employed 1,055 local people (equivalent FTE).

In September 2024, Social Value Portal released a new set of Themes, Outcomes and Measures (TOMS) which we will introduce in 2025, where our social value and social impact reporting will have an even greater focus on transparency and the impact we are having on people, planet and local economies.

Balfour Beatty has partnered with the Social Value Portal to measure, manage and report social value for the UK business. Following a limited assurance approach, the Social Value Portal validates the social value data quarterly ensuring the methodology that underpins the TOMs framework is consistently applied.

SUSTAINABILITY CONTINUED

Community engagement continued

Measuring our social impact continued

PwC LLP was engaged to undertake an independent limited assurance engagement of the social value generated in the UK, reporting to Balfour Beatty plc, using the assurance standard ISAE 3000 (Revised) on the social value data that has been highlighted in this report with the symbol ®. PwC LLP's full statement is available at: www.balfourbeatty.com/ILA_2024.

In order to reach its opinion, PwC LLP performed a range of testing procedures over the social value data. A summary of the work PwC LLP performed is included within its assurance opinion. Non-financial performance information is subject to more inherent limitations than financial information.

The limited assurance statement should be read in the context of the reporting criteria as set out in Balfour Beatty's Global Sustainability Reporting Guidance available at: www.balfourbeatty.com/sustainabilityreporting

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

Work experience and school engagement

Providing work experience is a crucial part of encouraging young people to consider a role in the built environment. Balfour Beatty partners with Industrial Cadets, which was developed by the Engineering Development Trust believes, every young person should have the chance to embrace science, engineering, technology and maths (STEM) learning opportunities. In collaboration with industry and educational partners they developed the Industrial Cadets pathway of programmes to help students access

4,642
HOURS OF SUPPORT TO EDUCATIONAL INSTITUTIONS

53,462
STUDENT INTERACTIONS

258
EDUCATIONAL INSTITUTIONS ENGAGED

STEM learning and experience the world of work. In 2024 we provided 194 work experience weeks for 140 students aged under 18. In addition, we also trialled a new online work experience option, Industry Insights, which is a week-long interactive programme offering structured virtual work experience hosted within the classroom. This new programme was trialled by 113 students and feedback was very positive enabling us to offer a hybrid approach to work experience.

During 2024, a Balfour Beatty minimum standard was developed for social impact delivery which applies to all projects, irrespective of client requirements. This is focused on improved utilisation of volunteering days to support educational outcomes and upskilling and encouraging children of all ages to consider careers within our industry. Our approach is underpinned by two key considerations: identifying locations where Balfour Beatty has a long-term presence and pipeline of work to create meaningful employment opportunities for the students we support; and prioritising those locations and schools where social mobility barriers are most pronounced, ensuring our efforts have the greatest impact.

Focus areas:

Balfour Beatty Communities Foundation awards college scholarships totalling over £92,000

This year, Balfour Beatty Communities awarded scholarships totalling over US$119,000 (£92,000) to exceptional individuals across its military housing, multifamily housing, and student housing portfolios. These scholarships aim to empower recipients in their pursuit of higher education and community leadership.

Leslie Cohn, a Board Member of the Balfour Beatty Communities Foundation said: "We are thrilled to grant these scholarships. Empowering individuals to pursue their educational dreams not only enriches their lives but also strengthens our communities. Through this programme, we continue our steadfast commitment to fostering growth, leadership, and academic excellence among our residents".

This marks the 17th consecutive year of the Balfour Beatty Communities Foundation scholarship programme. Since its establishment in 2007, the foundation has disbursed more than US$1.7 million (£1.3 million) in scholarships to deserving individuals.

Commenting on her scholarship, Annie Benson, resident at The Broadview at Vanderbilt, said: "I am deeply honoured and immensely grateful to be a recipient of this scholarship.

"My educational journey would not be possible without the generous support of programmes like this. This scholarship affords me the opportunity to pursue my master's degree, enabling me to fulfil my aspiration of contributing to the medical field as an engineer specialising in surgical robotics."

Charity, fundraising and volunteering

Throughout 2024, Balfour Beatty made charitable contributions totalling £498,314 in the UK, including fundraising by employees which accounted for 24% of the total. In the US, a donation of US$5,000 was made to Feeding America. We have seen an increase in employee volunteering in 2024 which totalled 20,154 hours. These initiatives ranged from engaging with education to creating community spaces and providing business support to social enterprises.

During this year, as part of an annual festive fundraising campaign we also allocated £26,000, representing a £1 for each of our 26,000 employees worldwide, to our Corporate Charity Partners: The King's Trust, Groundwork and Project RECCE CIO.

Focus areas:

Operator Skills Hub

In 2024, Balfour Beatty Flannery, a joint venture between Balfour Beatty and Flannery Plant Hire, proudly trained its 1,000th student at the Operator Skills Hub. This purpose-built training facility, established in Birmingham in 2021, plays a crucial role in addressing the industry's significant skills shortage and provides trainees with a direct pathway to employment.

2024 highlights

- 649 people have completed the training
- 32 (5%) served in the armed forces
- 45 (7%) were female
- 79 (12%) had a disability, learning difficulty or health problem
- 34 (5%) declared they had a criminal conviction
- 195 (30%) were Not in Education, Employment or Training (NEET)
- Over £400,000 in social value was delivered

Abigail Cleverley, the 1,000th student, achieved the nationally recognised accreditation to operate articulated dumper trucks and rollers. She has since secured a role at Balfour Beatty VINCI's HS2 contract.

Talking about her experience, Abigail Cleverley, Operator Skills Hub Graduate, said: "Completing my training at the Operator Skills Hub has been an incredible experience. The hands-on approach and state-of-the-art equipment gave me the confidence and skills I need to succeed in this industry now and in the future.

"Thanks to the training, I've not only gained a nationally recognised qualification but also secured a role on one of the most exciting infrastructure projects in the UK. I can't wait to be part of such a transformative scheme."

Abigail received her certificate from Andy Ormerod, Managing Director of Balfour Beatty's Asset & Technology Solutions team, and Patrick Flannery, Managing Director of Flannery Plant Hire.

Andy, said: "I'm incredibly proud of the work we're doing here in partnership with Flannery. Together, we're opening doors to meaningful careers for people from all backgrounds – many of whom might never have seen construction and infrastructure as an exciting career path until they joined us.

"As we look ahead to the future, we're committed to continuing our work to close the industry's skills gap, creating a diverse and inclusive culture in our sector and providing a skilled and resilient workforce that can deliver for the UK in the future."

ABOVE
(Left to right) Andy Ormerod, Managing Director, Asset & Technology Solutions, Abigail Cleverley, Operator Skills Hub Graduate, and Patrick Flannery Managing Director, Flannery Plant Hire.

> **"The Operator Skills Hub has allowed us to provide an opportunity to both new entrants into the industry and those existing plant operators looking to upskill through our Skills Bootcamp in Plant Operations. Along with a diverse array of learners from career changers to veterans we have engaged with over 50 employers to secure meaningful and sustainable employment benefiting the wider industry."**

Patrick Flannery
Managing Director, Flannery Plant Hire

SUSTAINABILITY CONTINUED

Employee diversity, equity and inclusion

Focus areas:

SCAN OR CLICK TO EXPLORE OUR BEST CASE STUDIES

Creating a diverse and inclusive organisation

A thriving, sustainable construction and infrastructure industry depends on its people. That's why Balfour Beatty has incorporated diversity, equity, and inclusion (DE&I) into its evolved Building New Futures sustainability strategy. Addressing the industry's skills shortage means attracting and retaining a diverse workforce, including the future leaders who will shape our sector. Different perspectives drive fresh thinking, innovation, and better ways of working.

Engaging with education is a key lever in this. By inspiring the next generation to consider careers in construction, we can attract a broader range of talent, increase social mobility, and create clearer pathways into the industry. This not only supports more resilient communities but also secures the skilled workforce needed to deliver the infrastructure of tomorrow.

Within our early careers population, 2024 saw strong progress on gender diversity, achieving over 26% females in the UK and over 10% females in Hong Kong. Ethnic diversity also continues to be a firm focus within this population, with over 60% minority ethnic hires in the US and over 20% in the UK.

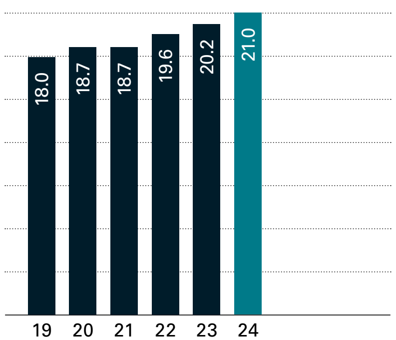
Increasing the diversity of the organisation

Increasing the diversity of experience and thinking within our teams, to ensure that they reflect the communities that we work within, remains a focus across the Group. For the UK we have agreed a series of targets to help drive progress on gender and ethnic diversity. We also report our progress as part of the FTSE Women Leaders Review and, as required by the UK Parker Review, in 2024 we set a 6% target for senior leadership ethnic diversity. In setting this target, we considered the dynamics impacting our business, hiring challenges particularly at senior levels, and timescales. Balfour Beatty also remains committed to the UK 2030 DE&I targets set in 2022, consistently monitoring our steady progress and reporting externally at key points along the way.

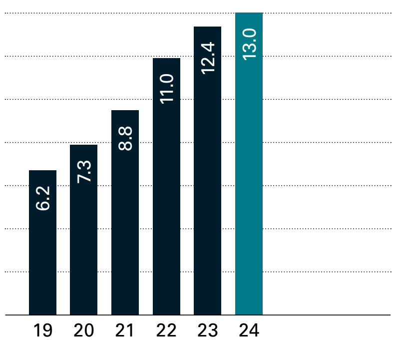
FIND OUT HOW WE ARE DRIVING AN INCLUSIVE CULTURE, READ OUR PEOPLE SECTION ON PAGES 68 TO 73

Progress towards diversity targets in three key areas:

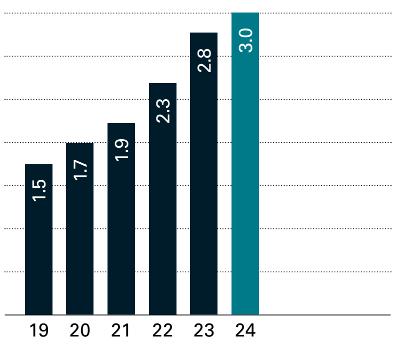
FEMALE EMPLOYEES ACROSS THE WORKFORCE %*



UK ETHNIC MINORITY EMPLOYEES %



UK BLACK EMPLOYEES %



* Excluding international joint ventures in 2020 and earlier years.

'Women in Power' initiative

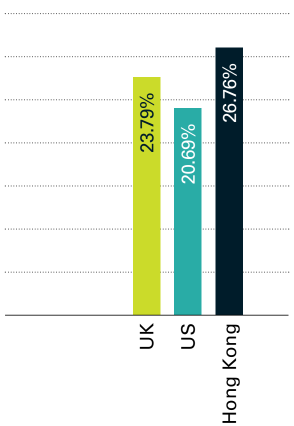
The concept for the women in power initiative came from a LinkedIn post shared by a project manager in our Power T&D business. She posted about a 'Day in the Life' of a female project manager at Balfour Beatty and the positive experience she has had. This post got significant traction.

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. Our Power T&D team also hosted a women-only open day at Raynesway, Derby, to share more about our overhead lines work and the opportunities available.

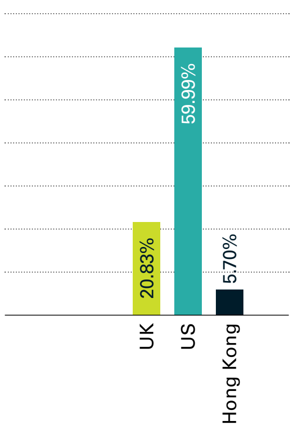
These initiatives have supported female diversity in the Power T&D business unit – in 2024, over 25% of new starters were female. As part of our attraction strategy, significant work has been undertaken to ensure where possible that roles can be flexible or part-time, and, in our more remote locations,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

Diversity of hires in 2024

FEMALE %



BLACK AND MINORITY ETHNIC %*



* Based on the minority ethnic criteria in each geography.

Gender breakdown

At 31 December 2024	Male	Female	Total	% Male	% Female
Board	6	4	**10**	60.00%	40.00%
Senior managers[1]	78	27	**105**	74.29%	25.71%
Directors and subsidiaries not included above[2]	33	14	**47**	70.21%	29.79%
Employees[3]	21,689	5,622	**27,311**	79.42%	20.58%

1 Senior managers are employees of the Company, its subsidiaries and Gammon, who have responsibility for planning, directing or controlling the activities of the Group, or a strategically significant part of it, excluding Directors of Balfour Beatty plc.
2 Directors of all subsidiaries have not been included as senior managers as this would not accurately reflect the Group's executive pipeline.
3 All employees of the Company and its subsidiaries, together with all employees of Gammon, the Group's 50:50 joint venture with Jardine Matheson based in Hong Kong.

Focus areas:

Supporting employees to thrive to sustain our future

In observance of Global Diversity Awareness Month, Balfour Beatty hosted its fifth annual 'Together Allies Summit' in the US dedicated to further embedding the Company's people-first culture. The virtual summit took place throughout October 2024 and included a series of panel discussions on the positive impact of fostering workplaces fuelled by authenticity and belonging. Each panel discussion saw over 500 attendees with one of the sessions reaching over 700 individuals. The summit theme 'Sustaining Our Future' highlighted how Balfour Beatty is embracing the diverse nature of its workforce, celebrating the experiences and backgrounds of its employees, and ensuring success through better optimisation of skillsets and talents.

As an Ambassador Sponsor of Construction Inclusion Week, Balfour Beatty has committed to creating a more welcoming workplace environment for team members. The continued partnership in this important industry-wide initiative aligns perfectly with the goals of the Together Allies Summit and underscores Balfour Beatty's dedication to fostering a workplace where everyone feels seen and heard.

Focus areas:

Exploring the role of technology within diversity, equity and inclusion (DE&I)

Gammon hosted an event titled 'Intersectionality: When DE&I Meets Technology/AI' to explore how various aspects of a person's identity, such as race, gender, and socioeconomic status, interact with disruptive technology, outlining both opportunities and challenges.

Kevin O'Brien, Gammon's Chief Executive, made an inspiring speech, emphasising that DE&I is essential for business success. The keynote speaker, Puja Kapai (Associate Professor, Faculty of Law, University of Hong Kong), also shared insights on intersectionality, urging us to build environments where everyone can thrive. The panel discussion explored how technology is reshaping DE&I, from recruitment to AI's role in making construction more inclusive. The day concluded with an engaging sign language session, showcasing the power of inclusive communication.

OUR PEOPLE

Valued experts

Balfour Beatty is dedicated to fostering a safe, inclusive and engaging workplace where every employee can thrive and build a successful career.

Balfour Beatty's reputation and heritage, engineering and construction capabilities, and exciting pipeline of projects provide an attractive environment for talented individuals to work and develop their careers.

2024 has seen significant recruitment in some of our core growth markets, attracting talent to build capacity to deliver the opportunities we see ahead of us. Against this backdrop, we are passionate about providing opportunities and fostering a welcoming and dynamic environment where employees can thrive and reach their full potential.

For a number of years, our Group people strategy has focused on the four pillars of Attract, Retain, Grow and Thrive. This strategy continues to enable Balfour Beatty's business success, with each geography tailoring their annual priorities to their unique context and culture.

Our strategic people pillars

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

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

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

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

Attract

Balfour Beatty's broad and unrivalled capability is a unique and powerful proposition.

We continue to leverage this to focus on attracting and recruiting the right people to meet resource demands. We believe in nurturing the next generation of talent, inspiring and investing in them to become the change-makers of tomorrow. Meaningful early engagement is crucial to attracting people to our industry, creating opportunities for young people to consider the multifaceted construction industry as an exciting and promising career path in the future. We are increasingly investing in social engagement through hosting careers fairs as well as site visits for university students and utilising mentorship programmes to offer opportunities and foster connections with future talent.

We continue to have a strong focus on attracting experienced talent and the capabilities that we need to deliver today and for the future. Facing a scarcity of skills in some locations, our people strategy and strong brand have successfully enabled us to attract and recruit the expertise and resources needed for growth in our key markets. Balfour Beatty is committed to providing an engaging end-to-end candidate experience, from investing in and leveraging our attraction strategies through to an inspiring onboarding experience.

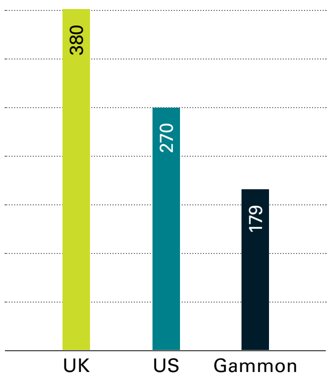
Leveraging the strength of our brand to attract top talent

In 2024, we invested in our attraction strategies, looking to amplify our strong brand to attract different audiences to join Balfour Beatty. Looking at our future pipeline of talent, we revamped our early careers (apprentices, graduates, trainees and industrial placements) candidate attraction campaign in the UK, bringing a bold new tone of voice and imagery to connect with a younger audience. Capitalising on the scale of the great projects at Balfour Beatty, we have created engaging and relevant content to showcase the incredible opportunities we offer that align with the aspirations and values of the next generation.

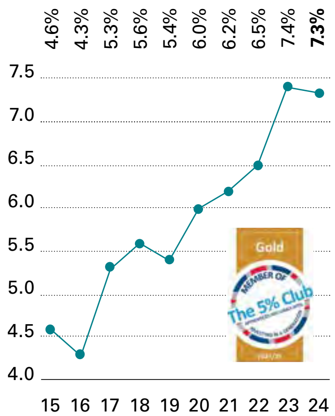
This messaging supports our agile recruitment approach which flexes according to business needs, and follows through to our selection events. These events enable the business to get to know candidates better alongside showcasing the breadth of opportunity available. This approach is particularly important in areas of high growth, as well as high volumes of similar job roles – facilitating quicker decision making to meet demand. The early careers campaign launched in September 2024, and will continue to be shared across our social channels and on our careers site into 2025.

BELOW
An example of the new early careers branding.

2024 EARLY CAREERS HIRES: GRADUATES, APPRENTICES, TRAINEES, INTERNS AND INDUSTRIAL PLACEMENTS



% OF OUR UK WORKFORCE IN EARN AND LEARN POSITIONS



The broad range of roles at Balfour Beatty provides ample opportunity for employees to build a meaningful career. Nowhere is this more true than in one of our key growth areas, Power T&D, where we have a high demand for skills and experience to enable us to deliver.

To support the recruitment of skilled workers in a competitive market, the 'You Complete the Connection' candidate attraction campaign was launched. This campaign is centred around the idea that by joining Balfour Beatty, you can be part of something bigger and build your career with us shaping the future landscape. This campaign helped us hire over 500 individuals in 2024, further powering our progress.

BELOW
An example of our 'You Complete the Connection' candidate attraction campaign material.

Rising Star Award

ICON AWARDS

This category celebrated individuals who will go on to achieve great things.

Above: Award presentation photo. (Left to right) Ilona Pak, Project Engineer – Gammon, Tulsi Hall, Senior Supply Chain Manager – Power T&D, Sir John Armitt – Chair of the UK National Infrastructure Commission, Megan Jones, Senior Proposals Manager – Major Projects, and Kevin O'Brien, Chief Executive – Gammon.

Winner: Megan Jones,

Senior Proposals Manager, Major Projects

Megan joined Balfour Beatty as a Graduate Proposals Writer and has developed significantly over a four-year period into the role of Bids and Proposals Manager following a competence-led development plan. Her career progression has included chairing the prestigious Highways Leadership Shadow team and completing the Aspiring Leaders Programme. She is now leading the technical submissions for a highly complex multi-billion-pound opportunity with our strategic partners. Her influence and impact beyond 'the day job' is outstanding. Ilona Pak, Project Engineer at Gammon, and Tulsi Patel, Senior Supply Chain Manager in the UK, were also recognised as Highly Commended for their impressive contribution in their respective fields.

READ MORE ABOUT OUR ICON AWARDS EVENT ON p74

Retain

We believe that people who enjoy working at Balfour Beatty, in an inclusive environment where they feel valued and have the opportunity to develop their careers, will want to stay with the business long term.

For this reason, listening to our employees and acting on their feedback is crucial to our success. This focus has led to increased retention across all geographies, and improved progression opportunities.

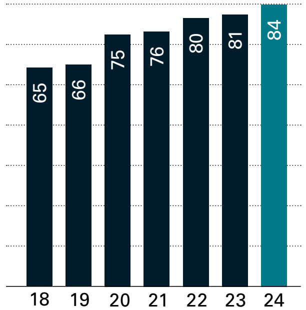
In 2024, the Group's employee engagement index score increased for the seventh consecutive year, demonstrating our strong culture and ongoing commitment to making Balfour Beatty a great place to work. Our focus on fostering an inclusive culture is evidenced through the steadily increasing employee engagement scores in areas such as diversity and inclusion and ethical behaviours. In the UK and US, 95% of our employees feel cared for and 90% can see themselves working at Balfour Beatty in 12 months.

These high engagement scores are further evidenced by the significant fall in attrition across the Group, with rate decreases of 2.01% in the UK and 2.80% in Hong Kong. Particularly notable progress has been demonstrated by the US with attrition decreasing by 10.02% and 21.17% in US Civils and US Investments respectively.

84%

GROUP EMPLOYEE ENGAGEMENT INDEX SCORE
up 3% from 2023 and 11% above Industry benchmark

EMPLOYEE ENGAGEMENT SURVEY SCORES %



19,500

COLLEAGUES COMPLETED THE ANNUAL SURVEY
up 8% from the 2023 response rate

OUR PEOPLE CONTINUED

Retain continued

Retaining our talented experts is a key part of our people strategy; further high scores show great engagement from our employees in the UK and the US.

90% CAN SEE THEMSELVES WORKING HERE IN 12 MONTHS' TIME

82% FEEL MOTIVATED AT WORK

85% FEEL COMFORTABLE THEY CAN BE THEMSELVES AT WORK

83% FEEL STRONGLY CONNECTED TO THEIR TEAM AND COLLEAGUES

US:
ENGAGEMENT INDEX
87% (+2)
RESPONSE RATE
76% (+21)

UK:
ENGAGEMENT INDEX
82% (+4)
RESPONSE RATE
77% (-3)

Hong Kong:
ENGAGEMENT INDEX
85% (+1)
RESPONSE RATE
100% (+19)

In 2024, we ran our Group-wide #Foodforthought employee engagement survey campaign which saw an 8% increase in participation on 2023 with over 19,500 colleagues – 82% of the Company – completing the survey. This was achieved through a multi-channel campaign approach which included direct emails, posters, TV slides, SMS messages and situational marketing.

BELOW
Examples of the campaign marketing materials.

You said, we did – optimising the resources needed to get the job done

Following the 2023 employee engagement survey, our colleagues said they wanted even better systems and resources to get the job done, so we:

- Set out an ambitious multi-year plan to digitise and improve the HR services we provide in the UK on Balfour Beatty Support, a self-service portal, across the employee lifecycle, reducing the number of forms by nearly two-thirds to provide colleagues with an easier to use, more intuitive service.
- Upgraded the IT self-service experience on Balfour Beatty Support and started exploring the opportunities of AI, with a number of pilots underway. For more information on our digital and AI journey, see pages 22 and 23.

The results from our 2024 survey have shown a 5% increase in employees feeling they have the systems/resources they need to be productive at work.

BELOW
Examples of our 2023 employee engagement survey 'You said, we did' posters.

We Care about reward and recognition

Balfour Beatty Investments in the US continues to drive action on employee engagement through the 'We Care' initiative. 'We Care' outlines eight specific qualities and actions – empathy, integrity, excellence, communication, accountability, appreciation, determination, and teamwork – expected of all US Balfour Beatty Investments employees.

One of the guiding principles within this initiative is 'We show appreciation and celebrate success'. The BRAVO rewards and recognition programme was specifically created to offer employees at every level an opportunity to recognise and be recognised for doing great work and contributing to our culture through shout-outs, eCards and monetary rewards. In 2024, this has seen continued success with 6,162 submissions, resulting in 80.30% of US Investments employees engaged in the recognition approach.

ICON AWARDS

Encourage Constantly Award

This category celebrated an individual who creates an environment that is supportive, empowering, motivating and inspiring for others.

Left: Award presentation photo. (Left to right) John McAllister, General Foreman – Regional Scotland, Evan Sutherland, Chief Procurement Officer, Cheryl Sutton, Regional Operations Director – Balfour Beatty Communities, and Mark Robinson, Group CEO – SCAPE.

John McAllister

General Foreman Regional Scotland

John's encouragement of others to work safely is admired and appreciated by all those he works with. He goes above and beyond running the site to develop a workforce of the future, shows a growth mindset by embracing modern methods of construction, supports supervisor development programmes and NVQs, and offers constructive feedback to others.

Cheryl Sutton

Regional Operations Director, Balfour Beatty Communities

When Cheryl took over the responsibility of five Air Force bases, she saw an opportunity for transformation. Cheryl's unwavering optimism and dedication has helped foster a positive culture and ensure great customer service and operational success.

READ MORE ABOUT OUR ICON AWARDS EVENT ON p74

Grow

At Balfour Beatty we continue to be committed to our talent philosophy to 'Grow Our Own'.

This philosophy is crucial for enabling business success through retaining key skills and knowledge, preserving our culture and controls, and reducing the need for external recruitment. It also benefits employees by providing the opportunity for them to develop their skills and have fulfilling careers within the Group. This talent philosophy is evident at all career levels – from our early careers through to experienced talent – and there are many examples across the Group of individuals developing to the highest levels.

In 2024, we continued our investment at all levels in training and development across leadership, professional and technical domains. This included early careers employees in the UK participating in the Duke of Edinburgh Gold Award programme for the 10th year running, through to running talent programmes such as the Executive Leadership Development and Propel programmes in the US which saw a combined 70 attendees, and Aspiring Leaders in the UK with 48 attendees, supporting employees to transition into leadership levels and strengthening our succession pipeline. In 2024, project leadership was a specific focus in the UK with a community set up to build the capability of experienced project leaders to lead the most complex and highest-value infrastructure projects of the future.

Professional capability and technical competence have been a key focus across all geographies – from over 1,000 individuals attending commercial training in the UK, through to more specific areas of focus relating to compliance or new legislation. Balfour Beatty is also committed to enhancing industry-academia interaction to increase opportunities for individuals to develop their professional capabilities.

In 2024, Gammon became the first international Corporate Partner of the Institution of Civil Engineers, demonstrating its commitment to nurturing local talent by providing training and professional development for our engineers that recognises them both locally and internationally.

Industry-academia interaction is also a strong focus in the UK, with 2024 seeing the graduation of the first cohort of apprentices undertaking the Construction Quantity Surveyor Degree Apprenticeship.

Launched in January 2021, this apprenticeship was designed and delivered in collaboration with Northumbria University to directly address a known skills gap. Enabled through the connected community of the cohort, and strong support from line managers and the Learning and Development team, this has led to 17 individuals achieving their degrees. This programme continues to expand, working with industry partners across the country and cohort sizes increasing year on year.

5,000+

INDIVIDUALS ATTENDED PROFESSIONAL DEVELOPMENT COURSES IN HONG KONG

2,000+

INDIVIDUALS ATTENDED PERSONAL EFFECTIVENESS COURSES IN THE UK

OUR PEOPLE CONTINUED

Grow continued

From labourer to leader

Emily Kay, President of Operations in California for Balfour Beatty's US Buildings business, has a collection of hard hats, proudly displayed in her father's home, that is a testament to her 30 years in the construction industry – over half of those years working with and for Balfour Beatty. It tells the story of a professional who is unafraid to try new things, always focused on learning and development, and of a person with a deep passion for working with people and building enduring relationships.

Over her dynamic career, she worked her way up the ladder from concrete labourer to her present role as President of Operations in California for Balfour Beatty's US Buildings business. "I have a tenacious curiosity that has served me well. I never wanted to ask someone to do something I hadn't done myself, so I got out there to try it all, running every piece of equipment and spending time in every job role," says Emily.

She has a distinct habit: she does whatever it takes. This commitment to personal growth and learning has been a key factor in her success. "Having those traits and then working at a company like Balfour Beatty that says, heck yeah, if you're willing to go the extra mile and put in the effort, we will celebrate it, and we will give you more opportunity and support you along the way," shared Emily.

However, she will happily tell you that building highly effective teams gives her the most satisfaction. A people-first focus characterises Emily's leadership style and her most significant contribution has been to the people who work beside her. Despite living in Los Angeles, she travels weekly to San Diego and other geographies to meet with colleagues and frequently stays in touch with other Balfour Beatty teammates from coast to coast. Emily is committed to empowering employees through fostering alliances and networking, earning the type of influence where people will follow her.

"Having worked my way through the construction industry, I have developed a solid understanding of the need for timely and decisive action, clear communication, and a positive and proactive attitude. Ultimately, what I love most about this industry is that it is all about building relationships and establishing trust."

From potential to professional: focus on project management

In 2024, 25 individuals attended the fifth cohort of the Gammon Project Management programme.

The Project Management programme is designed to enhance the skills of potential Assistant Project Managers and Project Managers through practical experience at Gammon. Before the launch of this programme, the typical lead time for promotion from Project Manager to Senior Project Manager was six years. However, this programme has been instrumental in accelerating career progression with one participant notably advancing to Senior Project Manager in just two years – demonstrating the programme's effectiveness in fast-tracking talented individuals and enhancing their readiness for senior roles.

Thrive

We are committed to creating an environment where every employee can reach their full potential.

This includes fostering an ethical and inclusive culture to ensure that all our people are equipped to flourish in a fast-changing world. As well as working to ensure that all employees feel valued and respected, we continue to focus on employee wellbeing. Together this creates an environment where the business and our customers benefit from the diverse thinking and experiences of our employees.

Employee diversity, equity and inclusion is a core part of our Building New Futures sustainability strategy; to learn more about the progress made against our UK diversity targets set out in the Value Everyone UK DE&I strategy, see page 66.

Enabling an inclusive and ethical culture

Balfour Beatty continues to demonstrate its commitment to enabling an inclusive and ethical culture through a number of awards and accreditations. These include achieving Disability Confident Employer re-accreditation and working towards Clear Assured Silver accreditation in the UK and in the US, the Buildings division was named 'Best Place to Work' by four business publications in California for fostering a culture of innovation, collaboration and people-first. We have seen continued success in our Right to Respect programme in 2024 rolling out across the UK and US and continuing to deliver into 2025, and in the UK, this was recognised through winning the Inclusive Culture Award at the enei Inclusivity Excellence Awards. In Hong Kong, Gammon were also recently recognised for their continued efforts by the Chief

Happiness Officer Association where they were awarded three prestigious recognitions: CHO Best Innovative Culture Award, CHO Employee Wellness Award and Top 10 Happy Companies to Work For.

In 2024, 70 people attended our flagship career development programmes, Empower and Thrive in the UK. These programmes support and enable career progression, and this is demonstrated through the success of past attendees with 62.96% of female attendees being promoted, and 48.00% of minority ethnic attendees being promoted in the last 36 months.

2024 has seen the introduction of new employee-led networks in support of employee veterans, reservists, military members and allies – the Mulberry Network in the UK and BRAVE – Building Relentless Alliances for Veteran Employees in the US, marking a significant step forward in Balfour Beatty's commitment to supporting military veterans and their families in the construction industry. Building on this commitment, this year also saw the re-signing of the Armed Forces Covenant in the UK, marking nearly a decade of dedicated support since the Company first pledged its commitment in 2015.

74%

FEEL DIVERSITY AND INCLUSION IS TALKED ABOUT WHERE THEY WORK

87%

FEEL OUR CULTURE IS INCLUSIVE TO ALL PEOPLE REGARDLESS OF DIFFERENCE

Setting the standard for diversity and inclusion progress

Our HS2 joint venture, Balfour Beatty VINCI SYSTRA (BBVS), which is leading construction for the Old Oak Common station, achieved the prestigious Clear Assured Platinum Accreditation by the Clear Company. The project received praise for its approach to embedding a safe, respectful and inclusive culture through collaboration with its partners. Initiatives to advance inclusive leadership, social value and the health and wellbeing of its workforce, were highlighted as particular areas of success.

Steve O'Sullivan, Senior Project Director for BBVS said: "Achieving this accreditation is testament to the commitment and dedication of our team to delivering sustainable outcomes. Senior leadership support is delivered by being proactive, authentic, visible and accountable. Our team has followed their lead to embed an inclusive culture, which shapes and influences the DE&I narrative both across the project and in the industry. This is part of the legacy that HS2 will leave."

Empowering the next generation

To welcome the new intake of graduate engineers in 2024, Gammon hosted an inspiring orientation camp designed to ignite the passion and potential of our future talent.

As part of this event, attendees participated in a 'Dialogue Experience' session which include experiences in darkness, a journey of silence, and a Braille and sign language workshop. This session highlighted Gammon's unwavering commitment to fostering an inclusive culture through encouraging inclusive communication, and promoting empathy and understanding of the challenges faced by those with visual and hearing impairments – creating an environment where everyone feels valued and included.

SCAN OR CLICK TO WATCH THE EVENT VIDEO

Value Everyone Award

ICON AWARDS

This category recognised an individual who celebrates difference and enables others to thrive regardless of their identity or background.

Above: Award presentation photo. (Left to right) Phil Harrison, Chief Financial Officer, Michelle Reiner, Vice President Operations – US Building, and Carl Trowell, President, UK Strategic Infrastructure – National Grid.

Winner: Michelle Reiner

Vice President Operations, US Buildings

Michelle has been actively involved in driving change and inclusivity at Balfour Beatty for over a decade. Alongside managing her US Buildings operations role, she established the Connecting Women and Building Pride groups in the US and for the last couple of years, she has spearheaded the US 'Together Allies Summit'. Michelle embodies the 'Value Everyone' behaviour by role modelling inclusive behaviours, actively working to remove barriers, and supporting engagement by valuing different perspectives and ways of thinking.

READ MORE ABOUT OUR ICON AWARDS EVENT ON p74

ICON AWARDS

Celebrating the best of Balfour Beatty

On 25 September 2024, under the gaze of the magnificent Raphael paintings of the London V&A Museum, we celebrated our inaugural Group-wide Icon Awards. This prestigious event brought together almost 400 colleagues from across the UK, US and Hong Kong alongside Board members, key customers and partners, to honour the very best of Balfour Beatty.

Together, we paint skylines, build incredible infrastructure, and shape communities. But just as important as what we deliver, is how we deliver; something that is driven by our culture, underpinned by our behaviours.

The Icon Awards celebrated 26 winners over 16 categories focused on our five behaviours – Talk Positively, Collaborate Relentlessly, Encourage Constantly, Make a Difference and Value Everyone – and core programmes such as Zero Harm and Right First Time. The Awards recognised and shone a spotlight on our people and teams that – all over the world – make amazing things happen. From our rising stars to seasoned project leads, their contributions are the foundation to our continued success and what makes Balfour Beatty a great place to work.

Look out for the Icon Award logo throughout the report to read our winner's stories.

SCAN OR CLICK TO WATCH THE WRAP-UP VIDEO FROM OUR ICON AWARDS

Leo on the Icon Awards

SCAN OR CLICK TO HEAR LEO'S THOUGHTS ON OUR INAUGURAL ICON AWARDS

ICON AWARDS

> "It's a fantastic opportunity to come to a great venue but really to celebrate all that Balfour Beatty does throughout the UK and many other countries in the world. Balfour Beatty is a fantastic partner for us in the energy transition and it will be for decades to come."

Alistair Phillips-Davies CBE
Chief Executive Officer, SSE

1,700 NOMINEES

200 JUDGES

118 FINALISTS

26 ULTIMATE ICONS

1 WORLD-CLASS VENUE

1. BBC journalist and broadcaster Martine Croxall expertly hosted our first ever Group-wide Icon Awards.
2. The ceremony was held in the V&A's impressive Raphael Gallery.
3. The magnificent V&A Museum in the heart of London.
4. Balfour Beatty's 2024 Icon Award winners.
5. The Icon Awards winner's trophy.
6. The 1909 drink – to represent our founding year and the year the V&A Museum re-opened.
7. Leo Quinn, Group Chief Executive, delivering his opening remarks.
8. Welcome drinks hosted in The Dome under Dale Chihuly's contemporary central glass sculpture.

SCAN OR CLICK TO FIND OUT MORE ABOUT OUR ICON AWARDS

MY CONTRIBUTION (MYC)

Enhancing performance through employee ideas

My Contribution (MyC) continues to be a critical driver for business innovation, empowering employees at all levels to share and deliver their ideas that can lead to substantial improvements and efficiencies. The programme's successes in 2024 reflect a strong commitment to fostering a culture of innovation, recognising employee contributions, and leveraging technology to solve business challenges.

2024 highlights

- **MyC turns five:** we celebrated MyC's fifth birthday since moving to Viva Engage, Balfour Beatty's employee social platform, with a series of fun events to showcase achievements, recognise colleagues and encourage participation.
- **In-person engagement:** MyC was on the agenda at 18 internal conferences across our Business Units and Enabling Functions; inspiring senior leaders, employees, and early careers through presentations reaching over 2,940 employees.
- **MyC at Old Oak Common:** Successfully piloted MyC using Microsoft Teams at our HS2 Old Oak Common station project.
- **MyC employee engagement metric:** As part of our annual employee engagement survey we ask our colleagues if they feel they can share their ideas. In 2024, we achieved a 3% increase in this metric, with 76% of people feeling they can share ideas to improve the business.
- **US Civils launch:** After a year-long pilot in the La Verne, California office, MyC officially rolled out across the US Civils business in August.

2024 UK and US performance

Engaging our workforce

2,000
IDEAS SHARED

24%
OF EMPLOYEES COLLABORATING ON IDEAS

Driving change

490
IDEAS DELIVERED

466
TEAM MYC VOLUNTEERS

Creating value

£3.2m
ESTIMATED COST SAVINGS

£3.2m
ESTIMATED CASH IN

Great place to work

53,800
ESTIMATED HOURS SAVED

271
BETTER PLACE TO WORK IDEAS DELIVERED

Above: Gemma Piling, Technical Training Co-ordinator and Howard Williams, Project Director.

14,000th idea milestone

Our 14,000th idea was submitted during a local My Contribution (MyC) campaign on the M25 Junction 10/A3 Wisley Interchange project. Gemma Pilling, Technical Training Co-ordinator, proposed using an existing training area on site and inviting an Operator Skills Hub trainer to deliver a two-day Advanced Engineers course, reducing expenses and enhancing efficiency as demand for the accreditation grows.

Two successful courses have been delivered on site so far with another two planned for 2025. The facility is also available for other projects.

Howard Williams, Project Director, praised Gemma's idea for aligning perfectly with the MyC campaign's efficiency goals.

Shaping our journey: MyC at Old Oak Common

In August 2024, we launched an early adopter pilot of MyC using Microsoft Teams on our HS2 Old Oak Common station (OOC) project in partnership with HS2. The MyC programme has been tailored to the project requirements, supporting the team to deliver on its goals and HS2's mission to deliver Britain's new high-speed railway safely and on time.

84 colleagues took part in the pilot to test the platform 'at scale' to ensure we were creating a positive experience for all those taking part. By the end of the pilot in December 2024, 122 ideas had been submitted and five ideas delivered including, the introduction of smart sockets in the office, road worker abuse signage, a new meeting room booking system, onsite bicycle servicing and an Old Oak Common library.

MyC Kudos Award

ICON AWARDS

This category recognised those who have revolutionised our ways of working by delivering an ingenious idea that drives our values and showcases remarkable teamwork, transformative solutions and significant benefits.

Above: Award presentation photo. (Left to right) Melanie Page, Head of Group Innovation Programmes, Mat Twiss, Senior Project Manager – HS2 Area North, and Eric Stenman, President and Chief Executive Officer – US Buildings and Civils.

Winner: Mat Twiss

Senior Project Manager, HS2 Area North

Mat's idea was to implement 'smart sockets' across HS2 Area North's operations representing a new approach to energy management. Smart sockets leverage machine learning technology to reduce energy waste and phantom load by automatically adjusting the power supply based on real-time usage data. The smart sockets identify idle devices and disconnect power, preventing unnecessary energy consumption.

The idea not only supports our sustainability goals through reducing carbon emissions but also aligns with our commitment to innovative, tech-driven solutions, all whilst saving money in the process.

READ MORE ABOUT OUR ICON AWARDS EVENT ON p74

MY CONTRIBUTION (MYC) CONTINUED

The Big AI Challenge: powered by My Contribution

In October, we hosted an AI hackathon in collaboration with Microsoft. This event demonstrated our ability to leverage data analytics and artificial intelligence (AI) to tackle critical business challenges and enhance productivity across our operations.

The hackathon brought together diverse teams from Balfour Beatty and Microsoft. Over a day and a half, 70 colleagues worked intensively to explore innovative solutions for six business-generated ideas submitted through My Contribution (MyC). The teams adopted Team MyC roles and responsibilities, and utilised MyC's idea stages to guide their projects from inception to implementation.

Each team, driven by knowledge and competitive spirit, aimed to develop prototypes and compete for prizes, showcasing the significant impact of data, technology, AI, and teamwork on our problem-solving capacities.

Elaine Allen, Microsoft's industry lead for the Built Environment, and Jon Ozanne, Balfour Beatty's Chief Information Officer, selected two standout ideas – the UK Quality team's auto-generation of inspection and test plans (ITPs) and the Balfour Beatty Living Places team's Highways Repair 'Clustering'.

All six teams produced exceptional outputs. Our next steps involve working with the teams to develop each idea further by mapping and planning resources, testing technologies, and progressing from proven concepts to scalable solutions.

SCAN OR CLICK TO WATCH OUR EVENT HIGHLIGHTS VIDEO

My Contribution in the US

After a year-long pilot in the La Verne, California office, MyC officially rolled out across the US Civils business in August. Since then, employees have submitted a total of 21 ideas that have had broad-reaching impact on business performance including revamped standard operating procedures (SOPs) and the evaluation and implementation of a new and transformational jobsite safety management system.

In 2024, our US teams have significantly advanced the embedment of MyC through communications and targeted recruitment efforts for Team MyC membership. Our total programme engagement (inclusive of ideas, comments and likes) was 2.4 times greater than in 2023.

A sustainable spark in Seattle

Balfour Beatty's General Foreman Joel Babcock leveraged the power and scale of MyC to deliver an innovative and sustainable solution to re-use door hinges. In addition to its positive environmental impact, Joel's idea reduces waste in labour and cost and is estimated to save US$4,500 annually.

SCAN OR CLICK TO READ MORE ABOUT JOEL'S MY CONTRIBUTION IDEA

Cross-Atlantic collaboration

Balfour Beatty's Director of Construction Technology and MyC Ambassador Elizabeth Angel represented the US businesses in The Big AI Challenge. Bringing her extensive knowledge of AI and the MyC programme, Elizabeth made vital contributions to the hackathon. Her trip also included collaboration opportunities with Balfour Beatty's UK Building Information Modelling team and diversity, equity and inclusion leaders.

SCAN OR CLICK TO READ MORE ABOUT ELIZABETH'S TRIP TO THE UK

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

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

Reporting requirement	Policies and standards which govern our approach	Additional information necessary to understand impact	Page
Anti-corruption and bribery matters	Code of Ethics Supplier Standards	Ethics and compliance	p46
Human rights	Modern Slavery Statement Code of Ethics	Ethics and compliance	p46
Employees	Code of Ethics Health and safety policy	Health, safety and wellbeing Our people Stakeholder value: employees Ethics and compliance	p40 p68 p27 p46
Climate-related risks and opportunities	Task Force on Climate-related Financial Disclosures (TCFD)	Climate change and Task Force on Climate-related Financial Disclosures (TCFD)	p107
Environmental matters	Our sustainability strategy – Building New Futures Sustainability policy Sustainable procurement policy Environmental policy ISO 14001:2014 and ISO 20400:2017 GHG Protocol	GHG reporting Sustainability: Climate Change Carbon Reduction Plan (PPN 06/21)	www.balfourbeatty.com/ILA_2024 p50 www.balfourbeatty.com/carbonreductionplan
Social and community matters	Our sustainability strategy – Building New Futures Social value policy Code of Ethics	Social value reporting Ethics and compliance Stakeholder value: Communities Sustainability: Community engagement	www.balfourbeatty.com/ILA_2024 p46 p29 p63

SCAN OR CLICK TO FIND OUT MORE ABOUT THE GROUP'S POLICIES

MEASURING OUR FINANCIAL PERFORMANCE

Providing clarity on the Group's alternative performance measures

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

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

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

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

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

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

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

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

Performance measures used to assess the Group's operations

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

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

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

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

Operating cash flow (OCF)
The Group uses an internally defined measure of OCF to measure the performance of its earnings-based businesses and subsequently to determine the amount of incentive awarded to employees in these businesses under the Group's Annual Incentive Plan (AIP). This measure also aligns to one of the vesting conditions attributable to the Group's PSP awards. Refer to pages 166 to 168.

Measuring the Group's performance

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

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

Where a standard allows certain interpretations to be adopted, the Group has applied its accounting policies consistently. These accounting policies can be found on pages 199 to 206.

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

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

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

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

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

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

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

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

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

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

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

These are non-underlying costs as they do not relate to the underlying performance of the Group.

From time to time, it may be appropriate to disclose further items as non-underlying items in order to reflect the underlying performance of the Group.

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

A reconciliation has been provided on page 82 to show how the Group's statutory results are adjusted to exclude non-underlying items and their impact on its statutory financial information, both as a whole and in respect of specific line items.

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

	2024 £m	2023 £m
Order book (performance measure)	**18,443**	16,532
Less: Share of orders included within the Group's joint ventures and associates	**(2,322)**	(2,344)
Add: Transaction price allocated to remaining performance obligations in Infrastructure Investments*	**2,616**	1,917
Transaction price allocated to remaining performance obligations for the Group* (statutory measure)	**18,737**	16,105

* Refer to Note 4.3.

MEASURING OUR FINANCIAL PERFORMANCE CONTINUED

Measuring the Group's performance continued

Performance measures continued

b) Underlying performance continued

Reconciliation of 2024 statutory results to performance measures

	2024 statutory results £m	Non-underlying items: Intangible amortisation £m	Non-underlying items: Net release of provisions relating to Rail Germany £m	Non-underlying items: Recognition of insurance for rectification works in London £m	Non-underlying items: Provision recognised for BSA claims £m	Non-underlying items: Recognition of charge for claim on legacy project in Texas £m	2024 performance measures £m	2023 statutory results £m	Non-underlying items: Intangible amortisation £m	Non-underlying items: Provision for rectification works in London £m	2023 performance measures £m
Revenue including share of joint ventures and associates (performance)	**10,015**	–	–	–	–	–	**10,015**	9,595	–	–	9,595
Share of revenue of joint ventures and associates	**(1,781)**	–	–	–	–	–	**(1,781)**	(1,602)	–	–	(1,602)
Group revenue (statutory)	**8,234**	–	–	–	–	–	**8,234**	7,993	–	–	7,993
Cost of sales	**(7,883)**	–	(26)	(43)	83	52	**(7,817)**	(7,593)	–	12	(7,581)
Gross profit	**351**	–	(26)	(43)	83	52	**417**	400	–	12	412
Gain on disposals of interests in investments	**43**	–	–	–	–	–	**43**	24	–	–	24
Amortisation of acquired intangible assets	**(4)**	4	–	–	–	–	**–**	(5)	5	–	–
Other operating expenses	**(276)**	–	5	–	–	–	**(271)**	(261)	–	–	(261)
Group operating profit	**114**	4	(21)	(43)	83	52	**189**	158	5	12	175
Share of results of joint ventures and associates	**59**	–	–	–	–	–	**59**	53	–	–	53
Profit from operations	**173**	4	(21)	(43)	83	52	**248**	211	5	12	228
Investment income	**82**	–	–	–	–	–	**82**	82	–	–	82
Finance costs	**(41)**	–	–	–	–	–	**(41)**	(49)	–	–	(49)
Profit before taxation	**214**	4	(21)	(43)	83	52	**289**	244	5	12	261
Taxation	**(36)**	(1)	(2)	11	(21)	(13)	**(62)**	(50)	(3)	(3)	(56)
Profit for the year	**178**	3	(23)	(32)	62	39	**227**	194	2	9	205

Reconciliation of 2024 statutory results to performance measures by segment

Profit/(loss) from operations	2024 statutory results £m	Non-underlying items: Intangible amortisation £m	Non-underlying items: Net release of provisions relating to Rail Germany £m	Non-underlying items: Recognition of insurance for rectification works in London £m	Non-underlying items: Provision recognised for BSA claims £m	Non-underlying items: Recognition of charge for claim on legacy project in Texas £m	2024 performance measures £m	2023 statutory results £m	Non-underlying items: Intangible amortisation £m	Non-underlying items: Provision for rectification works in London £m	2023 performance measures £m
Segment											
Construction Services	**87**	1	(21)	(43)	83	52	**159**	143	1	12	156
Support Services	**93**	–	–	–	–	–	**93**	80	–	–	80
Infrastructure Investments	**32**	3	–	–	–	–	**35**	27	4	–	31
Corporate activities	**(39)**	–	–	–	–	–	**(39)**	(39)	–	–	(39)
Total	**173**	4	(21)	(43)	83	52	**248**	211	5	12	228

c) Underlying profit before tax

As mentioned on page 80, the Group's Infrastructure Investments segment is assessed on an underlying profit before tax (PBT) measure. This is calculated as follows:

	2024 £m	2023 £m
Underlying profit from operations (section (b) and Note 5)	**35**	31
Add: Subordinated debt interest receivable*	**17**	34
Add: Interest receivable on PPP financial assets*	**2**	2
Less: Fair value loss on investment asset*	**(2)**	(1)
Less: Non-recourse borrowings finance cost*	**(12)**	(11)
Add/(Less): Net impairment reversal/(impairment) of subordinated debt and accrued interest receivable*	**14**	(8)
Underlying profit before tax (performance)	**54**	47
Non-underlying items (section (b) and Note 5)	**(3)**	(4)
Statutory profit before tax	**51**	43

* Refer to Note 8 and Note 9.

d) Underlying earnings per share

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

Reconciliation from statutory basic EPS to performance EPS

	2024 Pence	2023 Pence
Statutory basic earnings per ordinary share	**34.2**	35.3
Amortisation of acquired intangible assets after tax	**0.6**	0.4
Other non-underlying items after tax	**8.8**	1.6
Underlying basic earnings per ordinary share (performance)	**43.6**	37.3

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

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

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

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

f) Operating cash flow (OCF)

The table below reconciles the Group's internal performance measure of OCF to the statutory measure of cash generated from operating activities as reported in the Group statement of cash flows (page 196).

Reconciliation from statutory cash generated from operations to OCF

	2024 £m	2023 £m
Cash generated from operating activities (statutory)	**265**	285
Add back: Pension payments including deficit funding (Note 31.2)	**30**	28
Less: Repayment of lease liabilities (including lease interest payments) (Note 29)	**(66)**	(63)
Add: Operational dividends received from joint ventures and associates (Note 20.5)	**71**	59
Add back: Cash flow movements relating to non-operating items	**13**	9
Less: Operating cash flows relating to non-recourse activities	**(24)**	(8)
Operating cash flow (OCF) (performance)	**289**	310

The Group includes/excludes these items to reflect the true cash flows generated from or used in the Group's operating activities:

Pension payments including deficit funding (£30 million): the Group has excluded pension payments which are included in the Group's statutory measure of cash flows from operating activities from its internal OCF measure as these primarily relate to deficit funding of the Group's main pension fund, Balfour Beatty Pension Fund (BBPF). The payments made for deficit funding are in accordance with an agreed journey plan with the trustees of the BBPF and are not directly linked to the operational performance of the Group.

Repayment of lease liabilities (including lease interest payments) (£66 million outflow): the payments made for the Group's leasing arrangements are included in the Group's OCF measure as these payments are made to third-party suppliers for the lease of assets that are used to deliver services to the Group's customers, and hence to generate revenue. Under IFRS, these payments are excluded from the Group's statutory measure of cash flows from operating activities as these are considered debt in nature under accounting standards.

Operational dividends received from joint ventures and associates (£71 million inflow): dividends received from joint ventures and associates which are generated from non-disposal activities are included in the Group's OCF measure as these are cash returns to the Group from cash flows generated from operating activities within joint ventures and associates. Under IFRS, these returns are classified as investing activities.

Cash flow movements relating to non-operating items (£13 million): the Group's OCF measure excludes certain working capital movements that are not directly attributable to the Group's operating activities.

Operating cash flows relating to non-recourse activities (£24 million): the Group's OCF measure is specifically targeted to drive performance improvement in the Group's earnings-based businesses and therefore any operating cash flows relating to non-recourse activities are removed from this measure. Under IFRS, there is no distinction between recourse and non-recourse cash flows.

MEASURING OUR FINANCIAL PERFORMANCE CONTINUED

Measuring the Group's performance continued

Performance measures continued

g) Recourse net cash/borrowings

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

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

Net cash/borrowings reconciliation

	2024 statutory £m	**Adjustment £m**	**2024 performance £m**	2023 statutory £m	Adjustment £m	2023 performance £m
Total cash within the Group	**1,558**	**(265)**	**1,293**	1,414	(306)	1,108
Cash and cash equivalents						
– infrastructure concessions	**265**	**(265)**	**–**	306	(306)	–
– other	**1,293**	**–**	**1,293**	1,108	–	1,108
Total debt within the Group	**(1,112)**	**762**	**(350)**	(979)	713	(266)
Borrowings						
– non-recourse loans	**(600)**	**600**	**–**	(570)	570	–
– other	**(350)**	**–**	**(350)**	(266)	–	(266)
Lease liabilities	**(162)**	**162**	**–**	(143)	143	–
Net cash	**446**	**497**	**943**	435	407	842

h) Average net cash/borrowings

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

The average net cash/borrowings measure excludes non-recourse cash and debt and lease liabilities, and this performance measure shows average net cash of £766 million for 2024 (2023: £700 million).

Using a statutory measure (inclusive of non-recourse elements and the lease liabilities recognised) gives average net cash of £441 million for 2024 (2023: £438 million).

i) Directors' valuation of the Investments portfolio

The Group uses a different methodology to assess the value of its Investments portfolio. As described on pages 38 and 39, the Directors' valuation for most of the investments in the portfolio has been undertaken using forecast cash flows for each project on an asset by asset basis, based on progress to date and market expectations of future performance. These cash flows have been discounted using different discount rates depending on project risk and maturity, reflecting secondary market transaction experience. As such, the Board believes that this measure better reflects the potential returns to the Group from those investments.

The Directors have valued the Investments portfolio at £1.25 billion at year end (2023: £1.21 billion).

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

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

	2024 £m	2023 £m
Net assets of the Infrastructure Investments segment (refer to Note 5.1)	**626**	596
Less: Net assets not included within the Directors' valuation – Housing division	**(60)**	(53)
Comparable statutory measure of the Investments portfolio under IFRS	**566**	543

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

	2024 £m	2023 £m
Statutory measure of the Investments portfolio (as above)	**566**	543
Difference arising from the Directors' valuation being measured on a discounted cash flow basis compared to the statutory measure primarily derived using a combination of the following IFRS bases:		
– historical cost		
– amortised cost		
– fair value	**688**	669
Directors' valuation (performance measure)	**1,254**	1,212

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

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

As referred to in the Strategic report on pages 38 and 39, the Directors' valuation for most investments is calculated using discounted cash flows. In deriving these cash flows, assumptions have been made and different discount rates used which are updated at each valuation date.

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

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

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

j) Constant exchange rates (CER)

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

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

2024 statutory growth compared to performance growth

	Construction Services						
	UK	US	Gammon	Total	Support Services	Infrastructure Investments	Total
Revenue (£m)							
2024 statutory	3,011	3,619	–	6,630	1,210	394	8,234
2023 statutory	3,027	3,668	–	6,695	1,006	292	7,993
Statutory growth	**(1)%**	**(1)%**	**–**	**(1)%**	**20%**	**35%**	**3%**
2024 performance*	3,011	3,638	1,550	8,199	1,210	606	10,015
2023 performance retranslated*	3,027	3,594	1,324	7,945	1,006	498	9,449
Performance CER growth	**(1)%**	**1%**	**17%**	**3%**	**20%**	**22%**	**6%**
Order book (£bn)							
2024	6.2	7.1	1.9	15.2	3.2	–	18.4
2023	6.1	5.6	2.0	13.7	2.8	–	16.5
Growth	**2%**	**27%**	**(5)%**	**11%**	**14%**	**–**	**12%**
2024	6.2	7.1	1.9	15.2	3.2	–	18.4
2023 retranslated	6.1	5.7	2.1	13.9	2.8	–	16.7
CER growth	**2%**	**25%**	**(10)%**	**9%**	**14%**	**–**	**10%**

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

CHIEF FINANCIAL OFFICER'S REVIEW

Profitable growth from earnings-based businesses

Philip Harrison
Chief Financial Officer

An explanation of the Group's financial performance measures and appropriate reconciliations to its statutory measures are provided in the Measuring Our Financial Performance section. Non-underlying items are the cause of the differences between underlying and statutory profitability. Additionally, revenue includes the Group's share of revenue of joint ventures and associates.

Group financial summary

Balfour Beatty's underlying results in 2024 show good progress at a Group level. Revenue increased by 4% (6% at CER) to £10,015 million (2023: £9,595 million) driven by increases in Gammon and Support Services. Statutory revenue, which excludes joint ventures and associates, was £8,234 million (2023: £7,993 million).

The underlying profit from operations for the year increased to £248 million (2023: £228 million) driven by an increase in PFO from the earnings-based businesses and higher gains on investment disposals, partially offset by an underlying pre-disposal loss in Infrastructure Investments. Statutory profit from operations was £173 million (2023: £211 million).

Net finance income of £41 million (2023: £33 million) improved as a result of higher interest rates and impairment write backs of subordinated debt. Underlying pre-tax profit was £289 million (2023: £261 million). The taxation charge on underlying profits increased to £62 million (2023: £56 million). This resulted in underlying profit after tax of £227 million (2023: £205 million). Total statutory profit after tax for the year was £178 million (2023: £194 million), as a result of the net effect of non-underlying items.

UNDERLYING PROFIT/(LOSS) FROM OPERATIONS[2]

	2024 £m	2023 £m
UK Construction	**81**	69
US Construction	**40**	51
Gammon	**38**	36
Construction Services	**159**	156
Support Services	**93**	80
Earnings-based businesses	**252**	236
Infrastructure Investments pre-disposal operating (loss) / profit	**(8)**	5
Infrastructure Investments gain on disposals	**43**	26
Corporate activities	**(39)**	(39)
Total underlying profit from operations	**248**	228

2 Before non-underlying items (Note 10).

Underlying basic earnings per share were 43.6 pence (2023: 37.3 pence), which, along with a non-underlying loss per share of 9.4 pence (2023: 2.0 pence), gave a total basic earnings per share of 34.2 pence (2023: 35.3 pence). This included the benefit from the basic weighted average number of ordinary shares reducing to 521 million (2023: 558 million) as a result of the Group's share buyback programme.

2024 PERFORMANCE

2024 delivered profitable growth
- 7% profit increase from earnings-based businesses
- Increased net cash and strong order book growth

Outlook for profitable growth
- £18.4 billion high-quality order book
- Further growth in earnings-based businesses in 2025 and 2026

Consistent shareholder returns
- Increased dividend and fifth annual share buyback
- Total shareholder returns of c. £188 million in 2025

Sustained profitable growth and continued shareholder returns

Non-underlying items

The Board believes non-underlying items should be separately identified on the face of the income statement to assist in understanding the underlying financial performance achieved by the Group. Non-underlying items after taxation were a net charge of £49 million for the year (2023: £11 million). This included four significant items.

Firstly, a charge of £83 million has been recognised in relation to the Group's obligations under the UK Building Safety Act (BSA). The BSA, which was introduced in 2022, extends the limitation for claims under the Defective Premises Act 1972 from 6 years to 30 years for dwellings completed before 28 June 2022. Since the introduction of the BSA, the Group has conducted investigations and due diligence on claims received to establish whether an obligation exists and if costs can be reliably estimated. Previously, the charge relating to this provision has been recognised within the Group's underlying results as the amounts recognised did not result in a distortion of the Group's underlying results. In 2024, following developments in the legal landscape of the BSA and progression of the Group's investigations, the Group has reassessed its provision for BSA claims resulting in an increase in the provision of £83 million. The provision does not include potential recoveries from third parties and the resulting cash outflow is expected over a number of years. This increase has been recognised in non-underlying due to its size and the nature of the cost, which has arisen from a change in legislation. The Group continues to recognise defects on projects not covered by the BSA as part of its underlying performance.

Secondly, a charge of £52 million has been recognised in relation to a US Civils project completed in 2012. The Group, through a joint operation formed with Fluor Enterprises Inc. in which the Group owns a 40% share, completed a contract with the North Texas Tollway Authority (NTTA) to provide design and build services in relation to the extension of NTTA's President George Bush Turnpike Highway (SH161 in Texas). In October 2022, NTTA served the joint operation with a claim demanding damages of an unquantified amount under various claims relating to alleged breaches of contract and or negligence in relation to retaining walls along the project. In November 2024, through a jury verdict, damages were awarded against the joint operation in favour of NTTA amounting to $112m (Group's share). This jury verdict was substantially above the claim presented to the court of $77m (Group's share) comprising $8m expended to date and $69m for possible repair costs over the next 10 years. The NTTA has moved to enter the verdict as a judgement and is also requesting pre-judgement interest of $50m (Group's share) plus legal costs. The joint operation has opposed the NTTA's motion and the court has yet to issue a decision on that motion with a court date set for 27 March 2025. The Group believes that the jury verdict does not accurately reflect the evidence at trial and is evaluating all options to set aside or reduce the verdict and, if necessary, appeal any final judgement. The appeal would require a surety bond of $10m (Group share) to be provided in place of settling the judgement. However, in light of the jury verdict, the Group has recognised a non-underlying charge of £52m. This charge, which is net of insurance recoveries of £40m for which the Group has received confirmation of cover from its insurers, represents the Group's best estimate of the probable damages to be awarded. The Group maintains the view that these damages are a result of design elements of the contract which were performed by subcontractors to the joint operation. The Group, together with its joint operation partner, is pursuing recoveries from these subcontractors, however at this stage, the Group has not recognised any potential recoveries from these parties.

Thirdly, the Group has recognised a credit of £43 million for an insurance receivable relating to rectification work, for which the cost had previously been provided. In 2021, the Group recognised a provision of £42 million within non-underlying in relation to rectification work to be carried out on a development in London which was constructed by the Group between 2013 and 2016. In 2023, the Group increased this provision to £54 million following a reassessment of the rectification cost. The additional charge to the income statement was also recognised in non-underlying. The Group's estimated provision did not include potential recoveries from third parties. In 2024, rectification work continued to progress and is expected to complete in the first half of 2025. In July 2024, the Group received confirmation from its insurers that the rectification work qualifies for insurance coverage. Upon assessment of the interim cost by the insurer's loss adjusters as well as receipt of cash for the first application for payment submitted by the Group for a portion of the cost incurred to date, the Group has recognised an insurance recovery of £43 million. The Group has presented this income within non-underlying in line with the presentation adopted for the recognition of the provision.

Finally, a net credit of £21 million was recognised in the Group's Rail Germany operations. In 2024, the two remaining contracts held within Rail Germany reached the end of their warranty periods, resulting in the release of warranty provisions held in respect of these contracts. This release has been credited to the Group's income statement within non-underlying, net of provision increases relating to certain legacy liabilities remaining within the business.

Further detail is provided in Note 10.

Cash flow performance

The Group's net cash increased by £101 million in the year (2023: £27 million), resulting in a year end net cash position of £943 million (2023: £842 million), excluding non-recourse net borrowings and lease liabilities. Cash from operations, which included a working capital inflow, was partially offset by shareholder returns, while capital expenditure reduced in 2024 to a more normalised level following a peak year for capital expenditure in 2023.

CASH FLOW PERFORMANCE

	2024 £m	2023 £m
Operating cash flows before working capital movements and pension deficit payments	**208**	258
Working capital inflow / (outflow)	**99**	63
Pension deficit payments+	**(30)**	(28)
Cash from operations	**277**	293
Lease payments (including interest paid)	**(66)**	(63)
Dividends from joint ventures and associates∞	**71**	59
Capital expenditure	**(28)**	(66)
Share buybacks	**(101)**	(151)
Dividends paid	**(61)**	(58)
Infrastructure Investments		
– disposal proceeds	**43**	61
– new investments	**(28)**	(31)
Other	**(6)**	(17)
Net cash movement	**101**	27
Opening net cash*	**842**	815
Closing net cash*	**943**	842

* Excluding infrastructure investments (non-recourse) net borrowings and lease liabilities.
\+ Including £2 million (2023: £3 million) of regular funding.
∞ 2023 excludes £1 million (2024: nil) dividends received in relation to Investments asset disposals within joint ventures and associates.

CHIEF FINANCIAL OFFICER'S REVIEW CONTINUED

WORKING CAPITAL

A working capital inflow of £99 million (2023: £63 million) was favourable to the outflow previously expected for the year.

Working capital flows^	2024 £m	2023 £m
Inventories	**(34)**	(11)
Net contract assets	**165**	(48)
Trade and other receivables	**(225)**	(73)
Trade and other payables	**(6)**	177
Provisions	**199**	18
Working capital inflow/(outflow)^	**99**	63

^ Excluding impact of foreign exchange.

Including the impact of foreign exchange and non-operating items, negative (i.e. favourable) current working capital reduced slightly to £1,228 million (2023: £1,232 million). Negative working capital as a percentage of revenue for 2024 was 14.9% (2023: 15.4%).

Net cash/borrowings

The Group's average net cash increased to £766 million in 2024 (2023: £700 million). The Group's year end net cash position, excluding non-recourse net borrowings and lease liabilities, was £943 million (2023: £842 million).

Non-recourse net borrowings, held in Infrastructure Investments entities consolidated by the Group, were £335 million (2023: £264 million). The balance sheet also included £162 million for lease liabilities (2023: £143 million). Statutory net cash at 31 December 2024 was £446 million (2023: £435 million).

Share buyback

On 2 January 2024, Balfour Beatty commenced an initial £50 million tranche of its 2024 share buyback programme, which was subsequently increased, following the release of its 2023 full year results, to £100 million on 13 March 2024. The Group completed the 2024 share buyback programme on 20 September 2024, having purchased 27.1 million shares, which were held in treasury. These shares were subsequently cancelled on 31 October 2024. The Group commenced the initial £50 million tranche of its 2025 share buyback programme on 6 January 2025. As announced today, the Group intends to buyback a total of £125 million of shares during the 2025 phase of its multi-year share buyback programme.

Banking facilities

In the year, the Group extended its core Revolving Credit Facility (RCF) by one year, to June 2028, with the support of the lending bank group. The facility was reduced to £450 million (2023: £475 million) in the extension process. The RCF remains a Sustainability Linked Loan (SLL) and subsequent to the extension, in July 2024 new SLL metrics and targets were agreed with the lending bank group. The Group continues to be incentivised to deliver annual measurable performance improvement in three key areas: Carbon Emissions, Social Value generation and an independent Environment, Social and Governance (ESG) rating score. The RCF remained undrawn at 31 December 2024.

The Group retains an additional £30 million bilateral committed facility that has materially the same terms and conditions as the RCF. The facility is also an SLL, including metrics that mirror the RCF. In the second half of the year, the Group triggered its extension option in respect of the bilateral facility, to extend the maturity to December 2027. As at 31 December 2024, the facility remained undrawn.

Debt refinancing

During 2024, the Group completed the early refinancing of US$50 million of US Private Placement (USPP) notes that were set to mature in March 2025. The Group raised US$50 million of new USPP notes, on terms and conditions that mirror existing debt facilities, and used this new funding to complete the early repayment of the US$50 million 2025 USPP notes. The new debt is comprised of US$25 million of 7-year notes, maturing in May 2031 at a fixed coupon of 6.71%, and US$25 million of 12-year notes, maturing in May 2036 at a fixed coupon of 6.96%. The refinancing exercise has extended the debt maturity profile of the Group until 2036, with the next debt maturity now in June 2027 (US$35 million USPP notes).

Going concern

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

Pensions

Balfour Beatty and the trustees of the Balfour Beatty Pension Fund (BBPF) have agreed to a journey plan approach to managing the BBPF whereby the BBPF is aiming to reach self-sufficiency by 2027. The Company and the trustees agreed the 31 March 2022 formal valuation in 2023 and, as a result, Balfour Beatty paid deficit contributions to the BBPF of £22 million in 2024 with a further £6 million payable in 2025. The next formal triennial valuation of BBPF is due with effect from 31 March 2025.

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

The Group's balance sheet includes net retirement benefit assets of £2 million (2023: £69 million) as measured on an IAS 19 basis, with the surplus on the BBPF (£43 million) largely offset by deficits on RPS (£7 million) and other schemes (£34 million).

Dividend

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

Following the 3.8 pence per ordinary share interim dividend declared at the half year, the Board is recommending a final dividend of 8.7 pence per share, giving a total recommended dividend for the year of 12.5 pence per share (2023: 11.5 pence per share).

Philip Harrison
Chief Financial Officer

11 March 2025

RISK MANAGEMENT

Navigating the future

Introduction

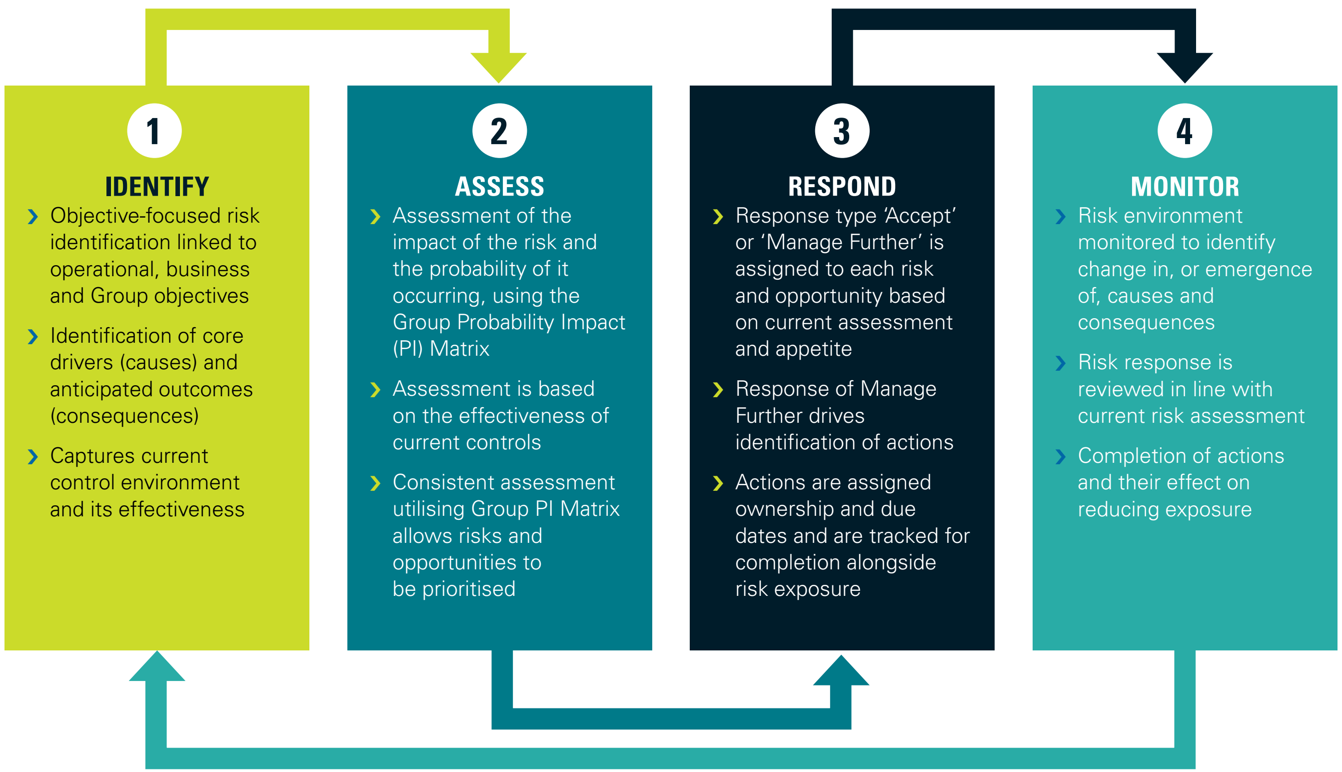
The Group's risk management framework and associated processes provide a consistent platform for monitoring and responding to any potential exposures that may affect the business and ensure key drivers that exist against core Group risks are tracked effectively. 2024 saw a continuation of the Group's risk management process in tracking an evolving risk profile, in a year where prolonged uncertainty within the economy persisted, both for the construction sector and beyond. This was caused by interest rates in core territories remaining high, the residual impact being felt from high inflation and the backdrop of additional uncertainty presented by two significant elections, with subsequent administration change in both the UK and US. With the Group's focus on growth, and a shift into new markets, the monitoring of key risk themes such as People, Economy, Supply Chain, Contracting Terms and Conditions and Project Delivery was a focus on 2024.

To improve insight into the Group risk profile in 2024, the biannual risk reporting process issued to Strategic Business Units (SBUs) was updated to request specific responses on how risks are assessed at SBU level for the Group key risk themes, and any movements, trends or change in conditions as reflected through business-level risk registers. This provided further supporting analysis for reflecting exposure from these themes at Group level.

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

Balfour Beatty's risk management process

Consistent and simple Group-wide application of the risk management process



RISK MANAGEMENT CONTINUED

Our risk management process

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

Circles of Risk

Balfour Beatty's Circles of Risk continues to act as a core control designed to frame risk-based discussions early on in the Gated Business Lifecycle review process, ensuring new pursuits remain in line with our appetite around location, customer, supply chain, project scope and contractual terms, and align to the Group's strategic direction. The Gated Business Lifecycle is a business-wide method of reviewing, approving and monitoring new business opportunities.

The Circles of Risk guidance supports work winning teams in ensuring high-level risks are understood early in the pursuit of a project and acts as a key control in highlighting any 'show stoppers'. It drives teams to consider the key risks and sets out response types to such risks as the opportunity evolves through approval gates.

The guidance reflects experience from past delivery and lessons learnt across a diverse customer base, with proposed controls aligned to the Group's operating and commercial principles.

This approach allows Balfour Beatty to make decisions in the context of its risk appetite and stay ahead of potential exposures by ensuring:

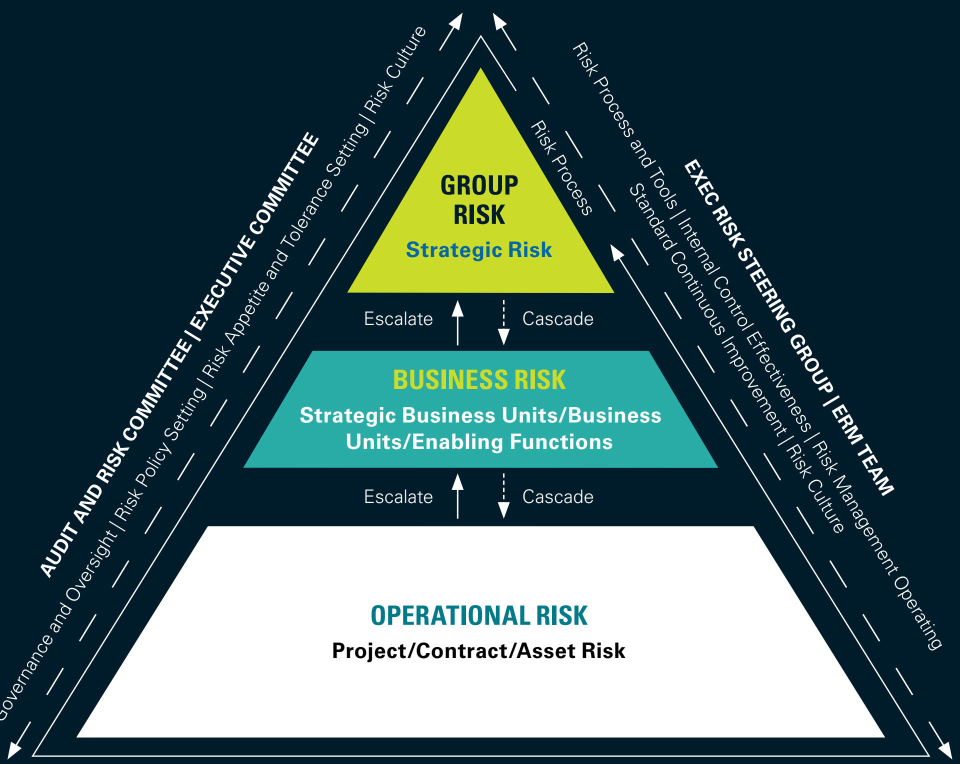
- the opportunity aligns to Group objectives, business growth strategies and defined risk tolerances;
- all pursuits are assessed consistently so that potential opportunities that do not fit with approved business objectives are qualified out; and
- appropriate mitigation strategies are developed in order to pursue the opportunity whilst protecting the Group's operating and commercial principles.

> "Circles of Risk continues to act as a core control designed to frame risk-based discussions early on in the Gated Business Lifecycle review process."

CIRCLES OF RISK

The Balfour Beatty risk management framework

Ensuring risk management is embedded at each level of the organisation.



Governance and oversight

The Board maintains overall responsibility for risk management, with oversight of the Group Risk Framework and its application across the business. The Board also ultimately determines the nature and extent of the risks the Company is willing to take in the pursuit of its longer-term strategic objectives. The Directors continue to review the overall effectiveness of the risk management framework and internal control systems, including the financial, operational and compliance processes and controls that are in place to prevent the occurrence or limit the impacts of risks. In 2024, the Group took steps to review and develop the risk management and internal control process to improve the consistency in how internal controls are documented, and how each business reviews effectiveness of internal controls. The Board reviews the Group risk profile at half and full year which includes a review of Emerging and Principal risks faced by the Group, with the Audit and Risk Committee providing independent oversight of the effectiveness of the Group's risk management and associated internal control environment.

Group risk management

The Group's risk management framework allows the Group Chief Executive, alongside the Executive Committee (ExCom), to monitor the risk profile of the business, supported by the half year and full year review processes held with businesses and enabling functions, and validated through the Executive Risk Steering Group (ERSG).

Executive sponsorship for risk management is provided by the ERSG, which provides valuable input to Group risk themes based on profiles within their respective businesses and functions and seeks to collectively validate any material changes to the Group risk profile. Visibility of core and common themes identified through the Operational and Business levels of the Group inform half and full year reviews. In 2024, the half year and full year risk reporting process integrated specific core risk trends that are being tracked at Group level to ensure business unit-specific updates and any associated risk movements could be easily monitored, such as economic uncertainty, commercial terms and conditions, people, health and safety, sustainability, project delivery and work winning.

Business risk management

Balfour Beatty's business units are distinct and diverse, meaning risk profiles differ across operations. Having a consistent approach in both UK and US-based businesses is essential to gaining insight into business risk and rolling this up to Group level. The inclusion of tracking around specific key risk trends into the half year and full year risk process served to improve the linkage between Strategic Business Unit (SBU) risk profiles and the Group risk profile. The use of the IRIS ERM system by all business units ensures oversight of operational and business risk profiles to support decision making in line with pursuit of strategies.

Operational risk

The Gated Business Lifecycle remains a fundamental control in the management of Operational risk across Balfour Beatty's operations. The review of project risk profiles undertaken at each stage gate review ensures the business understands risk profiles of both current projects and future pursuits. Risk reporting has evolved further in 2024 to provide the business with insight into operational profiles and trends, aiding timely escalation of project risk to business leadership, informing business and SBU risk profiles, and prompting appropriate management response. The quality of risk information continues to be key in ensuring this can be effectively analysed, and potential trends identified early on. Realised risk data is also fed back through businesses and included into risk libraries where appropriate. The drive to improve data quality remains continuous, supported by internal and operational audit activities and championed by senior leadership manifested through clear expectations on 'management responsibility' by the Risk function and ExCom.

RISK MANAGEMENT CONTINUED

Group risk appetite

The Group's risk appetite remains aligned to the Build to Last strategy, ensuring that risk-based decision making supports the pursuit of objectives.

The Board, its sub-committees and executive management discuss and measure the nature and extent of current and Emerging Risks faced by the Group in achieving its long-term strategic objectives. This requires biannual review of the effectiveness of the internal control environment within the risk management structure outlined on pages 146 to 152. The outcome of this assessment represents the Group's risk appetite and can be set out in the context of the Group's values as shown below. Work is ongoing to establish risk appetite at SBU level to better inform risks requiring escalation to senior management in the context of each SBU's business objectives.

Build to Last strategy	Risk attitude	Appetite	Related principal risks
Lean We create value for our customers and drive continuous improvement	› Balfour Beatty remains committed to challenging ways of working to improve outcomes and become more competitive › The Group is prepared to accept a level of operational risk in its delivery of cost-effective solutions › Such risks must not be at the expense of meeting customer requirements › The Group's risk appetite for efficiency remains moderate	M **Remains moderate**	7 9 12
Expert Our highly skilled colleagues and partners set us apart	› Balfour Beatty continues to develop its expertise in engineering, computer science, robotics, data analytics, electronics and electrical and mechanical engineering to deliver the very best solutions to its customers › This drive for sustained innovation is undertaken with industry experts in managed and safe environments to minimise risk › The Group continues to have a moderate appetite for expert risk	M **Remains moderate**	2 3 6 7 13
Trusted We deliver on our promises and we do the right thing	› Balfour Beatty must deliver on its promises to stakeholders › Aligning delivery objectives to those of the customer is critical to ensuring successful outcomes – the Group strives for Right First Time delivery › Ensuring integrity is embedded throughout the Group and its supply chain partners is key to doing the right thing › The Group's appetite for not meeting customer expectations remains low	L **Remains low**	2 3 4 5 6 7 8 9 10 11
Safe We make safety personal	› Conducting business in a safe way and providing a Zero Harm environment for Balfour Beatty's people and stakeholders is paramount › The Group's appetite for health and safety risk remains at zero	0 **Remains zero**	1 7
Sustainable We act responsibly to protect and enhance our planet and society	› Balfour Beatty is committed to leaving a positive legacy for the society and communities it serves › The Group seeks to minimise its impact on the environment, working with supply chain partners, customers and communities to ensure its choices are sustainable, whilst delivering customer objectives, and pursuing new initiatives and technologies to achieve this › The Group's appetite for risk around sustainability is moderate	M **Remains moderate**	2 3 7

Emerging Risks

The Group requests specific Emerging Risk identification by each Strategic Business Unit (SBU) and Enabling Function (EF) as part of the Group's biannual half year and full year risk submissions. The functionality in IRIS to flag Emerging Risks on respective strategic risk registers enables greater visibility, allowing SBUs and EFs to monitor Emerging Risks alongside their existing review of current risks. This in turn is used to inform where Emerging Risks are relevant at Group level and should be formally tracked alongside Group-level risks.

Balfour Beatty considers Emerging Risks in relation to their longer-term impact and shorter-term risk velocity and examines them in the context of its viability statement. The Group has defined Emerging Risks as those risks faced by the business that:

- are likely to be of significant scale beyond a three-year timeframe;
- have the velocity to significantly increase in severity within the three-year period; and/or
- are not sufficiently defined or if there is not enough information developed to enable an informed assessment to be made of their impact and whether they pose a threat or an opportunity to the Group.

The discussion and review of Emerging Risks includes 'horizon scanning' activities around potential uncertainties that are not sufficiently defined or developed to enable an informed assessment to be made of their impact on the ongoing viability of the Group and whether they pose a threat or an opportunity.

Consistent assessment of risk

The Balfour Beatty Group PI Matrix supports a consistent assessment of all risks identified in the business in terms of their impact across delivery, financial, and health, safety and sustainability impact categories. This impact is assessed alongside the likelihood of occurrence, providing an overall rating that allows for the prioritisation and comparison of risk and opportunity events. This overall rating is assessed as the current risk rating, which is based on controls that are in place and effective for managing the risk. Response to risks is determined based on the current risk exposure, the anticipated effect of any additional actions to manage the risk and considered in line with the Groups risk appetite.

The matrix is calibrated to cater for financial impacts across the three tiers of the risk management framework: Operational risk, Business risk and Group risk, which allows the same matrix to be utilised for common assessment whilst providing a flexible, tailored approach for risks to be measured in the context of project values or business financial objectives and catering for adjustment when rolled-up to Group level.

The decision to revise risk assessments and associated risk ratings for Group Risks is subject to robust review and often, the reduction of an overall risk rating will only be made following a continued period of certainty whereby movements of internal and external factors are less volatile, and controls are known to be well-established and effective. The Group Internal Control framework supports validation of current risk assessments – ensuring that controls that are embedded and operating effectively are used to inform assessment made by risk owners.

The Group remains prudent in ensuring any exposure presented through economic uncertainty and ongoing political and societal factors are well understood and well managed. Reviews of the Group risk profile have continued to monitor where these drivers manifested within existing Group risks, and the half year and full year process undertaken with each business area has evolved to track movements and drivers associated with specific Group risk themes, aligning to Principal Risks.

Other Group risks

Failure to manage and mitigate climate change remains identified as a risk on the Group register. The business continues to acknowledge that understanding the impact of climate change on the organisation and deploying the right strategies to mitigate any exposure is key. Efforts to further the Groups understanding of the impact of climate change on the business is undertaken through a specific climate risk reporting workstream, outlined on pages 107 to 115.

Delivering sustainability requirements also continues to be tracked as a Group risk which recognises the varying pace of change anticipated across geographies and the need for the Group to meet increasing, and potentially onerous, reporting requirements and position itself to meet future customer demands. There is also significant opportunity presented by this as the business expands its expertise and capability. Refreshed in 2024, the Building New Futures sustainability strategy charts a course for how Balfour Beatty plans to deliver carbon reduction measures across its operations, outlined further in the Sustainability section on pages 48 to 67.

RISK MANAGEMENT CONTINUED

Our Principal Risks

Balfour Beatty's decision making remains centred on a comprehensive and detailed understanding of the exposures faced by the organisation, carried out through business-level and Group-level reviews. Identifying risks that could impact on the achievement of business and strategic objectives, and consistently assessing and responding to these, is essential to balancing risk taken in line with risk appetite. The Group risks that link to strategic plans, as well as any Emerging Risks identified for the business, are reviewed and, where required, assessed to enable the Board to undertake an assessment of the overall profile of exposure faced by the Group. The Board considers whether this represents new, increased or decreased threats and the level of response required to manage them. The risk profile comprises both interconnected and discrete risks at strategic, business and operational level and focuses on understanding the worst-case scenarios that could threaten the Group's strategy, business model and ongoing viability; see pages 24, 8 and 106. The Group's Principal Risks are described on pages 94 to 105.

DESCRIPTION AND IMPACT | **CAUSES** | **MITIGATION**

1 Health and safety

Description and impact

The Group works on and delivers complex and potentially hazardous projects which require continuous monitoring and management of safety risks, and well as ensuring the health and wellbeing of its employees and those it works with.

What impact it might have

Failure to manage these risks presents the potential for significant injury, or impact on health and wellbeing of employees, subcontractor staff, third parties or members of the public. It also presents the threat of potential criminal prosecutions, significant fines, debarring from contract bidding and reputational damage.

FOR MORE INFORMATION PLEASE SEE 'HEALTH, SAFETY AND WELLBEING' ON PAGES 40 TO 45

Causes

Common themes which drive health, safety and wellbeing risks include:

- inadequate risk identification/assessment;
- failure to communicate and follow health and safety procedures;
- insufficient competence;
- failure to eliminate or mitigate risk through design and planning;
- failure of established control measures;
- lack of clear Zero Harm leadership, impacting broader safety culture;
- ineffective management and/or oversight of subcontractors, JV partners and other third parties; and/or
- lack of focus on the wellbeing and mental health of staff faced by daily work and life pressures.

Mitigation

The Group's Zero Harm strategy is reviewed annually, with focused priorities and business plans as key controls in managing the risks presented in the industry and across the Group's operations.

External certification and internal audits verify systems and business compliance, with strategies and associated action plans, which are additionally regularly reviewed and monitored by management and external accreditation bodies.

Zero Harm by Design training and processes are in place across the business, including regular review of lessons learned and introduction of digital rehearsals.

Experienced and competent health and safety professionals provide advice, monitor onsite compliance and support continuing strengthening of a Zero Harm culture.

The Safety and Sustainability Committee of the Board and business Health and Safety executive leadership teams meet regularly through the year to capture learning and innovation and promulgate a consistent approach to health and safety best practice, with leading KPIs reported and closely monitored.

Training programmes, which also includes behavioural training and mental health awareness, are in operation across the business.

Operational ownership of fatal risks through well-established working groups with managing director leadership.

Owner

Safety and Sustainability Committee

Risk movement

No movement

Health and safety risk continues to be managed by well-established controls and processes throughout the Group and within operational DNA (including partners) to represent a stable control environment. Digital enhancements are serving to provide greater control across the business. 2024 figures show a continuing downward trend in injury incidence rates for the Group.

Multiple contemporaneous failures within this environment would be required for the risk to be realised.

DESCRIPTION AND IMPACT | CAUSES | MITIGATION

2 Contracting terms and conditions

The Group delivers high-profile, complex and significant projects that carry specialised deliverables combined with multifaceted, and occasionally stringent, commercial terms. Establishing the right contractual approach and delivering customer obligations within agreed terms alongside technical complexity can pose a risk if not managed correctly. Maintaining a balance to protect the interests of all parties, including the supply chain, whilst maintaining a profitable and sustainable order book and delivering stakeholder value requires competency, skill and, increasingly, greater collaboration with clients.

What impact it might have

Failure to fully understand or manage complex delivery in line with commercial terms across the portfolio could potentially result in disputes, leading to cost and time to resolve, as well as potential losses or reduction in profitability and damage to relationships with key customers, supply chain or JV partners.

Failure to effectively engage and collaborate with customers and supply chain partners in agreeing contract terms could result in choosing not to pursue certain works, limiting access to certain target markets in the future, impacting on future order book and growth targets.

Key causes that could drive this risk include:

- lack of clearly defined bid strategy and engagement plan;
- misalignment between Balfour Beatty and client approach;
- working with new or unknown customers and partners, with no previously established relationship;
- entering into new markets or use of new, unfamiliar technology;
- lack of supply chain capacity to accept and manage back-to-back terms, resulting in increased risk carried by Balfour Beatty;
- failure to engage in an early collaborative approach with the customer to fully understand requirements;
- clients taking a more risk- averse attitude, driven by their own financial or market pressures, resulting in a less-balanced approach to allocation or sharing of risk; and/or
- lack of early identification of a contracting strategy between all parties.

The Group Tender and Investment Committee (GTIC) reviews and challenges all proposals in line with minimum commercial expectations and the Circles of Risk guidance.

Clear, defined delegated levels of authority are in place for approving all tender and infrastructure investment decisions.

Customer adoption of the UK Government Construction Playbook steers an approach towards increased collaboration, which results in reduced risk, and an increased focus on quality of bid rather than being solely cost driven.

A 'get left early' attitude adopted prior to the procurement process enables influence over contracting and procurement model. A shift to a 'two-stage' tender approach supports an early collaborative, solution-based approach with customers and minimises risk on both sides – especially in new markets or 'first-of-a-kind' initiatives.

Ongoing work winning initiatives continue in place across the Group to drive increased commercial and customer awareness and further embed an understanding of expectations on margins and cost.

The Gated Business Lifecycle review process highlights key commercial risks closely aligned to Circles of Risk to ensure adequate challenge and qualification of terms, and early mitigation of key exposures.

Monthly business reviews identify early indicators with potential for disputes arising on contracts, including across the subcontractor base.

Owner
Group Tender and Investment Committee

Risk movement

–

No movement
No change in risk assessment in 2024, reflecting the importance that the business maintains in managing this risk as it enters new markets, works with new clients and monitors how customers respond to continued market pressures. Controls aimed at championing a more collaborative approach with customers remain crucial in seeking fair terms commensurate with risk profiles, particularly with new, complex and in some cases, unfamiliar work scopes. GTIC and Circles of Risk continue to ensure the business doesn't proceed with unacceptable terms, such as accepting process risk.

Controls to challenge and scrutinise decision making prevent the Group from bidding for unsustainable work, limit potential exposure and lead to a more risk-balanced portfolio, with regular reporting of risk profiles and associated mitigation strategies throughout delivery remaining essential.

Close monitoring of this risk is ongoing as the Group works closely with new and existing customers, and with established and new supply chain partners.

RISK MANAGEMENT CONTINUED

Our Principal Risks continued

DESCRIPTION AND IMPACT	CAUSES	MITIGATION	
3 Project delivery			
Failure to deliver projects consistent with customer expectations and required specifications and/or quality, in line with schedule and budget, and to minimise the risk of increased costs, delay related damages and defect liabilities. **What impact it might have** Failure to manage and/or deliver against customer expectations, scope specifications and key deliverables to time and budget could result in exposures such as design issues, contract disputes, liquidated damages, cost overruns and failure to achieve anticipated customer savings which in turn could reduce the Group's profitability and damage its reputation. The Group may also be at risk of longer-term exposures including litigation and costs to rectify defective or unsafe work, particularly given increased liabilities under the Building Safety Act 2022. Significant delivery failure on a project could result in substantial reputational damage, and potentially, debarment under the New Procurement Act 2023.	Failure to implement, maintain and challenge operational and commercial controls (as detailed within checklists at GBL reviews) could result in: › lack of comprehensive understanding of contract obligations; › inadequate resource (people, plant and materials inc. supply chain) or competency verification of resource; › unrealistic project schedules; › unrealistic progress assessments and cost to complete judgements which could arise due to poor training, lack of supervision, or lack of accountability; › overly optimistic claim recovery assumptions; › incomplete visibility and appreciation of scale of commercial judgements; › failings in administering the contract terms to safeguard or protect future claims, change orders and extensions of time (EOTs); › inability to meet environmental or sustainability commitments; › poor management, selection and governance of subcontractors and supply chain partners; and/or › lack of robust quality assurance processes and systems. Customer intervention and additional pressure to complete could also be a driver to this risk.	The GBL process continues to ensure identification and reporting of risks, including planning, programme accuracy, cost and cash forecasting and resource reviews remain the focus of project governance and management oversight. Early engagement of integrated work winning and project delivery teams across the GBL process ensures customer expectations are understood and realistic early on. Deployment and ongoing monitoring of strong commercial management and contract administration processes are embedded through the project lifecycle. Optimal scheduling of key staff and associated competencies within project delivery and senior management teams, with ongoing and focused training and development. The site mobilisation hub facilitates early and effective start-up on site. Drive for Right First Time delivery including digital progressive assurance of project delivery championed by UK Quality Leadership team with ExCom sponsorship. Pre-qualification and competency/capacity verification of supply chain partners, and close monitoring of subcontractor and supplier performance throughout the project lifecycle. Professional indemnity cover in place to provide further financial safeguards to the business.	**Owner** Group management **Risk movement** – **No movement** This management of project delivery risk remains a key focus at Group and Business level and continues to be managed through the consistent application of operational reporting systems and diligent use of short interval control processes across all stages of project delivery, providing greater oversight for management and certainty of operational outcomes. Monitoring of how this risk evolves as the business enters new markets and works with new technology is key, as well as ensuring early collaboration with customers in understanding technical requirements and development of solutions. The UK Quality Leadership team serves to champion a consistent approach, improving quality awareness and driving the organisation's Right First Time 'mantra' to project delivery, with executive oversight and sponsorship. Ongoing verification of the effectiveness of controls and GBL governance remains key to managing this risk together with an enhanced focus on quality performance.

DESCRIPTION AND IMPACT	CAUSES	MITIGATION	

4 Joint ventures

Failure to implement robust controls around the selection of joint venture (JV) partners, and/or to define a clear governance structure to monitor delivery or establish a 'one team' culture may result in failure to deliver expected returns and/or minimise the risk of unexpected liabilities.

What impact it might have

Inability to select the right JV partner, aligned to Balfour Beatty's culture and values, could result in a mismatch of partner objectives, driving a knock-on impact on the effective delivery of contract requirements, resulting in a significant impact to profitability and reputational damage.

Any potential failure of a JV partner could expose the Group to increased resourcing costs and ongoing liability, and warranty risks.

Disputes with JV partners could impact the Group's ability to operate successfully and/or expand within its chosen markets, as well as tie up of management resources.

Failure to align and integrate with the Group's health and safety management expectations and culture could present increased potential for injury and/or fatality.

Causes

The risk could arise from:

- ineffective assessment of JV partners including liquidity, capacity and capability;
- failure to ensure 'fit for purpose' terms with the right JV partner;
- lack of clarity on the delegated levels of authority between partners;
- delayed and fettered decision making between partners;
- segregation from central management systems (financial and operational);
- lack of aligned understanding of contract requirements and expectations;
- lack of oversight of JV reporting and application of processes implemented across the project; and/or
- misalignment of Balfour Beatty and JV partner cultures, values and practices.

Mitigation

The Group has broad capability to self-deliver projects but recognises that establishing the right partnership can be an opportunity to deliver work.

The GTIC process applies equally to all joint ventures, ensuring approval and oversight.

Appointment of an appropriately constituted JV board acts as the main governance vehicle for the Group.

The GBL process provides governance over JV partner selection, and highlights partner-related risks closely aligned to Circles of Risk including those related to capacity, capability, previous experience with the Group and liquidity.

Experienced project directors are appointed to manage JVs and provide an ongoing assessment, and proposed mitigation of, operational delivery risk.

Good practice, including the use of joint reporting systems (where appropriate), is shared between partners to embed the Group's expectations and culture across JV delivery teams.

Balfour Beatty monitors the performance of its JV partners throughout the lifecycle of a project.

Owner

Group Tender and Investment Committee

Risk movement

No movement

Maintaining close oversight of delivery across current significant JV partnerships remains a focus. The business continues to focus on ensuring strong governance controls that underpin decision making and early partner selection are in place as it looks to enter new market sectors and work with new partners and alliances.

Monitoring of health and safety progress of existing key and high-profile JVs continues.

RISK MANAGEMENT CONTINUED

Our Principal Risks continued

DESCRIPTION AND IMPACT	CAUSES	MITIGATION	
5 Cybersecurity			
Failure to protect key Group and employee data and other confidential information due to a breach of system security and/or disruption to delivery caused by system loss. **What impact it might have** › reputational harm (loss of market and customer confidence); › loss of data, resulting in potential fines and prosecution; › loss of intellectual property and competitive advantage; and › operational impact restricting ability to carry out business-critical activities (disruption to business as usual).	There are several internal and external factors that could contribute to the realisation of this risk including: › poor internal governance; › failure to embed a preventative culture; › lack of, or inadequate staff training and awareness; › increased exposure to phishing attacks and ransomware due to new and emerging techniques to bypass preventative controls, with remote working and the emergence of AI amplifying the sophistication of attacks; › failing to meet regulatory requirements; › operational failure including supply chain attacks impacting the businesses ability to deliver; › inconsistent approach to data security with joint venture/external partners; › increased use of cloud services without equivalent investment in modern threat prevention; and/or › cyber-attack – the increasing pace to patch or mitigate vulnerabilities in the Group's systems.	The risk is managed via the following controls: › network and endpoint protection, encryption, patching and data back-up; › awareness training and internal testing, with mandated annual refresher in place for all users; › data governance framework regularly reviewed, and supported by policies and certifications; › incident management feedback mechanism (embeds lessons learnt); › partner and supplier controls including vendor risk management assessments and established relationships with external security authorities; › information security actively monitoring for security incidents and remediating where necessary; › access to all core systems subject to multi-factor authentication; › systems are subject to 24/7 monitoring with review of core controls to provide additional protection in areas that are potential new attack paths; › strong focus on supply chain partners to ensure they are resilient to fraud and cyber-attacks; › knowledge sharing initiatives with supply chain partners and wider industry; › enhancement of internet controls (web proxy); and › cybersecurity maturity assessment providing assurance and oversight of the operation and effectiveness of cyber controls.	**Owner** Group management **Risk movement** – **No movement** The sophistication of potential attacks, the role of AI, and increasing customer requirements continue to present an ever-evolving environment which requires constant monitoring. Continuous improvement in the control environment is essential to maintain pace with the potential risk, including increased training for staff to maintain a robust risk-aware culture and reduce the likelihood of a major incident. This includes collaborating with key clients as well as supply chain partners where required.

DESCRIPTION AND IMPACT | CAUSES | MITIGATION

6 People and talent

Attracting and retaining the required level of skilled and competent people, including developing and growing expert skills and capacity is essential to effectively deliver the Group's current portfolio of work and position the business for future growth in target markets.

What impact it might have

Failure to recruit and retain appropriately skilled people or grow in-house talent could harm the Group's ability to win or successfully perform specific contracts, manage project cost increases, grow the business and/or meet strategic objectives, including securing future order book.

A high level of staff turnover or low employee engagement could result in loss of competency and morale, and potentially present increased health, safety and wellbeing risk. Not having the right capability and capacity can reduce business confidence within the market, lose stakeholder confidence and restrict the ability to drive business growth or improvements.

FOR MORE INFORMATION PLEASE SEE 'OUR PEOPLE' ON PAGES 68 TO 73

Causes

Failure to effectively mitigate the Group's people risks may arise through:

- overheating of market causing significant increase in demand or competition for people, specifically in certain sectors and regions;
- overbidding or ineffective resource forecasting in line with workload scheduling;
- difficulty in accessing talent pools in remote project locations;
- lack of visibility of longer-term pipeline or perceived lack of career progression resulting in talent leaving the Group or sector;
- inability to recruit, retain and effectively deploy strong performers within the business;
- failure to maintain a culture of pride and advocacy across the workforce;
- ineffective and/or inadequate investment in the development of existing skills and capabilities;
- lack of a diverse workforce;
- labour supply issues including onerous/changing immigration controls as well as a draw for skillsets to geographical areas in which the Group does not operate;
- cost of living pressures and other economic factors driving increase in attrition and people movement; and/or
- pressure from wage inflation and increase in competitive offers from other infrastructure opportunities – both inside and outside the Group's areas of operation.

Mitigation

Providing a positive working environment to support the development of employees has been central to Build to Last.

Specific controls to mitigate this risk include:

- HR strategy and plan, with associated measurement of KPIs to inform decision making against budgets;
- strategic workforce planning protocol to prevent resource conflicts in short and longer term;
- work winning and project delivery alignment to internal and external recruitment activities, with early review of people and resourcing needs to ensure adequate capability and capacity prior to bidding;
- competency frameworks within core job families identify and support the development of key knowledge, skills and expertise;
- internal mobility supports career development and redeployment opportunities via Careers portal;
- regular measurement and review of recruitment and retention rates, with succession plans identified for core roles and disciplines;
- annual OPR (people and talent reviews), with regular reviews of remuneration and incentive arrangements and remuneration package benchmarking against peers including participation in industry forums;
- employee engagement surveys, with appropriate actions to address findings;
- Balfour Beatty Academy established in the UK supports professional and personal development;
- training needs analysis competency tools identify capability requirements and highlight development gaps to inform investment decision making;
- strong employee communication channels to celebrate individual, business and Group-level successes and to increase future pipeline visibility;
- Affinity Networks create a diverse and inclusive working environment; and
- investment in emerging talent through strong graduate, apprenticeship, and industrial placement/internship schemes.

Owner
The Board

Risk movement

–

No movement
Risk rating continues to be held at current position as the business focuses on workforce planning and resourcing for medium-term projects in new markets and geographical locations, as well as positioning for future pursuits. Ensuring effective succession planning for senior management and developing required talent pools remains a key focus for business unit leadership teams, alongside maintaining sight of pipelines.

The results of the employee survey conducted in 2024 provided a positive metric into organisational culture, reflecting a high level of employee engagement across the Group.

RISK MANAGEMENT CONTINUED

Our Principal Risks continued

DESCRIPTION AND IMPACT	CAUSES	MITIGATION	

7 Sustaining focus on Build to Last strategy

Failure by the Group to sustain and build upon the strong foundation and culture created through its Build to Last strategy, and supporting Cultural Framework.

What impact it might have

Inconsistency in working practices and siloed cultures across the business could drive inefficiencies, increased costs and operational errors which impact the Group's ability to deliver on its purpose of Building New Futures, and impact on its ability to deliver sustainable and managed profitable growth resulting in reputational damage.

Delivering against the Group's core values of Lean, Expert, Trusted, Safe and Sustainable is integral to its ongoing success and purpose.

FOR MORE INFORMATION PLEASE SEE 'OUR STRATEGY: BUILD TO LAST' ON PAGES 24 AND 25

CAUSES

Failure to deliver and/or demonstrate sustained focus and momentum could arise from:

- complacency and/or localised adaptations within core disciplines or siloed cultures;
- ineffective communication and/or reinforcement of messaging through a lack of leadership;
- inadequate resourcing (financial, physical assets and people) with the right level of skill and competency;
- lack of joined up approach across our geographies, markets and business units;
- new systems and processes being used without appropriate controls being in place and/or tested; and/or
- new people joining the organisation (including in leadership roles).

MITIGATION

Ensuring Build to Last continues to drive business success is a strategic priority for the Group and is led by the Group Chief Executive.

Controls include:

- continuous measurement and reporting of KPIs aligned to Lean (cash flow and profit from operations), Expert (employee engagement), Trusted (customer satisfaction), Safe (Zero Harm) and Sustainable (carbon emissions) within each business;
- A Cultural Framework, which is embedded in the Group's systems and processes, aligning the UK and US under one unified approach and reinforcing expected values and behaviours;
- clear and frequent senior leadership engagement across the businesses and functions;
- upskilling, training, and business and development initiatives at key levels throughout the business to reinforce Build to Last and the Cultural Framework for all employees and in key job families i.e. commercial, project management, engineering etc.;
- induction, recognition and PDR approach aligned to Build to Last strategy and Cultural Framework;
- Zero Harm provides a consistent approach for the Group on the health and safety agenda and delivery against the Safe value;
- Building New Futures sustainability strategy provides a consistent approach for the Group on the Sustainability agenda and delivery against the Sustainable value; and
- regular programme of communications to reinforce strategic priorities across the Group.

Owner
The Board

Risk movement

No movement
The Build to Last strategy and the supporting Cultural Framework remains critical to the continuing success of the business. Ensuring the Build to Last strategy and Cultural Framework underpin Balfour Beatty's operations will continue to be essential to the success of the business.

DESCRIPTION AND IMPACT	CAUSES	MITIGATION

8 Financial strength

The Group's inability to maintain the financial strength required to operate its business and deliver its objectives.

What impact it might have

Failure to protect and effectively maintain the required financial strength could result in:

- failure to meet financial covenant tests, as set out in financing facility agreements, leading to a default event if not remedied within a specific grace period;
- failure to pass required tests that allow continued use of the going concern basis of accounting in preparing financial statements;
- the Group suffers a negative impact on profitability and loses the confidence of its chosen markets and/or shareholders; and/or
- loss of ability to compete for key long-term contracts that are critical to ongoing viability of the Group and delivery of longer-term objectives.

Causes

Failure to manage financial risks (including forecasting material exposures) and the financial resources of the Group that underpin its ability to:

- meet ongoing liquidity obligations so that it remains a going concern; and/or
- meet financial covenants as set out in financing facility agreements.

Mitigation

The Group continues to operate with a low level of financial risk as evidenced by its robust average net cash position.

The Group operates with a centralised Treasury function, responsible for managing key financial risks, cash resources and the availability of liquidity and credit capacity.

The Group maintains significant undrawn term committed bank facilities with a banking group of high credit quality to underpin the liquidity requirements of the Group.

The Group maintains significant bank and surety bonding facilities to deliver trade finance requirements of the Group on an ongoing basis.

The Group operates standardised reporting, forecasting and budgeting financial processes. This allows monitoring of the impact of business decisions on financial performance over future time horizons.

Owner
The Board

Risk movement

No movement
The Group Finance and Treasury functions continue to maintain well-established controls and demonstrate a clear ability to manage existing and anticipated risk, with a robust liquidity position held throughout the year. In 2024, the Group successfully extended the revolving credit facility (RCF), which extends to 2028, while continuing to retain its strong average net cash position.

RISK MANAGEMENT CONTINUED

Our Principal Risks continued

DESCRIPTION AND IMPACT	CAUSES	MITIGATION	
9 Supply chain			
Supply chain partners fail to meet the Group's operational expectations and requirements in relation to capacity, competency, quality, financial stability, safety, environmental, social and ethical values. **What impact it might have** Failure to manage and monitor subcontractors or supplier performance could impact on project delivery and may result in the Group becoming involved in disputes, being forced to find alternative providers or undertaking/ rectifying the work itself. This could result in delays, business disruption, customer dissatisfaction, additional costs or significant defects owing to lack of expertise or competency. Mistreatment of suppliers, subcontractors and their staff, or poor ethical standards within the supply chain, could lead to disputes or even legal proceedings and investigations resulting in business disruption, losses, fines and penalties, reputational damage and, in the worst case, debarment. Legislation such as the Procurement Act, Criminal Finance Act and Economic Crime and Corporate Transparency Act all place greater emphasis on Balfour Beatty to have growing levels of visibility of sub-tier supply. This could result in greater supply chain disruption.	Lack of capacity, competency, stability or poor behaviours within the Group's supply chain may arise through: › failure to embed the Group's expectations and values within the procurement process; › inadequate assessment of supply chain partner capabilities, capacity and process (including liquidity, quality, safety, ethics, material management and governance over compliance with labour laws); › lack of supplier resilience arising from rising market pressures (e.g. global energy prices, inflation, shipping delays, natural disaster, global trade uncertainty, ongoing political instability, etc); › failure to accurately assess project resource requirements and key deliverables; › lack of adequate oversight, supervision or management during delivery; and/or › unethical treatment (and associated lack of adequate oversight) of the downstream supply chain.	The Group continues to develop long-term relationships with key supply chain partners, working closely to understand their operations and dependencies. This includes relationship mapping with strategic suppliers and lessons learnt from previous projects together with briefing on order book requirements. The risk management framework and the GBL process allows for early (pre-award) and ongoing (delivery) assessment of the appropriateness of resource allocation and dependencies and development of procurement strategies. Pre-qualification accreditation in place for core suppliers (validated in Gates 1–3), with oversight of supplier metrics and overall 'health'. Contingency plans address potential subcontractor failure, including replacement supplier list. Centralised systems track subcontractor assessment in relation to capacity, compliance, performance and financial health, with market trends and insights closely monitored and distributed to relevant businesses. The Group obtains project retentions, bonds and/or letters of credit from subcontractors, where appropriate, to mitigate the impact of any insolvency. Group-wide Code of Ethics cascaded to supply chain, with targeted training programmes and related policies and procedures in place. Detailed assessment process across supply chain following any major natural disaster/ political incident to identify any disruption or discontinuation of supply.	**Owner** Group management **Risk movement** – **No movement** Prolonged economic uncertainty and historic volatility seen in the market, driven by inflation and rising energy prices, have been key drivers to this risk. The business however remains vigilant in maintaining subcontractor and supplier health oversight. Additional controls that monitor key risk indicators and track core commodities is essential in managing the risk. Ongoing monitoring of any potential impacts from ongoing political instability and global trade uncertainty remain in place.

DESCRIPTION AND IMPACT | CAUSES | MITIGATION

10 Code of Ethics compliance

Failure to comply with the Code of Ethics across the Group including employees, joint venture partners, and within the supply chain.

What impact it might have

Failure to comply with the Code of Ethics and Balfour Beatty values could leave the Group exposed to:

- instances of bribery and corruption;
- fraud, deception, false claims or false accounting;
- unfair competition practices;
- human rights abuses, such as child and other labour standards generally, illegal workers, human trafficking and modern slavery;
- unethical treatment of and by the supply chain;
- potential impact to staff morale and wellbeing; and/or
- potential health and safety impact.

Any of these failures could result in legal investigations or disputes, resulting in business disruption, losses, fines and penalties, reputational damage and even debarment.

FOR MORE INFORMATION PLEASE SEE 'ETHICS AND COMPLIANCE' ON PAGE 46

Causes

Failure to comply with the Code of Ethics and Balfour Beatty values could arise from:

- failure to adopt a compliance risk approach;
- failure to establish appropriate corporate culture across the different businesses and geographies in which the Group operates;
- failure to embed the Company's values and behaviours across joint ventures and throughout supply chain partners;
- lack of an effective training programme to reach all layers of personnel across the business;
- failure to have a robust testing and compliance monitoring programme in place;
- ethics and values being compromised as a result of commercial pressures;
- failure to ensure awareness of whistleblowing processes across the organisation and/or to engender a safe 'Speak Up' working culture; and/or
- deliberate or reckless non-compliance.

Mitigation

Code of Ethics and associated training programme deployed Group-wide with specific behaviours training deployed to targeted audiences. Related policies, procedures and training refreshed as appropriate – with the initial roll out of Right to Respect training in the UK nearing completion.

Ethics and compliance updates provided to the Audit and Risk Committee biannually. Each Business Unit, supported by the Ethics and Compliance function, is responsible for embedding the Code of Ethics and the Company's values and behaviours within its operations.

The Group has a range of operational controls (commercial, including procurement, due diligence and risk assessment) that are designed to identify and manage risks internally and with third parties. In 2024, a Fraud Working Group was set up to ensure readiness for the coming into force of the Economic Corporate Crime and Transparency Act 2023.

An independent third-party whistleblowing helpline is in place and actively promoted. All in-scope complaints are independently investigated by the Internal Audit and Compliance teams and appropriate action is taken, where necessary.

Balfour Beatty works with a limited number of agents, all of whom are, in addition to the Group's due diligence and approval process, subject to specific contractual clauses, policies and agreements.

Centralised systems to track and permit enhanced supplier assessment in relation to capacity, compliance and performance providing insight into supplier internal operating processes, governance and values.

Owner
The Board

Risk movement

No movement
The Code of Ethics programme continues to be promoted and embedded across the Group. In the UK the initial roll out of Right to Respect training is nearing completion.

Controls deployed through both internal and external systems allow oversight of compliance with the Code of Ethics and enable the business to monitor and manage any potential breaches.

11 Legal and regulatory

The Group does not effectively respond to any change in relevant legal, tax and regulatory requirements in a timely manner or does not fully understand the implications of certain regulatory changes resulting in a potential breach or lack of business readiness.

What impact it might have

The Group could face legal proceedings, investigations or disputes resulting in business disruption, losses, fines and penalties, reputational damage and debarment.

Such action could also impact the valuation of assets within the affected territory as well as have an impact on shareholder confidence.

Causes

Failure to recognise or adapt to potential impacts arising from changes in applicable laws affecting the Group's businesses may result from:

- lack of awareness of any changes in laws or regulations made across the geographies and jurisdictions within which the Group operates;
- ineffective communication of the requirements across relevant business units; and/or
- entering into new markets and/ or sectors with limited expertise and due diligence.

Mitigation

The Group actively monitors and responds to tax, legal and regulatory developments and requirements in the territories in which it operates, with dedicated legal resource assigned to specific business areas.

Changes in the law and the requirements arising from them are clearly cascaded to all affected businesses.

Local legal and regulatory frameworks are considered as part of any decision to conduct business in a new territory, as well as addressed as part of the Circles of Risk.

Appropriate and responsive policies, procedures, training and risk management processes are in place throughout the business.

Engagement of third-party expertise where required on specific or localised legislation and policy.

Owner
The Board

Risk movement

No movement
Unforeseen exposure to legal and regulatory change is considered extremely unlikely. Whilst the Group moves to explore new market sectors, the controls embedded across the Group are considered to remain effective in managing this risk.

RISK MANAGEMENT CONTINUED

Our Principal Risks continued

DESCRIPTION AND IMPACT	CAUSES	MITIGATION	
12 Legacy pension liabilities			
The Group is exposed to and must therefore effectively monitor and manage significant defined benefit pension risks. **What impact it might have** Failure to manage these risks adequately could lead to the Group being exposed to significant additional liabilities due to increased pension deficits. This has the potential to affect the longer-term viability of the Group as well as incur reputational harm.	The Group is unable to guarantee that the trustees of the pension funds react effectively to or manage: › changes in interest rates or outlook for inflation; › an increase in life expectancies; › regulatory intervention or legislative change; › prudent funding assumptions; and/or › investment performance of the funds' assets.	The Group continues to constructively and regularly engage with the trustees of the pension funds to ensure that they are taking appropriate advice and the funds' assets and liabilities are being managed appropriately. This includes quarterly performance reporting and investment committee meetings in which the Company is represented. The funding and investment arrangements of the pension funds are subject to an in-depth triennial valuation and funding review with regular monitoring in years between. The Group's two main UK funds have hedged in excess of 80% of their exposure to interest rate and inflation movements and the largest of the UK funds has hedged around 40% of its exposure to an increase in life expectancies. Following completion of the 31 March 2022 triennial funding review of the main UK fund in May 2023, a substantial amount of de-risking was agreed with the trustees and the majority of this was implemented by the end of 2023, with some additional de-risking carried out in the first half of 2024.	**Owner** The Board **Risk movement** **No movement** No change in risk. The trade-off between risk and cost continues to be subject to regular review and has been scrutinised fully as part of the 2022 actuarial valuations of the Group's two main UK funds. Asset de-risking continued in 2024. Ongoing monitoring of this risk continues, with the next triennial funding reviews planned for 2025.

DESCRIPTION AND IMPACT	CAUSES	MITIGATION	

13 Economic uncertainty

Description and impact

The effects of national and international market trends including political, societal or regulatory change, may cause customers to re-evaluate existing or future infrastructure expenditure and the procurement of services. It may also lead to changes in the price and availability of labour, products and services and impact on Group operating models.

What impact it might have

Any significant delay or reduction in the level of customer or local authority spending or investment plans could adversely impact the Group's strategy and order book, reduce revenue or profitability in the near or medium term, and negatively impact the longer-term viability of the Group.

Restrictions on the availability of skilled labour and competitively priced materials could lead to increased costs, reduced margins, and hence potentially a devaluation of the business.

Financial failure of a customer, including any government or public sector body, as well as a key supply chain or joint venture partner could result in increased financial exposure to counterparty risk.

Causes

Potentially negative impacts could be related to the effects of:

- customers postponing, reducing or changing expenditure plans including any delays associated with funding or planning constraints or to meet 'greener' solutions;
- impact of inflation arising from a multitude of factors including rising global costs of energy, strained supply chains, global trade uncertainty and, rising demand and residual impacts still being felt from the UK's exit from the EU;
- pressure on public finances caused by inflationary pressures and strained public finances more generally;
- increased competition e.g. in the UK from foreign investors acquiring competitors;
- political change or uncertainty;
- recessionary pressures; and/or
- increased supply chain risks (e.g. solvency, people and materials).

Mitigation

The Group primarily operates across three geographies (UK, US and Hong Kong) and three sectors (Construction Services, Support Services and Infrastructure Investments). This balanced portfolio of projects provides resilience and stability as the Group is less exposed to a downturn in a single geography or sector.

The Group continues to actively monitor market trends and potential impacts and is involved in government affairs activity to anticipate future direction of government spend and collaborate with partners where possible.

The financial solvency and strength of counterparties and major supply chain partners form part of key considerations before contracts are signed and assessments are updated and reviewed whenever possible during the project lifecycle. The business also seeks to ensure that it is not overly reliant on any one counterparty, whether customer, joint venture partner or supply chain partner.

The annual review of market forecasts continues to remain a core part of the Group's Budget and Plan processes, and a focus on medium-term market outlook is considered and presented by each Strategic Business Unit.

Owner

The Board

Risk movement

No movement

Economic uncertainty has continued to present headwinds for the business, driven by interest rates remaining higher for longer and the residual impact of inflation, presenting ongoing financial constraints on both public and private finances. In 2024, these factors were against the backdrop of elections and subsequent administration change within both the UK and US. The business however continues to retain a strong order book and has seen the award of major projects in 2024. The Group continues to closely monitor economic drivers, including any impact arising from global trade uncertainty and remains cognisant of potential uncertainties presented by ongoing conflicts and international political unrest.

VIABILITY STATEMENT

In accordance with the requirements of the Code, the Directors have assessed the Group's long-term prospects and its viability over a three-year period to 31 December 2027.

Assessing the Group's long-term prospects

The Group operates primarily in the UK, US and Hong Kong, specialising in multiple facets of the construction and services industry. The Group also maintains an Investments portfolio which provides a strong underpin to the Group's balance sheet.

The Group has many elements necessary for future business success – expertise in technology and innovation, strong customer relationships and a talented workforce. The Group seeks to build on these strong foundations with continued investment in technological advances, not only to ensure that projects are delivered on time and as efficiently as possible whilst maintaining the utmost focus on safety, but also to remain market leaders in the way construction is conducted and to push the boundaries of innovation in line with achieving industry-leading margins.

Assessing the Group's viability

The Directors have assessed the Group's viability over a three-year period and consider this to be appropriate because this is the period aligned to the current order book and for which there is a good visibility of the pipeline of potential new projects. This period also allows greater certainty over the forecasting assumptions used in labour and material pricing, skills and availability. There is inherently limited visibility of contract bidding opportunities beyond the three-year period, and the accuracy of any forecasting exercise is also impeded by uncertainties around the costs involved in delivering contracts. Consequently, the Group performs its medium-term planning over three years.

The Directors and the Executive Risk Steering Group continue to monitor the principal risks facing the Group, including those that would threaten the execution of its strategy, its business model, future performance, solvency and liquidity.

As part of assessing the Group's future viability, the Directors have considered these principal risks and the mitigations available to the Group. These principal risks and the consequent impact these might have on the Group as well as mitigations that are in place are detailed on pages 94 to 105.

In their assessment of the Group's viability, the Directors have also considered the need to be successful in focusing on the Group's values of Lean, Expert, Trusted, Safe and Sustainable detailed on pages 24 and 25. The Group's progress in relation to Build to Last for continuous improvement remains critical to future success, although success is also dependent on the Group's ability to selectively win new contracts which could be partly impacted by political changes.

At 31 December 2024, the Group's only debt, other than non-recourse borrowings ring-fenced within certain concession companies, comprised $208 million US private placement (USPP) notes.

The Group's £450 million committed sustainability linked bank facility remained undrawn at 31 December 2024 and is fully available to the Group until June 2028. The Group's £30 million bilateral committed facility also remained undrawn at 31 December and remains fully available to the Group until December 2027.

The Group's projections indicate that the headroom provided by the Group's strong liquidity position, including its net cash position and the debt facilities currently in place, is adequate to support the Group over the next three years.

The Group's projections have been stress-tested against key sensitivities which could materialise as a result of crystallisation of one or a combination of the Group's principal risks with the aim of stress-testing the Group's future viability against severe but plausible scenarios. These scenarios include:

- failure to manage effectively any adverse economic impact;
- an operating event that damages the Group's reputation and results in significant penalty; and
- failure to maintain progress made in relation to Build to Last.

The above scenarios result in: a reduction in revenue; a reduction in margin; an increase in operating costs; a slowdown in the Group's investments asset disposal programme; and/or negative changes to working capital.

The Directors also assessed a 'perfect storm' scenario by combining multiple scenarios and modelling the resulting downside to stress-test the Group's viability if these cash flows were to immediately and simultaneously come under severe threat. This scenario is aimed to test the viability of the Group if it was to experience a catastrophic failure and to allow the Directors to assess the mitigations available to avoid this.

In assessing the Group's viability under these severe but plausible scenarios (including in the instance of a 'perfect storm'), the Directors have also considered the Group's projected cash position (which excludes cash that is not immediately available to the Group), bank facilities and their maturity profile and covenants, the borrowing powers allowed under the Company's Articles of Association and the fact that the Group's PPP investments comprise reasonably realisable securities which could be sold to meet funding requirements if necessary.

It is unlikely, but not impossible, that the crystallisation of a single risk would test the future viability of the Group. However, it is possible to construct scenarios where either multiple occurrences of the same risk, or single occurrences of different principal risks, could put pressure on the Group's ability to meet its financial covenants. The Directors have considered the strength of the mitigations available and whether these are sufficient to avoid a catastrophic outcome to the Group's viability and believe that there are sufficient mitigations immediately available to minimise this risk.

Based on the assessment undertaken to stress-test the Group's viability against severe but plausible scenarios, and taking into account the strength of mitigations that are immediately available to the Group, the Directors have concluded that there is a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period to 31 December 2027.

Our 2024 Strategic report, from pages 1 to 115, was approved by the Board on 11 March 2025.

Philip Harrison
Chief Financial Officer
11 March 2025

CLIMATE CHANGE AND TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Climate-related risk and opportunity

Evolving the organisation's understanding of the impacts of climate change.

Climate change has been identified as one of six focus areas most critical to business success within the Balfour Beatty Building New Futures sustainability strategy, see page 49. This reflects the importance that the Group places on addressing the climate crisis, and the role the construction and infrastructure sector stands to play to tackle this global challenge.

The efforts made to date to understand the effects of climate change on the business have focused on the identification of climate-related risks and opportunities, and an initial assessment of impact or potential outcomes to the business. Where possible, consideration has also been given to business response, in an effort to reflect how the Group both adapts to, and mitigates risk, and promotes opportunity through its business strategy.

The Group's Climate-risk Working Group (formerly TCFD Working Group), established in 2021, continues to provide a structured approach for how the Group considers the impacts of climate change and what this means to the organisation. The Working Group supports the business in considering the deepening effects of the climate crisis and integrates the identification of climate-related risk and opportunity into existing business risk reviews. The key activities Balfour Beatty has undertaken to progress this agenda are summarised in a timeline outlined on page 109.

The diverse nature of the Group's operational activities continues to present a challenge for the development of robust and replicable methodologies that can be applied business-wide to accurately quantify the financial impact of climate-related risks and opportunities at a Group-wide level.

During 2024, the Group's focus areas were to:

- incorporate any new or updated knowledge obtained through the 2023 workstream back into the climate-risk and opportunity master list;
- revalidate and prioritise the most relevant climate-related risks and opportunities for the business by reapplying the Vulnerability Advantage (VA) assessment against the 'long list' of climate-related risks and opportunities; and
- undertake a detailed analysis on the three highest rated risks and opportunities identified for the business.

Compliance statement:

Balfour Beatty continues to set out its climate-related risk and opportunity disclosures aligned with the 11 core elements of the TCFD guidance using the pillars of governance, strategy, risk management, and metrics and targets. In doing so, it has considered Section C of the 2021 TCFD Annex entitled Guidance for All Sectors and Section E of the TCFD Annex entitled Supplemental Guidance for Non-Financial Groups. The Group remains compliant with Financial Conduct Authority (FCA) listing rule UKLR 6.6.6(8)R by applying the TCFD guidance; assessment of the climate-related impacts on the Group undertaken to date are largely qualitative and are yet to be fully integrated into the longer-term financial planning processes for the business. Development of methodologies to determine quantitative impacts has progressed for 2024, however, the Group remains consistent in only disclosing qualitative impacts. The Group's operational complexity continues to present a challenge for quantification considering the range of uncertainty in projections on the impacts of climate-related risks and opportunities. The table below outlines where elements of the TCFD disclosure requirements are addressed within the report.

Detailed analysis of these events is intended to expand insight into the organisation-wide impacts of climate-related risks and opportunities and focus on developing methodologies that will enable the Group to explore quantification of the nearer-term events that carry a greater level of likelihood.

Pillar	TCFD recommendation	Section name	Page
Governance	a) Board oversight b) Management role	Division of responsibilities Audit risk and internal control Sustainability	p132 p146 p48
Strategy	a) Risks and opportunities b) Impact on organisation c) Resilience of strategy	Division of responsibilities Audit risk and internal control Sustainability	p132 p146 p48
Risk management	a) Risk identification and assessment process b) Risk management process c) Integration into overall risk management	Risk management	p89
Metrics and targets	a) Climate-related metrics b) Scope 1, 2, and 3 GHG emissions c) Climate-related targets	Sustainability	p48

CLIMATE CHANGE AND TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) CONTINUED

Reporting framework horizon
Balfour Beatty awaits formal adoption into UK reporting rules for listed companies, the International Sustainability Standards Board (ISSB)'s first two standards, IFRS S1 and IFRS S2, which fully incorporate the TCFD's recommendations. In 2024 a gap analysis was undertaken on these standards to generate a roadmap integrating these into future reporting plans.

Governance
Balfour Beatty's governance structure and organisation hierarchy underpin all Group activities and ensure that the business is managed and operated effectively (see page 132). This structure enables the Board, its sub-committees and senior management to review risk profiles at operational and business level that may include climate-related risks and opportunities that are considered alongside other potential exposures.

Board oversight
The Board is responsible for setting the Cultural Framework of the business including its purpose, Build to Last strategy, values and behaviours. Together with its sub-committees, the Board provides leadership and oversight of the system of risk management which includes ensuring climate-related factors are being considered as part of identification of risk for the overall business.

The Safety and Sustainability Committee (SSC) reviews the Group's sustainability strategy, Building New Futures, and monitors progress on the defined six focus areas. The Group Chief Executive and three non-executive Directors are members of the SSC. The Group Chief Executive has overall responsibility for climate-related risks and issues as well as setting Balfour Beatty's sustainability policy and overseeing how Environmental, Social and Governance (ESG) matters are managed.

The SSC agenda is separated into two specific areas of focus: (i) health and safety; and (ii) sustainability, allowing for more time and emphasis on climate-related matters.

Both the Group Chief Executive and Chief Financial Officer have ESG-related targets included as part of their strategic business and personal objectives. Examples include a measurable improvement in UK social value annually from the previous year; and a measurable improvement in both the quality of carbon reporting and actual performance against validated Science Based Targets (SBTi).

The Audit and Risk Committee supports the Board in its oversight of all Group risks, which continues to reflect two Group risks, mitigating and adapting to climate change, and delivering sustainability commitments. The Board, through the Audit and Risk Committee, is apprised of the climate-related risks and opportunities on an annual basis, alongside an overview of the climate-related risk workstream carried out throughout the year and an annual disclosure summary.

Further information related to all Board meetings held and attended can be found in the Division of responsibilities section on page 132.

Management role
The Executive Committee's (ExCom) responsibilities include setting ambitions and targets in relation to climate-related matters under the Building New Futures sustainability strategy and supporting businesses in establishing and implementing Bridging the Gap sustainability action plans. ExCom members are also responsible for monitoring any climate-related risks and opportunities identified as relevant to their respective businesses or functions, alongside other operational and strategic risks.

Time horizons

Short term (0–3 years)	Medium term (3–10 years)	Long term (10–30 years)
Balfour Beatty's current operations and asset investments as well as near-term growth strategy.	Ongoing projects and contracts as well as growth strategy and asset investment decisions driven by government policy, infrastructure needs and market conditions.	Factors that could impact Balfour Beatty's business plans and longer-term strategy and business resilience.

The Group Sustainability function is responsible for understanding material sustainability considerations, indicating related targets and ambitions, and enabling the development of operational action plans.

The ExCom has overall responsibility for agreeing the Group's sustainability ambitions and targets. Sustainability directors assigned across the Group (supported by individual business sustainability leads and project-based teams) are responsible for maintaining bespoke Bridging the Gap sustainability action plans aligned to the Group's Building New Futures sustainability strategy.

The senior leadership of each business is responsible for agreeing its Bridging the Gap action plan and ensuring it is delivered and adequately resourced. These plans detail how projects should deliver sustainability at a local level aligning to the Building New Futures six focus areas. Risks and opportunities (including where defined as Emerging Risks) are also identified and tracked on business risk registers where relevant.

Internal audit teams review the maturity of Strategic Business Unit Bridging the Gap plans against the Group's sustainability strategy. This includes checking that plans are tracked and updated by the business.

PricewaterhouseCoopers LLP (PwC LLP) is engaged by Balfour Beatty to provide limited assurance over the reporting of selected sustainability data including the Group's Scope 1 and 2 greenhouse gas emissions, emissions intensity and social value.

The Climate-Risk Working Group, co-led by the Group Risk and Audit Director and Director of Sustainability, includes representation from Finance, Risk, and Sustainability functions, and draws on functional support and expertise from the wider business. It engages with business and functional management across Balfour Beatty, ensuring climate-related risks and opportunities are adequately identified and incorporated into the Group's Enterprise Risk Management (ERM) system. The Working Group oversees the implementation of climate-related risk management processes and reporting.

The key objectives of the Working Group are to grow the Group's understanding of climate-related risk and opportunity and align these efforts to evolving disclosure requirements, by:

- building awareness of climate-related risks and opportunities that could impact the Group;
- identifying, analysing and disclosing high-priority or potentially material climate-related risks and opportunities;
- delivering ongoing review of climate-related risks and considerations and supporting how these are integrated into risk management processes; and
- communicating the outputs and implications of these reviews to key stakeholders within the business.

	2021	2022	2023	2024
Work stream summary	**Establishment of the Working Group and integration into ERM framework**	**Vulnerability/ Advantage (VA) assessment and top 10 risks defined**	**Strategic Business Unit (SBU)-level impact and applicability assessments**	**Revalidation and prioritisation of the most relevant climate-related risks and opportunities for the business**
Training and upskilling	Delivered climate awareness session to the Board	Delivered carbon literacy training to ExCom	Delivered TCFD training session to the finance community, with SBU finance directors identified as TCFD Champions for each SBU	Upskilled a diverse stakeholder group through engagement in a half-day workshop to support revalidation of the VA assessment
Climate scenario setting	Determined climate scenarios as 2°C and 4°C for the business and commenced scenario analysis	Revised climate scenarios to <2°C (Low Carbon) and ~2.7°C (Limited Action)	Maintained climate scenarios as these are aligned to latest climate science	
Identification and assessment of climate risk and opportunities	› Captured physical and transition risks split across both scenarios informed by data, analysis, interpretation, and forecasts – establishing a 'long-list' master climate register › Facilitation of workshops with business representation to identify additional relevant events and prioritise – split across three geographical locations › Consolidated workshop output and high-level qualitative analysis of prioritised risks and opportunities and ranked risks and opportunities over the short, medium and longer term	Development of VA to evaluate and prioritise risks from 2021 and applied the VA assessment to determine top 10 highest rated key climate-related risks and opportunities to take forward for further analysis	› SBU surveys conducted to understand applicability and relevance of top 10 risk and opportunity events in the context of specific business plans an objectives › Facilitation of individual workshops for each SBU to explore the relevant events in the context of their specific business plans and objectives – and understand impacts and planned response	› Confirmed existing list of climate-related risks and opportunities defined to ensure relevancy to the Group › Validation/identification of highest rated climate-related risks and opportunities for the Group. Agreed a single consequence and likelihood rating (consequence based on pre-population of the sensitive, exposure and adaptive ratings already being assigned) › Identification of the highest rated risk and opportunities to take forward for more detailed analysis and development of quantification methodologies
Detailed analysis		› Identification of 500 site and asset locations for physical data modelling out to 2100, over both climate scenarios to highlight exposure to climate perils › Early development of financial methodologies for top 10 risks and opportunities allowing for the identification of gaps in consistent and comparable internal data	› Analysed workshop and survey findings to identify common insights and validate risks and opportunities as most relevant to business operations › Collated information to present back to SBUs for consideration and incorporation into SBU risk profiles (including as emerging risks) where required, mitigation actions integrated into Bridging the Gap plans as part of strategic delivery	› Based on the revised VA assessment one opportunity and two risks were carried forward for more focused analysis › Development of draft quantification methodologies for the following three events: – Increase in demand for renewable and low-carbon energy generation, storage, transmission and distribution increases awarded contracts – Carbon pricing increases prices of energy and raw materials – Transitioning of owned plant, fleet, and equipment to lower-carbon options Detail outlined on pages 113 to 115.

Strategy

The Build to Last strategy is fundamental to how the organisation shapes a market-leading Balfour Beatty for the next 100 years. Build to Last is a platform for sustainable growth and productivity and is well placed to enable Balfour Beatty to develop resilience against the impacts associated with climate change over the short, medium and long term.

'Sustainable' is identified as one of the five values of the Build to Last strategy (see page 25). The Building New Futures sustainability strategy sets out the Group's commitment to mitigate and adapt to climate change; as signatories of the business ambition to 1.5˚C with SBTi validated net zero target of 2050 for Scopes 1, 2 and 3 and a near-term 42% reduction in Scope 1 and 2 GHG emissions. The roadmap to achieve these reductions is implemented through Bridging the Gap sustainability action plans in 2024 which monitors progress against the Building New Futures strategy targets.

Balfour Beatty's diverse operating portfolio and geographical spread mean that the likelihood of a number of climate-related risks occurring at the same time is low and they are unlikely to impact the Group's short-term financial viability or ability to operate in a business-as-usual state.

The nature of the Group's business model at present continues to provide an element of protection from negative financial risk where contractual mechanisms are in place. This will continue to evolve in maturity in line with the developing climate agenda as customers embed and enhance more climate-focused procurement evaluation criteria and commercial contractual clauses.

The Group considers climate-related risks and opportunities across different time horizons, defined as the short, medium, and long term as defined on page 108.

CLIMATE CHANGE AND TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) CONTINUED

Strategy continued
The Group deemed the retention of these time horizons as the most appropriate due to the nature of the construction sector's project lifecycles and longevity of ongoing work.

Setting climate scenarios

The Group has maintained the two scenarios identified in the initial disclosure year, as they have been determined by the Working Group as still the most relevant and appropriate scenarios aligned with climate science and the realities of the pace of sectoral decarbonisation, labelled Low Carbon, and Limited Action. 'Limited Action' was defined as more appropriate as the term 'business as usual' was not reflective of the Group's commitment to mitigating and adapting to climate change.

Under the Limited Action scenario, it is anticipated that the global mean temperature will increase by approximately 2.7°C, a mix of fossil fuels and renewables will be adopted as energy sources, carbon pricing will remain low, and legislation will be of a commensurate level of ambition in comparison to the present, resulting in a medium emissions future.

For physical scenarios, the IPCC AR6 SSP 2–4.5 Middle of the Road (Limited Action) and SSP1–2.6 Sustainable (Low Carbon) projections were utilised. For transition scenarios, the IEA World Energy Outlook 2021 Stated Policies Scenario (Limited Action) and Sustainable Development Scenario (Low Carbon) were utilised.

Impact and response to climate-related events
As highlighted previously, the ability to accurately quantify the financial impacts from climate change to the business presents a challenge. Balfour Beatty's operations are diverse, undertaking very different work activities across a broad client portfolio (both public and private), often under differing contractual terms and profit margins across distinct core geographies.

The approach adopted in 2023 to review the impacts of climate change at an SBU level provided better insight into potential outcomes for the business. By understanding the impact of each risk and opportunity event in the context of specific business plans and growth strategies, the methodologies developed to financially assess impacts could be informed by more accurate, granular data on a business-by-business basis, making it more relevant to that area of operation.

It also supported insight into the proposed adaptation and mitigation strategies each business planned to undertake in response to risks and opportunities that were relevant to their respective businesses.

Whilst limitations remain, work has evolved to progress this in 2024. The VA assessment was revisited to first revalidate the highest rated risks and opportunities, incorporating new data obtained from the 2023 workstream. This enabled a revalidation of the highest 10 risks and opportunities to then identify those that could be taken forward to progress the development of a deeper dive analysis and to develop draft quantification methodologies. Detail on this is outlined further on page 113.

The Group continues to disclose the anticipated financial impact category associated with each event.

The Group performs an assessment on TCFD reporting requirements and considers areas of the business that could be impacted by climate change. As a result of this assessment, the Group does not anticipate a material impact from climate-related factors in the short term. The Group considers climate change in its going concern assessment biannually and viability assessment annually (see page 106). As part of this, consideration is given to whether existing assets could be impaired.

It has been determined that the Group has an in-built resilience to the impacts of climate change in the short term, due to the current level of geographic and market diversity of its operations.

This enables the Group to pivot away from markets more exposed to climate risk and expand into existing and/or new markets presented by the global response to climate change.

The potential financial impacts of the Group's positive and negative exposure to climate risks and opportunities require many assumptions to be made in respect of factors such as low-carbon technology forecasts, energy consumption, carbon pricing forecasts, and others, which are subject to high variability.

CLIMATE SCENARIOS

	Physical		Transition		
Scenario	Warming by 2100	Future emissions	Energy sources	Policy narrative	Rationale for scenario
Limited Action	~2.7°C	Medium	Mix of fossil fuels and renewable energy	Achievement of Nationally Determined Contributions (NDC) under Paris Agreement and other policy commitments	Represents possible future risks if there is minimal additional action Most significant impacts from physical risks
Low Carbon	<2°C	Low	Mostly renewables and low-carbon fuels	Ambitious policy agenda leading to transformation of the energy system Many advanced economies reach net zero emissions by 2050, with the rest of the world reaching net zero by 2070	Aligns with best-case scenario and current recommendation from the IPCC Most significant impacts from transition risks

The analysis conducted to date shows that the overarching business strategy would not be impacted, and importantly, mitigating actions are already in place for certain risks, which significantly reduces potential negative financial impacts. There will be opportunities to continue to iterate the analysis as the volume and type of relevant data and assumptions becomes available, both internally and externally to support and inform further quantitative assessment.

To support future assessments of materiality in the context of climate-related impacts over the medium and longer term, the Group continues to engage with stakeholders.

Risk management

The Group maintains its approach to integrate climate-related risk identification into the existing ERM framework, which ensures consideration at Group, business and operational levels. Mitigation of, and adaptation to, climate change is identified as a risk on the Group risk register. This risk is monitored by the ExCom as part of the half year and full year reviews of the Group's risk profile (see page 89). Current management plans remain largely focused on exploring and understanding the full impacts of risks to develop appropriate mitigation and adaptation strategies which, where possible and relevant, are incorporated as part of Bridging the Gap action plans. Mitigation also includes the role of the Working Group in progressing the assessment and response to this risk.

A mapping exercise is conducted to identify where climate change may be a cause or driver to other Group risks, and/ or where it may further compound impacts. The Balfour Beatty risk management process to identify, assess, respond to, and monitor risk (outlined on page 89) is applied by the business to identify climate-related risks and opportunities alongside other risks. Whilst this ensures a consistent process is applied when identifying and reviewing all risks, there are some specific additional considerations that differ for climate-related risk that should be considered. Additional guidance has been developed to highlight the differences (and in some cases, limitations) when addressing climate-related considerations at each stage of the risk process. The key differences in the time horizons over which the business traditionally identifies and assesses risk are also highlighted as part of this guidance. A high-level summary is provided in the Climate scenarios table on page 110. Reviewing climate-related risks and opportunities alongside existing strategic risks will support more targeted responses to manage these over the medium and longer term. Balfour Beatty's IRIS ERM system captures risk data at each level outlined in the ERM framework and includes climate change as a specific category, providing insight to trends on operational and business-level risk data. The highest rated risks have also been incorporated into the IRIS Risk Library, allowing businesses the ability to copy high-level detail in relation to the risk or opportunity and to amend in the context of their own businesses – whether as an open or emerging risk. Utilisation of the Risk Library can be tracked, as well as the ability to monitor trends for risks or opportunities that have been categorised as climate change in IRIS.

The work undertaken in 2024 to revalidate the VA assessment for climate-related risks and opportunities sought collective input from business representatives, including the Asset & Technology Solutions team, and commercial and financial SBU representation. The outcomes of this exercise allowed the business to confirm the highest rated risks and opportunities and to take forward those most relevant in the shorter term to undergo more detailed analysis, which includes the development of draft quantification methodologies with third-party specialist support. The details of this are outlined further on page 113.

Metrics and targets

Full details of climate-related metrics and targets, including Scope 1, 2 and 3 emissions, can be found in the Sustainability section on pages 50 to 55. Balfour Beatty's GHG abatement actions are aligned to the GHG reduction targets contained within its science-based targets, supported by a robust and credible GHG reduction pathway. For more information on Balfour Beatty's commitment and progress on science-based targets, see page 50.

Transition plan

The Group will continue to monitor timelines of implementation pending outputs of UK Government consultations on the introduction of UK Sustainability reporting standards in line with the Transition Plan Taskforce (TPT) framework. Balfour Beatty acknowledges the TPT release of final outputs, including a disclosure framework, implementation guidance and its proposed development of sector specific guidance documents. The Group will work towards adopting the TPT disclosure framework guidance as it continues to integrate its own transition plan into the Group's strategic goals.

CLIMATE CHANGE AND TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) CONTINUED

SEE PAGE 89 FOR MORE INFORMATION ON OUR RISK MANAGEMENT PROCESS

Integration of climate-related considerations into the existing Balfour Beatty risk process

1. IDENTIFY

Activities

- Identify material risk/opportunity events, causes and consequences
- Identify current relevant controls in place

Considerations and limitations when considering climate-related events

- Events span longer time horizons and may not occur in the current business planning period (more risks captured as emerging)
- Due to timeframes, current controls tend to be longer-term strategic planning and innovative thinking, that will become more specific and targeted over time
- Events need to be considered in different possible futures (Low Carbon or Limited Action scenarios)

2. ASSESS

Activities

- Assess risks and opportunities, by considering size of potential Impact, and overall Likelihood of event to occur, based on current controls in place to manage

Considerations and limitations when considering climate-related events

- Longer time horizons and the continuous evolution of climate science and associated models cause increased uncertainty on both impact and likelihood
- Limited or inconsistent data to accurately quantify at a Group level. Detailed methodologies with data validation and limited third-party assurance would be required for any financial assessment calculated for Group level events
- Impacts are more qualitative in nature – VA assessment utilised as a tool at Group level to consider Exposure, Sensitivity and Adaptive Capacity ratings as part of overall Consequence Rating
- Impacts identified at Project level can still be quantified in the short term in relation to time and cost, where relevant. Business level impacts may be quantified where known e.g. pursuit of a very new opportunity in relation to climate change but substantiation and robust assessment rationale is required

3. RESPOND

Activities

- Accept risks and opportunity and continue to monitor; or
- Manage further by developing SMART Actions to reduce or eliminate impact and/or likelihood

Considerations and limitations when considering climate-related events

- Responses to Manage Further can include better understanding of, adapting to, or mitigating the impacts of climate risk, and the promotion or pursuit of opportunities
- Examples could be establishing indicators to better understand the likelihood of possible climate futures, and building the capability to adapt to risk and take advantage of opportunities

4. MONITOR

Activities

- Monitor outstanding Actions and effectiveness of Controls, and re-assess as actions are implemented.
- Escalation of the most critical risks

Considerations and limitations when considering climate-related events

- Often, risks and opportunities have unknown or approximated impacts and are captured and tracked as Emerging
- Key Risk (and Opportunity) Indicators will be leveraged to track progression

Traditional risk time horizon– 3 years | **Climate-related risks and opportunities span from short term to long term**

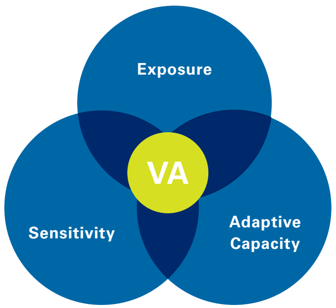
Assessing and mitigating physical risk events to the business

The most relevant physical climate risks identified by Balfour Beatty were validated through the VA assessment, and are reflected within the 10 highest rated risks and opportunities. In conducting a deeper review with the business, it was recognised that the approach by which to assess and manage each of these physical risks would be similar due to the businesses operating model and contracting principles. Whilst the likelihood of individual weather events will differ based on future time horizons, climate scenarios, geographical locations and work activity type, generally it was agreed that the impact on day-to-day project delivery risk will manifest as disruption or delay (resulting in potential time and cost), potential damage to assets, and risk to the safety and wellbeing of our people and other stakeholders that we work with. Balfour Beatty mitigates the physical risks posed by building in contingencies within project schedules for weather-related delays and has contractual mechanisms that mitigate against extreme weather events (often considered compensation events). Weather data as part of estimating and planning is utilised in developing project programmes and determining of contingencies. The business continues to review and monitor how to mitigate this exposure as Balfour Beatty and clients adapt commercial solutions in response to an increase in frequency and intensity of extreme weather events and chronic changes in heat and precipitation patterns.

Prioritised physical risks	Potential impacts and outcomes to business	Potential adaptation and mitigation strategies
› **Risk 6** – Extreme heat leads to damages to physical assets and disruption at own sites › **Risk 7** – Severe storms lead to damages to physical assets and disruption at own sites › **Risk 8** – High-speed wind leads to damage to physical assets and disruption at own sites	› Increased costs as extreme weather event classification may not be provisioned for within contractual clauses › Challenging or unsafe working conditions for employees › Delays to project delivery from stand-down of sites and/or to rectify damage caused by weather damage › Reduction in horizon opportunities for planned major infrastructure schemes as projects become too costly to fund due to weather-driven cost increases › Impact on valuation of assets in known extreme weather zones (flood zones, high-speed wind zones)	› Close monitoring of weather forecasts to ensure employee safety and adequate preparation › Utilising third-party expertise for support with climate modelling to understand physical risk impacts as relevant to certain geographical areas of operation › Increase resilience of sites to extreme weather events by implementing contingency plans › Considering relocation of manufacturing activities

Vulnerability/ Advantage assessment

The Vulnerability/ Advantage (VA) assessment is utilised to determine the level of disruption or benefit the business could be exposed to and the resources required to mitigate or promote it. The assessment considers criteria across Sensitivity, Exposure and Adaptive Capacity.



- **Sensitivity –** considers the impact of a physical or transition risk event in terms of disruption to operations or core functions and the severity of this impact. For opportunities, it considers the potential financial gain to the business.
- **Exposure –** considers the portion of the business that is physically located or directly impacted by a risk event or that could be related to the opportunity.
- **Adaptive Capacity –** considers the Group's ability to adjust to the projected impact, considering potential cost and intervention or investment. This also considers any cost or business model changes needed to exploit or pursue an opportunity.

Highest rated climate-related risks and opportunities

The principal activity undertaken for Balfour Beatty's climate risk and opportunity assessments during 2024 was the re-validation and assessment of the highest rated risks and opportunities defined in the prior years' workstreams.

The approach in 2024 amended the Vulnerability/ Advantage (VA) assessment methodology, previously, an assessment was made against Exposure, Adaptive Capability and Sensitivity and the overall assessment was formed through a weighted formula. In 2024, this was revised to still consider an assessment against the three criteria, but with a single consequence rating determined overall. This was then assessed alongside the likelihood to provide an overall rating for each risk and opportunity. This simplified the assessment process, allowing the subject matter experts engaged in the workshop to collectively agree and validate an overall rating. From the risks and opportunities highlighted through this process, three events were taken forward as the most significant to the Group in the shorter term, a detailed analysis and draft quantification methodologies are outlined in this section on page 115.

Through the VA assessment workshop, highest rated risks and opportunities were updated and streamlined to incorporate impacts/outcomes to the business, potential adaptation and mitigation/promotion strategies and relevance to operations gathered from SBUs in the 2023 workstream.

Outcome of review: precipitation as a risk is now integrated into the broader category of storms. The risk event previously labelled as 'Increase in efficiency reduces energy consumption and material use', has been updated with the title 'Resource efficiency through energy and material use'. The risk of droughts has been replaced with extreme heat as this was shown to be a more relevant risk to Balfour Beatty when discussed with stakeholders. The opportunity event 'Increase in demand for green, energy-efficient, and Net Zero buildings/ infrastructure increases awarded contracts' when assessed fell outside the top 10, granting the risk event 'Allowing establishment of/ increased number of regulations on material use and activities in the long-term' to enter the top 10 list.

TOP 10 HIGHEST RATED CLIMATE-RELATED RISKS AND OPPORTUNITIES

Number	Type	Name
1*	Opportunity	Increase in demand for renewable and low-carbon energy generation, storage, transmission and distribution increases awarded contracts
2*	Transition Risk	Carbon pricing increases prices of energy and raw materials
3*	Transition Risk	Transitioning of owned plant, fleet, and equipment to lower-carbon options
4	Opportunity	Increase in demand for climate disaster adaptation/climate resilient infrastructure increases awarded contracts
5	Opportunity	Resource efficiencies through energy and material use
6	Physical Risk	Extreme heat leads to damages to physical assets and disruption at own sites
7	Physical Risk	Severe storms lead to damages to physical assets and disruption at own sites
8	Physical Risk	High-speed wind leads to damage to physical assets and disruption at own sites
9	Physical Risk	Insurance premiums increase/become unavailable due to higher cost of adaptation measures or more stringent insurance policies
10	Transition Risk	Establishment of/increased number of regulations on material use and activities in the long-term

* Selected for 'deep dive'

Increase in demand for renewable and low-carbon energy generation, storage, transmission and distribution increases awarded contracts

There is a record capital investment in energy infrastructure driven by a growing demand for clean and secure energy and increase in renewable energy (see pages 14 to 17), all of which contribute to Balfour Beatty being well positioned to pursue opportunities in the markets of nuclear, grid upgrades, net zero power generation, and carbon capture schemes (CCS) projects in the UK.

Potential impacts and outcomes to business

- Increased revenue from a focused pursuit of opportunities related to nuclear, grid upgrades, net zero power generation and CCS projects.
- Opportunity to expand business capability and skillsets.
- Collaboration with design partners to develop low-carbon solutions.
- Support transition to lower-carbon economy.
- Collaboration with new and sustainable customers.
- Positive impact on ESG scores.

Potential adaptation and promotion mitigation

- Enhanced collaboration and dialogue with value chain members.
- Promotion of research and development in green infrastructure technologies.
- Creation of partnerships to promote new green infrastructure.
- Increased focus on climate-related opportunities through integration of climate-related opportunities into business growth strategies and work winning activities.

Financial impact category

Increased revenue

Anticipated time horizons

Short term

Medium term

Approach to quantification

Balfour Beatty has already conducted a financial assessment of prioritised opportunities from 2025 out to 2030 and for the foreseeable project opportunities beyond 2030. To build upon this in the context of climate-related opportunities, data sources were utilised for the UK energy market transition strategy highlighting the capital investment trends and energy-related opportunities until 2050 as well as the serviceable addressable market (portion of market that can be captured by Balfour Beatty). For more information on how the Group are capitalising on high-growth markets where the Group has the capabilities and a proven track record to secure new opportunities see pages 14 to 21. 2024 momentum in the UK energy transition and security market demonstrates the scale of the opportunity and relevance to Balfour Beatty operations such as the awarded contract of the first phase of the Skye 132kV reinforcement project for Scottish and Southern Electricity Networks (SSEN) Transmission. Work was undertaken in 2024 to further understand this opportunity by:

- Undertaking a 'SWOT' analysis on this opportunity based on stakeholder interviews. Finding that, the overall strength was in the Support Services businesses in the UK having well placed strategic positioning, enabling the business to capitalise on opportunities arising in this market. However, this rapid growth has been identified as having limitation and the key 'weakness' in this SWOT analysis, requiring the Group to add resources and expertise to maintain high-quality services. The principal opportunity is that in 2024, the UK Government has outlined a clear political commitment to invest in clean energy solutions including onshore and offshore wind, nuclear power, carbon capture and storage, and other energy transition and security schemes, government efforts to increase clean energy production will create numerous opportunities for Balfour Beatty in power transmission, nuclear, and grid decarbonisation sectors. Although the key 'threats' in this analysis were long-term project horizon uncertainty and price controls on core clientele.
- Producing analysis across both climate scenarios of 'low-carbon' and 'limited action' as nuclear, grid upgrades, net zero power generation, and CCS projects are expected to increase in all future energy scenarios that achieve net zero in the UK.

CLIMATE CHANGE AND TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) CONTINUED

Highest rated climate-related risks and opportunities continued

Carbon pricing increases prices of energy and raw materials

Carbon pricing will affect both project delivery and the supply chain by increasing costs of essential goods and services fundamental to operational delivery. Balfour Beatty's exposure from carbon pricing focuses primarily on impact on high-carbon material prices. Cement and steel were identified to be the two most exposed materials to carbon pricing.

Potential impacts and outcomes to business

- Increased cost to the business, supply chain and to customers.
- Potential reduction in future projects horizon if major infrastructure projects become too costly to fund.

Potential adaptation and promotion mitigation

- Monitoring of current carbon pricing to determine impact on the business and supply chain across geographies.
- Ensure where possible protection from increased cost through contractual mechanisms.
- Implementing efficient use of the products and services we procure.
- Avoiding, minimising or replacing carbon-intensive products and services for lower-carbon alternatives.

Financial impact category

Increased OPEX

Anticipated time horizons

Short term

Medium term

Approach to quantification

- Balfour Beatty's exposure from carbon pricing focuses primarily on impact on high-carbon material prices. Cement and steel were identified to be the two most exposed materials to carbon pricing. Beyond increasing carbon prices, a major development that is expected to impact cement and steel prices is expected phase out of free allowances. Currently the level of free allowances for cement and steel means producers only pay carbon price on 10 – 20% of the emissions. Within EU ETS, these free allowances are expected to be phased out by 2034 leading to a significant increase in the prices of cement and steel.
- Analysis highlights that even with a higher level of carbon pricing in the short term, high-carbon cement and steel are still expected to be cheaper than lower emission alternatives. In the medium-long term, with reducing free allowances and increasing carbon prices, low-carbon alternatives become cost competitive with high-carbon steel and cement. Failure to switch to low-carbon alternatives within a medium-long term timeline, therefore will pose a risk from carbon pricing to Balfour Beatty.
- Many of the Group's contracts currently have the provision to track material prices through various indices and pass higher costs to customers. Any gradual changes in material prices due to increase in carbon pricing is therefore mitigated if captured by the indices. In addition to this, compensation events also exist to safeguard against changes in material prices driven by changes in legislation. This allows Balfour Beatty to manage the costs of carbon pricing. However, risk can manifest if material price indices incorporated within project contracts do not incorporate changes from carbon pricing.
- Analysis focuses solely on the impact of changing carbon price regulation on high-carbon cement and steel prices while assuming all other costs remain the same. For comparison with low-carbon alternatives, levelised cost of lowest cost production route for cement (Oxyfuel Combustion) and steel (Electric Arc Furnace) was chosen. This analysis assumes that producers do not charge a price premium for low-carbon alternatives to recover R&D and first-of-a-kind technology implementation costs.
- This analysis was taken into the proposed calculation methodology under development to assess impact of carbon pricing (see left).

Proposed methodology under development

Current price of material = [Avg. emissions intensity of material – Current free allowances] × Current carbon price + Levelised cost of production of material + Other costs[1]

Future price of material = [Avg emissions intensity of material – Future free allowances] × Future carbon price + Levelised cost of production of material + Other costs[1]

This methodology is also used to estimate the cost of low-carbon alternatives which have different levelised cost of production and emissions intensity.

Carbon pricing impact = [Future price of material – Current price of material] Volume of procurement

Future Carbon price

Calculated outputs
Internal inputs
Sensitivity inputs
External inputs

Additional analysis was undertaken to compare the future price of high-carbon materials with low-carbon alternatives to identify timeline in which the latter reach parity with high-carbon materials. This acts as a mitigation measure to reduce exposure to carbon pricing in the long term.

1 Other costs are calculated retrospectively based the remaining share of cost after subtracting carbon pricing and levelised cost of production from the current price of material. It is assumed to be constant across time frames and production routes (i.e., other costs of EAF steel are assumed to be the same as for blast furnace steel)

Transitioning of owned plant, fleet, and equipment to low-carbon options

Across the Group, there is growing demand both internally and from our customers for low-carbon options for equipment. Asset and Technology Solutions (ATS) is a specialist in-house team which provides comprehensive plant, vehicle and equipment services to Balfour Beatty across the UK. Strategic asset services include in-house solutions such as HGVs, tower and crawler cranes, piling equipment, fire and security services, suction excavation, modular buildings and driver risk. Across all these asset types the challenges of availability and commercial viability of low-carbon options for equipment and machinery, and the extent of EV charging infrastructure, have the potential to impact the Group's ability to fulfil customer climate-related ambitions.

Potential impacts and outcomes to business

- Higher capital expenditures to purchase lower-carbon alternatives.
- Potential under-utilisation of the asset due to low uptake (due to high cost, lack of infrastructure etc.) leading to lower return on investment.
- Failure to keep pace with customer demand.
- Increased research, innovation and implementation costs may present risks associated with bringing new technologies to market, resulting in new skills development and training required to deploy low-emission technology alternatives.
- Lifecycle of existing assets may be reduced resulting in early impairment and retirement, or write-off of plant, equipment and fleet assets. Investment in newer replacement assets earlier than planned.
- Low-carbon technology for high-impact equipment does not innovate as fast as required in order to meet milestones of planned carbon reduction targets.
- A disparity grows between geographies and regions with more robust EV charging or hydrogen supply infrastructure in comparison to lagging jurisdictions where this technology is not available to implement at all or at scale.

Potential adaptation and promotion mitigation

- Assess the viability of construction projects that utilise low-carbon emission technology.
- Enable capability by providing training for low-carbon design optioneering and use of new technologies.
- Strong collaboration with supply chain to ensure low-carbon asset requirements are met, and implemented through the Asset and Technology Solutions team.
- Continue to implement 'Eco-operator' training to ensure lean driver behaviours and more effective asset management to deliver fuel efficiencies for plant and equipment.

Financial impact category

Increased CAPEX

Anticipated time horizons

Short term

Medium term

Long term

Approach to quantification

Balfour Beatty's near-term SBTi commitments require Scope 1 and 2 emissions to be reduced by 42% by 2030. For UK and certain US operations, Balfour Beatty owns a significant asset base of diesel-based fleet and construction equipment that contribute to these emissions. The need to transition assets to lower-carbon alternatives has been identified as a pathway in which to meet the Group's Scope 1 and 2 targets.

Transitioning to low-carbon assets requires higher capital expenditure than diesel alternatives. To assess this risk, a preliminary analysis was performed to identify the impact of additional investment necessary to transition three key Balfour Beatty owned assets: HGVs, LCVs and piling rigs.

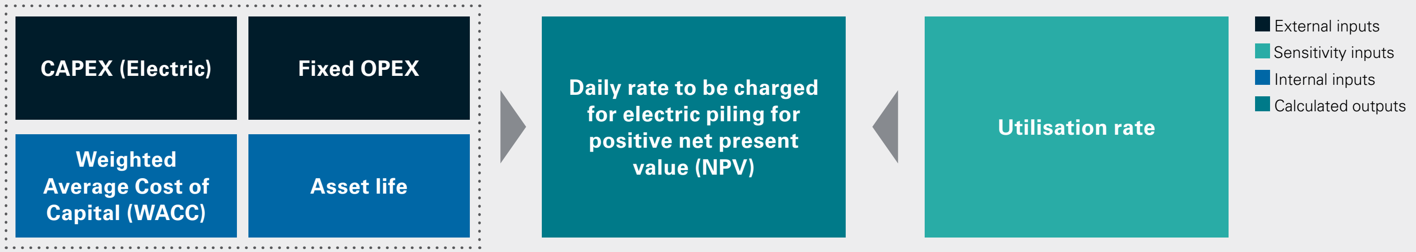
To further explore these impacts:

- Cost impact for customers associated with transitioning electric/ H2 assets was evaluated alongside the impact of under-utilisation on asset return on investment (ROI).
- A preliminary quantification exercise was performed on the total cost of hiring incurred by our customers for electric piling rigs vs diesel piling rigs based on current and future trends of piling rig CAPEX, fuel costs and supporting infrastructure necessary to mobilise these assets. Piling rigs were chosen as this activity undertaken in the Group's operations is both carbon-intensive and key specialist business workstream for the Group. A proposed calculation methodology for this quantification exercise is presented below. This considers the current age and replacement frequency of piling rigs owned by the Group as well as CAPEX inputs based on analysis on expected CAPEX requirements of low-carbon piling rigs drawing from public literature on CAPEX trends (ICCT[1]) under both 'low-carbon' and 'limited action' climate scenarios.

Proposed methodology under development

Evaluate cost impact for customers associated with transitioning to electric/H2 assets and impact of under-utilisation on asset ROI using piling rigs as a case study

While purchasing electric/H2 assets financial risk arises due to under-utilisation due to higher costs and failure to meet performance standards



Compared with daily charge rate for diesel assets to understand risk of under-utilisation

Assess how ROI changes based on utilisation rate

1 Assessment of Light-duty electric vehicle costs and consumer benefits in the United States in the 2022 – 2035 Timeframe by International Council of Clean Transportation (ICCT).

GOVERNANCE

Promoting the long-term, sustainable success of the Company

IN THIS SECTION

BOARD LEADERSHIP AND COMPANY PURPOSE

Group Chair's introduction

Dear Shareholder

On behalf of the Board, I am delighted to present the 2024 Corporate Governance report. The report provides an overview of our governance framework, a summary of the Board's activities throughout the year, and our priorities and focus for 2025.

The Board oversees the Group's purpose, values and strategy, ensuring that these are aligned to the culture of the business. Throughout 2024, the Board continued to focus on the delivery of our Build to Last strategy, which is underpinned by strong governance and internal controls.

Board activities

Substantial items that featured on the 2024 Board agenda include:

- Board succession planning and recruitment;
- oversight (through the Audit and Risk Committee) of a programme to implement an enhanced Group-wide Internal Control Framework (ICF) in anticipation of compliance with Provision 29 of the 2024 UK Corporate Governance Code;
- the results of the external Board performance review;
- a review of employee engagement survey data and other workforce engagement data and insights;
- updates on key projects; and
- oversight of the compliance monitor's reports in respect of the US Military Housing business.

Changes to the Board in 2024

Throughout 2024, the Board underwent a number of changes:

- With the support of executive search firm Odgers Berndtson, Robert MacLeod and Gabby Costigan MBE were appointed to the Board as Independent Non-executive Directors on 8 March 2024.
- At the conclusion of the 2024 AGM, Dr Stephen Billingham CBE and Stuart Doughty CMG both retired from the Board.
- Anne Drinkwater was appointed as Senior Independent Non-executive Director (replacing Dr Stephen Billingham CBE).
- Committee membership was updated to ensure a balanced mix of skills, experience and knowledge across each Board Committee.
- With the support of executive search firm Heidrick & Struggles, Rudy Wynter was appointed to the Board as Independent Non-executive Director on 1 December 2024.

Diversity and inclusion: the Board and beyond

As a result of the Board appointments highlighted above, the Board have continued to comply with the targets set by the FTSE Women Leaders Review, and for the first time, complied with the target set by the Parker Review, to have at least one Director from an ethnic minority background.

We are proud to be a diverse Board, and hope to leverage our diversity to successfully lead the Group and support the delivery of workforce diversity and inclusion initiatives.

Change to the Board in 2025

As announced in March 2025, Philip Hoare will join the Company as Group Chief Executive Officer in September 2025. Leo Quinn will remain with the Group for several months beyond this to ensure a seamless transition. Philip's appointment is in accordance with the Board's succession plan which included an extensive search process led by Odgers Berndtson. Details about this process will be set out in the report of the Nomination Committee in 2025.

Board performance review

In 2024, the Board underwent an externally facilitated Board performance review conducted by Egon Zehnder. The review concluded that the Board and its Committees continued to operate effectively throughout 2024. Please refer to pages 137 to 139 for more details on the scope of the review as well as a summary of the key actions to be undertaken in 2025.

Dividend

At the 2025 AGM, due to be held on 8 May 2025, the Board proposes a resolution, subject to shareholder approval, to pay a final dividend of 8.7 pence per share.

Our approach this year continues to strike a balance between investing in our business and providing returns for shareholders, with the aim of delivering against our Build to Last strategy and promoting the long-term sustainable success of the Group.

Charles Allen
Lord Allen of Kensington, CBE
Non-executive Group Chair
11 March 2025

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED

Governance at a glance

KEY ACTIONS FROM 2024

- Carried out searches for three new Independent Non-executive Directors
- Oversaw the induction process of newly appointed Independent Non-executive Directors
- Reviewed progress against the military housing business' response to the independent compliance monitor's initial and first follow-up report and resulting action plans
- Undertook an externally facilitated Board performance review in Q4 2024
- Reviewed preparations for compliance with the 2024 UK Corporate Governance Code, and oversaw the development of an enhanced Internal Control Framework (ICF)
- Conducted succession planning for the Board, Executive Committee, and senior management

PRIORITIES FOR 2025

- Complete the actions arising from the 2024 Board performance review
- Review Board balance and composition and conduct Board and Executive Committee succession planning
- Maintain oversight of the progress made against the Compliance Monitor's recommendations and action plans in respect of the US military housing business
- Monitor the progress and implementation of the ICF across the Group with respect to material controls
- Review and implement the 2024 UK Corporate Governance Code reforms
- Deliver a comprehensive induction and handover to the incoming Group Chief Executive, Philip Hoare, who joins the Board in September 2025

How the Board spent its time during 2024

Strategy, performance and operations	69%
Reviewing matters discussed at Committee meetings	12%
Governance and other matters	19%

Board	58%
Remuneration Committee	10%
Audit and Risk Committee	19%
Safety and Sustainability Committee	10%
Nomination Committee	3%

BOARD AND COMMITTEE SCHEDULED MEETINGS DURING THE YEAR

JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
	B	B		B		B	B	B		B	B
		A		A			A			A	
	N									N	
	R	R			R					R	
	S					S				S	

Board composition and diversity

	31 DEC 24
Female	40%
Male	60%

	31 DEC 24
Executive Directors	2
Independent Non-executive Directors	7

	31 DEC 24
UK	7
US	2
Australia	1

	31 DEC 24
0-3y	5
4-6y	1
7-9y	2

	31 DEC 24
45-54	1
55-64	4
65+	5

UK Corporate Governance Code

During the year, the Company was subject to the Financial Reporting Council's 2018 UK Corporate Governance Code, which can be found at: www.frc.org.uk.

This report, together with the reports from the Audit and Risk, Nomination, Remuneration, and Safety and Sustainability Committees, provide details of how the Company has applied the spirit of the principles of the Code (pages 117 to 178).

In 2024, the Company complied with all the provisions of the UK Corporate Governance Code.

1. Board Leadership and Company Purpose	**Page(s)**
A. Effective Board	137-139
B. Purpose, values and culture	117-178
C. Governance framework	132-135
D. Stakeholder engagement	127-131
E. Workforce policies and practices	77, 142
2. Division of Responsibilities	
F. Role of the Chair	133
G. Independence	136
H. External commitments and conflicts of interest	136
I. Board resources	132-139
3. Composition, Succession and Evaluation	
J. Appointment to the Board	136-137
K. Board skills, experience and knowledge	120-121, 136
L. Annual Board evaluation	137-139
4. Audit, Risk and Internal Control	
M. External Auditor and Internal Auditor	150-152
N. Fair, balanced and understandable review	149-150, 178
O. Internal financial controls and risk management	146-155
5. Remuneration	
P. Linking remuneration to purpose and strategy	153-160
Q. Remuneration Policy review	155, 158-160
R. Performance outcomes in 2024/25	161-174

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED

Leading with experience

The Directors hold the necessary skills and experience relevant to the sectors in which the Group operates, enabling the Board to effectively set the strategic direction and purpose of the Group and promote its long-term sustainable success.

Key

- Committee Chair
- A Audit and Risk Committee
- N Nomination Committee
- R Remuneration Committee
- S Safety and Sustainability Committee

* Tenure as at 31 December 2024

CHARLES ALLEN, LORD ALLEN OF KENSINGTON, CBE
Non-executive Group Chair

Appointed	13 May 2021
Nationality	British
Tenure	3 years, 7 months
Board and Committee Attendance	100%

Experience
Lord Allen has extensive corporate experience across a range of sectors, most notably in support services and media. His previous positions include Chair of ISS A/S, Executive Chair of EMI Music, Chief Executive of ITV plc, Chief Executive of Compass Group, Chief Executive of Granada Group and Chief Adviser to the British Home Office.

Charles was awarded a CBE in 2002, was knighted in 2012 and was ennobled in 2013.

Key external appointments
Lord Allen sits in the House of Lords and currently holds positions as Chair of THG PLC, Chair of Global Media and Entertainment Ltd, and Chair of the Invictus Games Foundation.

LEO QUINN
Group Chief Executive

Appointed	1 January 2015
Nationality	British
Tenure	10 years
Board and Committee Attendance	100%

Experience
Leo has strong leadership expertise and significant experience of successfully delivering transformation strategies for large companies. Leo is a civil engineer with an MSc in Management Science. Leo has held a number of leadership roles, including Group Chief Executive of QinetiQ Group plc, Chief Executive Officer of De La Rue plc, and Chief Operating Officer of Invensys plc's production management business. Leo also held a number of senior management roles with Honeywell Inc.

Leo was also previously a Non-executive Director of Betfair Group plc and Tomkins plc.

Key external appointments
Leo is the founder of The 5% Club, a dynamic movement of employers committed to 'earn and learn' as part of building and developing the workforce needed for a socially mobile, prosperous and cohesive nation.

Succession
As announced in March 2025, after 10 years in the role, Leo Quinn will step down from the Board later this year, to be succeeded by Philip Hoare.

PHILIP HARRISON
Chief Financial Officer

Appointed	1 June 2015
Nationality	British
Tenure	9 years, 7 months
Board Attendance	100%

Experience
Philip has considerable financial expertise and extensive experience of working in large multinational manufacturing and services businesses. Philip was appointed as Chief Financial Officer in June 2015, having previously served as Group Finance Director at Hogg Robinson Group plc, and as Group Finance Director at VT Group plc. Prior to that, he was VP Finance at Hewlett-Packard (Europe, Middle East and Africa regions) and was a member of its EMEA board.

Philip's earlier career included senior international finance roles at Compaq, Rank Xerox and Texas Instruments. Philip is a fellow of the Chartered Institute of Management Accountants.

Key external appointments
Philip is a Non-executive Director and Chair of the Audit Committee of Dowlais Group plc.

ANNE DRINKWATER
Senior Independent Non-executive Director

Appointed	1 December 2018
Nationality	British
Tenure	6 years, 1 month
Board and Committee Attendance	Full attendance, except for the 11 March Board meeting due to a conflict with a prior commitment.

Experience
Anne has significant experience in heavy industry including multiple large capital expenditure projects with infrastructure considerations and knowledge of doing business in the UK and US. She was at BP plc for over 30 years, holding a number of senior strategic and operational roles across multiple jurisdictions including the US, Norway, Indonesia, the Middle East and Africa culminating in the role of President and CEO of the Canadian business. Anne was previously a Non-executive Director at Aker Solutions A.S.A. and at UK listed Tullow Oil plc, where she served on a number of board committees. She was previously Oil and Gas Adviser to the Falkland Islands Government.

Key external appointments
Anne is Non-executive Deputy Chair of Equinor A.S.A. where she is also Chair of the Audit Committee and a member of the Safety, Sustainability and Ethics Committee.

BARBARA MOORHOUSE

Independent Non-executive Director

Appointed	1 June 2017
Nationality	British
Tenure	7 years, 7 months
Board and Committee Attendance	100%

Experience

Barbara has extensive leadership experience across the private, public and regulated sectors. She was Group Finance Director at Morgan Sindall plc, Regulatory Director at South West Water and Chief Finance Officer for two international listed IT companies – Kewill Systems plc and Scala Business Solutions NV. Latterly, she was Director General at the Ministry of Justice and the Department for Transport. Her most recent executive appointment was as Chief Operating Officer at Westminster City Council. She is a fellow of the Chartered Institute of Management Accountants and an associate member of the Association of Corporate Treasurers.

Key external appointments

Barbara is Independent Chair of the Agility Trains Group. Barbara is also Senior Independent Non-executive Director and Chair of the Remuneration Committee of Aptitude Software Group plc.

MICHAEL LUCKI

Independent Non-executive Director

Appointed	1 July 2017
Nationality	American
Tenure	7 years, 6 months
Board and Committee Attendance	100%

Experience

Michael has over 40 years of business and leadership experience in the US and internationally in the engineering and construction sector. He has held a number of leadership and finance roles, including that of Chief Financial Officer, Executive Vice President and board member at CH2M HILL. He was formerly an Audit Partner at Ernst & Young LLP and its global industry leader for infrastructure, construction and engineering practices. He has recently acted as a strategic adviser to companies and private equity firms in the engineering and construction industry.

Key external appointments

Michael is Independent Board member, Chair of the Audit Committee of Zhibao Technology Inc. Michael is also a board member and Chair of the Compensation Committee of Psomas Corporation, and a board member and Chair of the Audit and Risk Committee of Bernards Construction and HMC Architects, Inc. Michael is a member of the Board of Governors of The California State University Foundation, and a board member of Walker Consultants.

LOUISE HARDY

Independent Non-executive Director and Workforce Engagement Lead

Appointed	1 April 2022
Nationality	British
Tenure	2 years, 9 months
Board and Committee Attendance	100%

Experience

Louise has over 30 years of business and leadership experience in the construction and built engineering industry. A civil engineer, she has held a range of senior roles at London Underground, Bechtel, AECOM and Laing O'Rourke, and as infrastructure director responsible for the portfolio of projects for the London 2012 Olympic Games.

Louise has also held a number of non-executive roles in the public sector and FTSE 250. Louise is a Fellow of the Institution of Civil Engineers, the Chartered Management Institute and the Women's Engineering Society. Louise won the European Women in Construction and Engineering, Lifetime Achievement in Construction Award, 2019.

Key external appointments

Louise is currently a Non-executive Director of Crest Nicholson Holdings plc and Travis Perkins plc. Louise is also Independent Chair of Oriel. She is also a STEM Ambassador and Diversity Champion.

ROBERT MACLEOD

Independent Non-executive Director

Appointed	8 March 2024
Nationality	British
Tenure	10 months
Board and Committee Attendance	100%

Experience

Robert is a highly experienced Chief Executive Officer and Chief Financial Officer and brings strong strategic, financial, and commercial experience to the Board.

A Chartered Accountant by background, he was formerly Chief Executive Officer of Johnson Matthey plc from 2014 to 2022 and Chief Financial Officer from 2009 to 2014. Prior to this, he worked at WS Atkins PLC, serving as Chief Financial Officer for six years. Robert was a Non-executive Director of Aggreko plc from 2007 to 2016.

Key external appointments

Robert is currently a Non-executive Director and Chair of the Remuneration Committee of RELX plc and a Non-executive Director of Vesuvius plc.

GABRIELLE (GABBY) COSTIGAN MBE

Independent Non-executive Director

Appointed	8 March 2024
Nationality	Australian
Tenure	10 months
Board and Committee Attendance	

Full attendance, except for 12 November Nomination Committee, due to a conflict with a prior commitment.

Experience

Gabby is an Aeronautical Engineer with a diverse international career including 21 years in the Australian Army. She was previously Chief Executive Officer of the logistics business, Linfox International Group. In 2017, she joined BAE Systems plc as Chief Executive Officer of BAE Systems Australia before being promoted to her current role of Group Managing Director, Business Development and a member of the Executive Committee.

Key external appointments

Gabby is currently the Group Managing Director of Business Development for BAE Systems.

RUDOLPH (RUDY) WYNTER

Independent Non-executive Director

Appointed	1 December 2024
Nationality	American
Tenure	1 month
Board and Committee Attendance	100%

Experience

Rudy has a Bachelor's in Mechanical Engineering from Pratt Institute and a Master of Business Administration from Fordham University in the US. He has over 35 years' experience in the gas and electricity industry where he has served in many leadership and senior operational roles. His most recent role was as President, National Grid New York, leading the company's regulated energy delivery portfolio. Prior to this, Rudy was Chief Operating Officer of National Grid's Wholesale Networks & Capital Delivery business.

Key external appointments

Rudy is currently a Non-executive Director and Chair of the Nominating and Corporate Governance Committee at EnerSys Inc (NYSE:ENS) and an independent board member of El Paso Electric, the energy provider engaged in generation, transmission and distribution services.

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED

Q&A with our new Directors

Gabby Costigan
Independent Non-executive Director

Q As Chair of the Safety and Sustainability Committee, how would you describe Balfour Beatty's culture of sustainability?

I think to test whether sustainability has truly penetrated the culture of an organisation you need to assess whether employees see sustainability as a part of their everyday role and take real responsibility for it.

At Balfour Beatty, this can be clearly seen and evidenced through the My Contribution (MyC) platform. The MyC platform actively encourages all employees to propose and implement their own ideas for business change with the hope of realising benefits for the business (e.g. to save money, save time and eliminate waste). The sustainability-themed ideas that have been proposed and delivered through the MyC platform in 2024 illustrate that employees not only care about sustainability, but they are also willing to own it and deliver it themselves.

Q As a woman who has worked in male-dominated industries throughout your career, what has your experience been? And how will that experience shape your role and the voice of women on the Board?

In my experience, careers for women in male-dominated industries like construction or engineering (which is my background) require a lot of hard work, perseverance, courage, resilience and self-belief. But it is my belief that women belong in those industries and have a real part to play in their success.

Throughout my career I have faced a number of challenges, including toxic workplace culture, gender bias and inequality in recognition and career advancement opportunities compared to my male counterparts. These have been tough moments to overcome, but these experiences have provided me with a toolkit, that I believe, will help women to succeed in any male-dominated industry.

Some of the most important tools are to:

- **Be visible.** Make your contributions known and share your achievements.
- **Know your worth.** and use that to negotiate confidently.
- **Don't be intimidated**. Always call out behaviours that are offensive and breach your company's ethical and cultural values.
- **Develop a support network**, particularly with other women.

As a woman on the Board, and particularly as a member of the Nomination Committee, it is vital that we oversee a gender-diverse pipeline of succession to senior leadership roles and support the career development of women during their Balfour Beatty career. It is our role as a Board to establish a culture where women are encouraged to flourish within the construction industry.

Robert MacLeod

Independent Non-executive Director

Q How has your induction at Balfour Beatty prepared you for your role as an Independent Non-executive Director and Chair of the Audit and Risk Committee?

My induction programme has been really interesting and varied. I have undertaken a number of site visits, including visits to the Automated People Mover project at Los Angeles International Airport and the Cyberport Expansion Project in Hong Kong. These site visits have been highly informative and really bring to life the scale and complexity of the infrastructure projects the Group delivers for its clients.

To help build my understanding of the Group, and in particular the areas of key relevance to my role as Chair of the Audit and Risk Committee, my induction included a series of meetings with key stakeholders, including members of the Board of Directors, the Company Secretary, our Statutory Auditor (KPMG), and key individuals within the Finance, Internal Audit, and Risk functions.

Q As Chair of the Audit and Risk Committee, what are your priorities for 2025?

The Committee's core areas of focus for 2025 are to:

- conduct the tender process for selection of an external audit firm by 31 December 2026;
- maintain the Committee's oversight of the compliance monitor's recommendations in respect of the US Military Housing business following the 2024 first follow-up report, ensuring it regularly features on the agenda and receives adequate time and focus; and
- oversee the development and implementation of a matured Group-wide Internal Control Framework (ICF) in preparation for compliance with Provision 29 of the 2024 UK Corporate Governance Code in the 2026 financial year.

Rudy Wynter

Independent Non-executive Director

Q What has your induction process covered so far?

Since joining the Board in December, I have had the opportunity, through a comprehensive and tailored induction programme, to meet with the Group Chair, the Board of Directors, members of the Executive Committee, and senior management across different Business Units and layers of the organisation.

As an American I have experience in senior leadership roles and non-executive Director roles for US companies. As this is my first UK-based appointment, my induction has included meetings and advice and guidance from the Group Company Secretary on UK corporate governance matters, such as compliance with the UK Corporate Governance Code, the UK's Listing Regime, and the Disclosure and Transparency Rules.

My induction programme has thus far provided me with an understanding of Balfour Beatty's operations, notably its strengths, principal and emerging risks, and key opportunities and challenges. This has enabled me to engage quickly with the business and hit the ground running in my role.

Q What attracted you to the Balfour Beatty plc Board?

The global energy market is changing. The demand for electricity is only expected to rise, and the drive to achieve net zero will also require heavier reliance on alternative and renewable energy sources. This requires that critical energy infrastructure will be able to accommodate energy from an array of renewable sources.

For over a century, Balfour Beatty has been at the forefront of delivering power infrastructure across the UK and internationally. In the UK we are one of the largest providers of technical engineering solutions for the electricity grid.

In joining the Board, I hope to leverage my knowledge and expertise from my thirty six year career at National Grid, and its predecessor companies in the US, to support the Group to realise its ambitions, and deliver vital infrastructure that supports secure, affordable, decarbonised energy across our key markets.

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED

Board activities in 2024

"2024 has been a crowning year for Balfour Beatty following a decade of remarkable transformation. The Company has solidified its leadership in the industry, strengthened its brand, and delivered strong financial results."

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

PERFORMANCE

- Reviewed routine reports from the Executive Directors on performance
- Reviewed Group strategy and approved the Group's budget
- Approved the Company's Annual Report and Accounts, financial results, trading updates and ancillary documents relating to the Annual General Meeting
- Reviewed the capital allocation framework and its application
- Approved matters where required in accordance with the matters reserved for the Board
- Received 'deep dive' presentations and reports on significant matters, key contracts and projects
- Received updates on control improvements at the US military housing business
- Reviewed reports from the Group's brokers

HEALTH, SAFETY, WELLBEING AND SUSTAINABILITY

- Received verbal updates from the Safety and Sustainability Committee following each Committee meeting
- Received routine Group health, safety, wellbeing and sustainability reports where a Safety and Sustainability Committee meeting was not scheduled in the same cycle of meetings
- Reviewed changes to the Group's strategies, policies and procedures in relation to health, safety, wellbeing and sustainability
- Reviewed the environmental impact and sustainability of the Group's operations, and the strategies and policies of the Group

AUDIT AND RISK

- Received verbal updates from the Audit and Risk Committee following each Committee meeting
- Received reports on financial and accounting issues and contract and commercial issues
- Approved the going concern statement and assessment of viability, the Directors' valuation of the Investments portfolio and principal and emerging risks
- Approved recommendations from the Audit and Risk Committee relating to the fee and appointment of the external auditor
- Received reports from the external auditor in respect of full and half year results
- Reviewed and monitored the Group's risk profile, including a robust review of principal and emerging risks
- Reviewed the effectiveness of the systems of risk management and internal control

	Performance	Health, Safety, Wellbeing and Sustainability	Audit and Risk
Link to values p24	LEAN EXPERT	LEAN SAFE SUSTAINABLE	LEAN TRUSTED
Link to principal risks p94	1 2 3 4 7 8 9 13	1 2 3 4 11	2 3 8 11
Stakeholders considered p26	Shareholders Customers Suppliers Partners Communities Employees	Shareholders Employees Partners Communities	Shareholders Employees Suppliers

CULTURE

- Monitored the Company's purpose, values and behaviours
- Monitored engagement with key stakeholder groups and reviewed the effectiveness of stakeholder engagement mechanisms
- Received reports from the Directors on workforce engagement activity, as well as management information on workforce matters, including analyses of employee survey results
- Received updates on business integrity including reports on Speak Up, the Group's whistleblowing service
- Received updates from the Group's Affinity Networks and individuals participating in the reverse mentoring programme
- Approved the Group's 2024 Modern Slavery Statement

TRUSTED

SAFE

1 5 6 7 10 11

- Employees
- Communities
- Partners
- Investors

PEOPLE

- Reviewed the effectiveness of the Board's approach to workforce engagement activities and reporting
- Received verbal updates from the Remuneration Committee following each Committee meeting
- Received updates and supported workforce diversity and inclusion initiatives
- Received an annual update on pensions
- Updated the Board Diversity and Inclusion Policy
- Considered the new Listing Rules on Diversity and Inclusion

EXPERT

TRUSTED

SUSTAINABLE

6 10 12

- Employees
- Communities
- Shareholders

GOVERNANCE

- The Board and its Committees undertook an external performance review, conducted by Egon Zehnder
- Conducted succession planning for the Group Chief Executive, Senior Independent Non-executive Director and Committee Chairs
- The Board appointed three new Independent Non-executive Directors, who joined the Board in 2024 (Gabby Costigan MBE, Robert MacLeod and Rudy Wynter)
- Conducted succession planning for the Executive Committee to support the development of a diverse pipeline of candidates
- Reviewed conflicts of interest of the Directors
- Reviewed the formal matters reserved for the Board and terms of reference for each of the Board Committees
- Convened sub-committees of the Board where necessary to deal with specific matters

TRUSTED

6 11

- Customers
- Employees
- Shareholders
- Partners
- Suppliers

Rudy Wynter's site visit to Old Oak Common station

Rudy Wynter, Independent Non-executive Director, undertook a site visit to Old Oak Common station in London as part of his induction to the Board. As pictured above, he was escorted by Stephen Tarr (Divisional CEO, Power, Transmission & Distribution, Rail and Balfour Beatty Kilpatrick; Group Sector Lead, UK Energy), who provided Rudy with a site tour and an introduction to the site team. When complete, the station will be one of the best connected in the UK, with six underground platforms and eight surface-level platforms.

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED

Q&A: How the Board monitored culture in 2024

Workforce engagement

Q How does the Board engage directly with employees to understand working culture within the Group?

The Board undertakes a number of site visits, participates in employee events, and meets with employee groups such as the Affinity Networks. The Directors report back to the full Board following each engagement activity to share any insights gained.

Workforce engagement provides the Board with direct insights into working environments, employee attitudes, behaviours and practices, and the practical application of policies and standards on the ground.

Sharing experiences of workforce engagement activities as a Board facilitates broader exposure for each Director than would otherwise be possible due to the range and scale of the Group's operations across different sectors and geographies.

Whistleblowing

Q How does the Board monitor breaches of the Group's cultural and ethical values?

The Audit and Risk Committee and the wider Board review Speak Up statistics, as well as details of any serious cases raised through the Speak Up helpline and the progress of related investigations.

Speak Up reports provide the Board with a view of the nature of employee concerns and trends in behaviours of the workforce.

Internal Audit

Q How does the Internal Audit function support the Board's oversight of culture?

The Audit and Risk Committee reviews the outcomes of internal audits judged to be less than satisfactory, providing a direct line of sight into areas of practice, policy and behaviours that were not at the desired standard (as well as any corrective actions taken).

Modern slavery

Q How does the Board ensure working practices uphold a culture of high ethical standards designed to protect employees?

The Board reviews and approves the Group's Modern Slavery Statement. This provides the Board with:

- a broad understanding of practices and behaviours across the Group, and how these align with the purpose, values and strategy of the Group; and
- oversight of steps taken to prevent modern slavery and human trafficking within the Group and its supply chain.

Culture on the ground

Q How does the Board seek to understand what life is like for Balfour Beatty employees?

Analysis of employee engagement survey data enables the Board to understand the employee experience. This provides the Board with insights into working environments, employee behaviours and attitudes, as well as the workforce's understanding of the Group's culture. It also enables the Board to assess how working practices and behaviours align with the purpose, values and strategy of the Group.

Health and safety culture

Q How does the Safety and Sustainability Committee monitor safety culture?

The Committee receives safety management information, which includes:

- statistics and trends of Lost Time Injury Rates;
- metrics on safety observations reported by employees; and
- employee engagement survey data

This enables the Committee to assess the effectiveness of health, safety and wellbeing practices and behaviours, and evidences the extent of individual responsibility taken by employees to proactively report safety concerns.

> "The Board is committed to building pathways for constructive two-way dialogue with the workforce, enabling the employee voice to be present and heard within the boardroom, and part of the decision-making process."

Louise Hardy
Independent Non-executive Director and Workforce Engagement Lead

Stakeholder engagement

The Board endeavours to take a balanced view of stakeholder needs and interests in all Board discussions and throughout the decision-making process, with a view to promote the long-term sustainable success of the Balfour Beatty Group.

The Board designs the framework within which stakeholder engagement takes place, and shapes how relationships with key stakeholders are developed and maintained. The Board understands the importance of maintaining an ongoing interactive dialogue with key stakeholders, appreciating that this is crucial to supporting well-informed and high-quality decision making that creates value for all stakeholders and promotes the long-term sustainable success of the Group.

The Board undertakes engagement initiatives throughout the year in order to understand the interests of the Group's key stakeholders, specifically its customers, workforce, supply chain and strategic partners, communities, governments and investors. The Board takes a balanced view of the complementary and divergent interests in discussions and decision making. The Board on its own, however, cannot engage meaningfully with every single stakeholder. To address this, stakeholder engagement is supplemented by a network of mature executive and business-led stakeholder relationships across the Group. Feedback on wider stakeholder engagement is reported to the Board to support effective decision making and a timely recognition of emerging stakeholder issues.

Report of the Board's Workforce Engagement Lead

I am pleased to present my 2024 Workforce Engagement report.

The Board recognises that the workforce is the Group's most valuable resource and is pivotal to building its long-term sustainable success. The Board is therefore committed to building pathways for constructive two-way dialogue with the workforce, enabling the employee voice to be present and heard within the boardroom, and embedded within the decision-making process.

To ensure Balfour Beatty remains an employer of choice that fosters a culture and working environment where all employees feel safe, respected, and valued, and are given the tools to develop and succeed throughout their careers, the Board must listen and engage meaningfully with employees.

Under my remit as the Board's Workforce Engagement Lead, I am tasked with establishing and shaping the Group workforce engagement strategy and reporting to the Board on outcomes and insights. Further details of the workforce strategy can be found on page 128.

Throughout 2024, the Board took the following key actions to enhance workforce engagement:

- All engagement activities are recorded centrally and reported to the Board periodically to ensure balanced coverage across the Group's Business Units.
- Key employee groups are identified through the output of the employee engagement survey, and these groups are then targeted for future Board engagement.
- Key findings from engagement activities are reported to the Board and discussed to ensure that any required actions are taken, to ensure lessons learned are applied, and to ensure any follow-up engagement is diarised for the Board.

Louise Hardy
Independent Non-executive Director and Workforce Engagement Lead
11 March 2025

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED

Stakeholder engagement continued

Workforce engagement strategy

- **Topics of engagement:** The Workforce Engagement Lead will identify annual topics of engagement for the Board, and keep the Board informed of the outcomes of engagement surveys and various engagement activities.
- **Targeted engagement:** The Workforce Engagement Lead will conduct analysis of the employee base to identify which groups of employees should be engaged to ensure a good cross-representation coverage of the Group.
- **Wider Board engagement:** With the support and direction of the Workforce Engagement Lead, the wider Board will continue to conduct workforce engagement initiatives, for example through training workshops, talent activities, site visits, town halls and contract award meetings. Non-executive Directors will continue to ensure they devote sufficient time to engage meaningfully with employees, especially those from under-represented groups.
- **Board reporting:** The Board receives updates on workforce engagement, specifically to set out the focused topics of engagement, the proposed programme of engagement activities, and a thematic analysis of the findings. Furthermore, each Director is required to report on insights and outcomes of their engagement activities at each meeting.
- **Effectiveness review:** The Board evaluates the effectiveness of workforce engagement on an annual basis, predominantly by:
  - assessing the outcomes of engagement activities undertaken;
  - analysing the employee engagement survey results and other KPIs analysing the workforce experience; and
  - reviewing feedback from the workforce on the Board's approach to engagement.

Key workforce engagement actions taken in 2024

During 2024, the Board carried out a full schedule of site visits and in-person engagement activities with an array of employees across the Group. These visits provided invaluable opportunities for the Board to gain insights into ongoing projects across the business, engage directly with the workforce, and deepen the Directors' understanding of the culture of the organisation as well as challenges and opportunities faced by the workforce.

Leo Quinn, Philip Harrison, Louise Hardy, Gabby Costigan MBE, Barbara Moorhouse and former Independent Non-executive Director Stuart Doughty CMG all attended the Balfour Beatty Group's Icon Awards, hosted at the V&A Museum in London. The Directors presented awards to some of the night's winners, and took the opportunity to engage with employees from across the UK, US and Hong Kong and share in their success in honouring their contribution to the business. More information on the Icon Awards can be found on page 74.

The Directors visited a number of sites across the UK including HS2 Old Oak Common station and Hinkley Point C nuclear power station.

In September 2024, the Board visited Hong Kong, where Gammon, the Group's 50:50 joint venture with Jardine Matheson, is based. They undertook site visits to the Hong Kong International Airport Terminal 2 expansion works, visiting the Automated People Mover and the baggage handling tunnels, as well as visiting the Cyberport Project and the Lyric Theatre project. The Board took the opportunity to meet with many Gammon colleagues, as well as representatives of Jardine, and Gammon's clients.

Following engagement activities, Board members report on their findings to the rest of the Board. Whilst undertaking engagement activities, they discuss and gather feedback on topics such as:

- health and safety;
- environment and sustainability;
- diversity and inclusion;
- leadership and engagement;
- culture and morale;
- resources and personal development;
- understanding of Group strategy, values and behaviours; and
- Directors' remuneration, and its alignment with workforce remuneration.

In addition to first-hand engagement, the Board obtains feedback across the breadth of the employee population through the employee survey.

Both engagement tools continue to provide insightful data on workforce views and experiences. Reporting on key performance indicators such as voluntary attrition rates, safety observations, engagement, and participation rates for My Contribution (Balfour Beatty's employee-led change programme), all help to build a strong picture of life as a Balfour Beatty employee and support robust and considered Board decision making that creates value for our workforce.

Investors

Investors play a valuable role in the corporate governance of the Company. The Board is committed to maintaining an open dialogue with its investors, which is achieved through a programme of structured engagement, including one-to-one meetings and conference attendance. A selection of investor events that took place in the year can be found within the investor calendar on page 131.

Institutional investors

The Group Chair, Group Chief Executive, and Chief Financial Officer held meetings with individual institutional investors throughout 2024. In addition, the Executive Directors conducted analyst presentations following the announcements of the Group's financial results.

Either on request by investors or at Company presentations and one-to-one meetings, Committee Chairs will engage with investors on matters specific to the remit of their respective Committees. The Senior Independent Non-executive Director is also available to shareholders as a separate channel to report any other views or concerns. In addition, management engages with proxy advisory firms to support them in their reporting to their members. The outcomes of engagement activities are reported back to the full Board.

The Board receives biannual reports from the Head of Investor Relations summarising analyst research briefings and changes to institutional shareholdings, as well as ad hoc reports on share price movements.

Engaging directly with shareholders is integral to effective Board decision making that promotes shareholder and wider stakeholder value. It provides an opportunity for candour, insight, and the means to build relationships with key shareholders. The Board concluded that the key benefits arising from its direct shareholder engagement initiatives held throughout the year included the opportunity to:

- build transparency and trust;
- provide greater clarity over Board decisions and the decision-making process;
- showcase the Board's skills, experience, and diversity, enabling shareholders to assess the composition and effectiveness of the Board as a decision-making unit; and
- enhance the Board's self-awareness and understanding of shareholder expectations.

Considerations following the 2024 AGM

Comments from shareholders at, or in relation to, the AGM are considered by the Board, and where relevant, its Committees. Following the 2024 AGM, feedback from shareholders focused on the re-election of the Group Chair, who received 85.23% votes in favour and 14.77% votes against. The Board acknowledges shareholders' calls for a more diverse Board and has taken steps throughout 2024 to make progress on Board succession planning and recruitment:

- The Board is compliant with the gender diversity targets set by both the FTSE Women Leaders Review and the Listing Rules and Disclosure Guidance and Transparency Rules (DTRs).
- In 2024 the Board, for the first time, complied with the diversity targets set by both the Parker Review and the Listing Rules and DTRs, having at least one member of the Board from a minority ethnic background.

Make a Difference Award

ICON AWARDS

This category was for an individual that makes every day count and makes our business better.

Above: Award presentation photo. (Left to right) Gavin Russell, Chief Executive Officer – Infrastructure Investments, Jen Rounding-Brewin, Assistant Business Manager, Asset & Technology Solutions, and Louise Hardy, Balfour Beatty Independent Non-executive Director.

Winner: Jen Rounding-Brewin

Assistant Business Manager
Asset & Technology Solutions

Jen supported Asset & Technology Solutions team with its Right to Respect roll out across the business – her input, time and effort was invaluable. She has been pivotal in leading monthly support calls for line managers, which includes pulling together a pack on completion stats and feedback from completed surveys. Jen excels in everything she puts her mind to and continues to make a difference, but this support has been outstanding.

READ MORE ABOUT OUR ICON AWARDS EVENT ON p74

More information on Board diversity and inclusion can be found in the Nomination Committee Chair's report on page 141.

> "Our Icon Awards brought together almost 400 colleagues from the UK, the US and Hong Kong, to celebrate the very best of Balfour Beatty. It was a remarkable evening, and a wonderful reminder of the Company we are today and an endorsement of our leading place in the industry, the strength of our brand and the power of our culture."

Leo Quinn
Group Chief Executive

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED

Stakeholder engagement continued

Approach to shareholder engagement

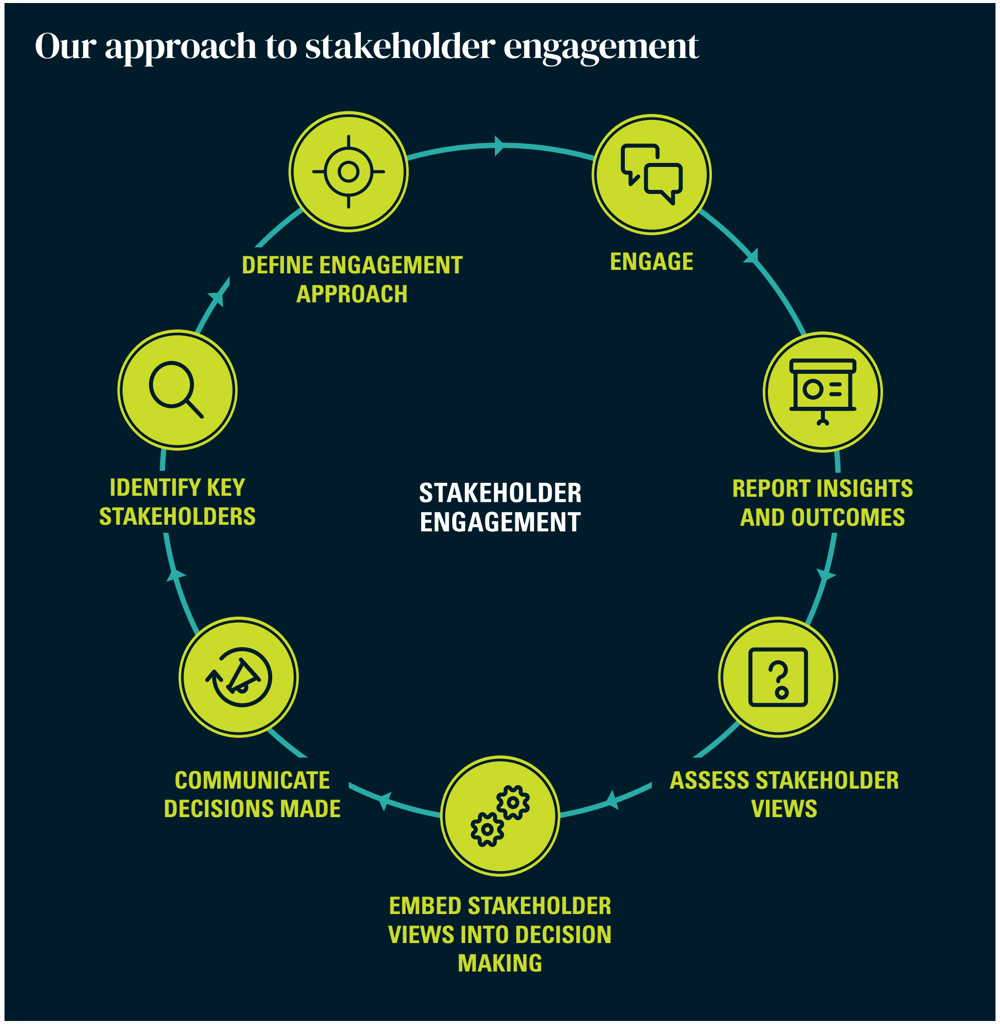
Retail investors
The Company's website has a section dedicated to investors where a range of valuable information can be found, including:

- published Annual Reports and results announcements;
- a financial calendar of events;
- details on the Company's corporate governance arrangements;
- Board and Executive Committee member profiles;
- the Group's sustainability strategy, Building New Futures; and
- regulatory news announcements.

The information available on our website enables retail investors to keep equally as informed as institutional investors. Retail investors are also encouraged to raise any questions or queries they may have with the Company Secretary, who will arrange for an appropriate response to be provided.

Investors are consulted on an ongoing basis to ensure that the Group has a full and clear understanding of their views.

Annual General Meeting (AGM)
The AGM provides an opportunity for investors to engage directly with the Board in person.



> "Investors play a vital role in our corporate governance and hold the Company and its Directors to account. The Board remains committed to maintaining an open and honest dialogue with its investors."

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

The Board joins the Gammon team to visit the expansion works at Hong Kong International Airport

In September 2024 the Board undertook a site visit to Hong Kong International Airport.

Gammon has contributed significantly to the expansion works at Hong Kong International Airport, specifically on the tunnel structure of the Automatic People Mover (APM), the Baggage Handling System (BHS) and Terminal 2 Expansion Works projects; including the tunnel beneath the runway and taxiways, essential infrastructure for air traffic control, and viaduct and road systems.

It also completed the façade and roof works and achieved water tightness of the Terminal 2 building, all integral parts of the Airport Authority Hong Kong's Master Programme.

The Board met with the Gammon project delivery team as part of their annual workforce engagement plan, and were able to take away key learnings and insights from colleagues working under the Hong Kong-based joint venture.

CALENDAR OF SHAREHOLDER EVENTS

January 2024

- Liberum Industrials and Support Services Conference

March 2024

- Full year results presentation
- London roadshow
- Berenberg UK Corporate Conference
- Jefferies Pan-European Mid-Cap Conference

April 2024

- Annual Report and Accounts published
- Group Chair's investor meetings
- North America roadshow – New York, Boston, Montreal
- HSBC UK Corporate & Investor Conference

May 2024

- Annual General Meeting
- Trading update
- UBS Pan-European Small and Mid-Cap Conference

June 2024

- Private client fund manager Jersey roadshow
- Peel Hunt FTSE 250 Conference

August 2024

- Half year results presentation

September 2024

- UK roadshow
- US virtual roadshow
- Hong Kong roadshow

October 2024

- Liberum fire side chat

November 2024

- Private client fund manager roadshow – Scotland
- Investec CEO conference

December 2024

- Trading update

DIVISION OF RESPONSIBILITIES

A robust governance framework

The Board is the principal decision-making body of the Company, with authority for specific matters being delegated to Committees of the Board. Responsibility for the day-to-day operation of the Group is formally delegated by the Board to the Group Chief Executive who manages the operational running of the business through the Executive Committee.

The members of the Executive Committee each have responsibility for particular Business Units and Enabling Functions, with authority being further delegated to appropriate individuals throughout the Group based on their role and seniority.

The framework set out here provides a high-level summary of the Group's governance framework, illustrating the flow of authority as it is delegated throughout the Group.

SCAN OR CLICK TO VIEW THE MATTERS RESERVED FOR THE BOARD AND BOARD COMMITTEE TERMS OF REFERENCE

Balfour Beatty plc Board of Directors

- Establishes the Company's strategic direction, purpose and values
- Assesses and monitors Company culture and promotes the long-term success of the Company
- Approves the Company's financial statements and budget
- Ensures maintenance of a framework of prudent and effective controls
- Ensures effective engagement with stakeholders including employees
- Approves matters relating to the composition of the Board and Committees

Nomination Committee

- Oversees the structure and composition of the Board
- Conducts succession planning
- Oversees the appointment and induction processes of new Directors
- Makes recommendations regarding Directors' independence against the Code's criteria

Remuneration Committee

- Reviews the Remuneration Policy for Directors and Executive Committee members
- Approves the remuneration of the Group Chair, the Executive Directors and Executive Committee members
- Oversees the implementation of the Remuneration Policy

Audit and Risk Committee

- Reviews the form, content and process for preparing the financial statements
- Reviews principal risks and internal controls, and the effectiveness of the risk management framework
- Monitors the independence and effectiveness of the Internal Audit function and external auditor

Safety and Sustainability Committee

- Reviews strategies, policies and performance in relation to health, safety and sustainability
- Reviews the environmental impact and sustainability of the Group's operations
- Reviews in detail incidents where significant harm has occurred

Executive Committee

- The Group Chief Executive manages the operational running of the Group through the Executive Committee, members of which are responsible for particular Business Units and Enabling Functions. The Executive Committee oversees the implementation of Group strategy, and matters relating to health and safety, sustainability, employee matters (including succession and remuneration), legal and governance, technology and innovation, and communications and investor relations
- Responsibility for the day-to-day running of each of the Strategic Business Units and enabling functions is delegated to individual members of the Executive Committee

Group Tender and Investment Committee

- Responsible for the content, maintenance and operation of the Gated Business Lifecycle which forms the core process for evaluating and monitoring the governance of operational projects

Finance and General Purposes Committee

- Approves borrowings, banking arrangements, management of interest rate and foreign exchange rate exposures, contract financing, bonding and leasing matters and guarantees

Construction Services

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

Support Services

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

Infrastructure Investments

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

Enabling Functions

- Bring together shared services (Legal, Finance, IT, Procurement, Communications, HR, Health, Safety and Wellbeing, and Sustainability) to support the delivery of business objectives

This section sets out the defined roles and responsibilities of Board members and outlines the support the Directors receive to assist them in discharging their duties in accordance with the Companies Act, and their responsibilities under the UK Corporate Governance Code.

Role of the Board

In accordance with Principle A of the UK Corporate Governance Code, the primary role of the Board is to effectively lead the Group by promoting the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society.

Each Director has a defined role with individual duties, with a clear division of responsibilities, particularly between the Group Chair (leadership of the Board) and the Group Chief Executive (leadership of the Company's business). The balance of responsibilities at Board level set out here supports a balanced approach to decision making, ensuring that no one individual has unfettered powers.

Throughout the year the Board met sufficiently frequently to fully discharge its duties. The Board held eight scheduled meetings in the year, as well as ad hoc and Board sub-committee meetings to manage matters arising outside the formal schedule of meetings.

Time commitment of Directors

The Board recognises the importance of individual members having sufficient time to discharge their duties effectively. On an annual basis, each Director declares their external appointments and commitments to the Board as part of the conflicts of interest declaration. Any additional external appointments are subject to Board approval in order to mitigate the risk of overboarding and ensure they do not impact the capacity of Directors to discharge their duties.

Leadership

Non-executive Group Chair

- Leads the Board and demonstrates objective judgement
- Encourages high standards of corporate governance
- Sets the Board agenda and drives Board effectiveness
- Promotes a culture of constructive debate, mutual respect and openness
- Ensures that Directors receive accurate, timely and clear information
- Leads shareholder and wider stakeholder engagement

Group Chief Executive

- Responsible for the day-to-day management of the Group and the Group's performance
- Enables planning and execution of the Company's strategy, purpose and values set by the Board
- Leads the Group
- Drives the cultural tone of the Group
- Ensures the Board is kept abreast of the views of the workforce, and any divergent views amongst members of the Executive Committee

Oversight

Independent Non-executive Directors

- Oversee the Company's strategy and provide guidance and expert advice to management
- Monitor Group performance against objectives, and hold management to account
- Review management proposals
- Provide constructive challenge to management
- Serve on Board Committees which are responsible for specified governance roles

Senior Independent Non-executive Director

- Acts as sounding board for the Group Chair
- Assumes the role of intermediary for the Group Chief Executive, non-executive Directors and shareholders as required
- Leads the review of the Group Chair's performance
- Chairs the Nomination Committee when the Group Chair's succession is considered
- Available to meet with shareholders

Workforce Engagement Lead

- Oversees and monitors the workforce engagement strategy
- Identifies topics of engagement for Board approval
- Conducts ongoing analysis of the employee base to identify targeted engagement activities
- Provides opportunity for two-way feedback from the workforce

Independent Non-executive Director meetings

The Independent Non-executive Directors, led by the Group Chair, hold regular scheduled meetings without the executive Directors present prior to, or following Board meetings. The Independent Non-executive Directors meet annually, led by the Senior Independent Non-executive Director and without the Group Chair present, as part of the Board effectiveness review to discuss the Group Chair's performance.

Governance

Company Secretary

The Board is supported by the Company Secretary who, in accordance with Principle I of the UK Corporate Governance Code, ensures that the Board is able to function effectively and efficiently, and is available to all Directors, maintaining dialogue with each of them on an individual basis.

In addition to providing logistical support for Board and Committee meetings, the Company Secretary is responsible for advising the Board on all corporate governance matters, supporting the annual Board effectiveness review, managing policies and processes related to the Board, supporting induction and ongoing training and development of the Directors, and ensuring that the Directors receive accurate, timely information required for them to discharge their duties.

DIVISION OF RESPONSIBILITIES CONTINUED

Corporate governance framework

The Company's governance framework operates to support the delivery of its strategy by ensuring that business is conducted within a framework of robust principles and procedures and in an orderly fashion.

The Company is listed on the London Stock Exchange and is therefore subject to the UK Corporate Governance Code. A copy of the Code can be found on the FRC's website at: www.frc.org.uk.

THE COMPANY'S COMPLIANCE WITH THE CODE IS SET OUT ON PAGE 119

The Board

The role of the Board is summarised on page 132. Principally, the Board establishes the strategic direction of the Group and assesses the basis upon which the Company sustainably generates and preserves value over the long term. The Board also sets and monitors culture and leads by example to set the right cultural tone from the top as to how the Company will achieve its strategic goals and purpose.

The Group's governance framework is designed to facilitate effective, resilient and prudent management of the business, which helps to ensure that the Board's decision making is considered, long term in its nature, and takes into account the desirability of maintaining high standards of business conduct and the need to act fairly between members.

One of the primary responsibilities of the Board is to ensure that the Company preserves value over the long term in a sustainable manner, taking into consideration both value derived for the Company's stakeholders and the Company's contribution to wider society. In setting, monitoring and delivering the Group's Build to Last strategy, and its drive towards the targets and ambitions outlined in the Building New Futures sustainability strategy, the Board ensures that risks and opportunities facing the Group are identified and, where appropriate, mitigated appropriately.

SCAN OR CLICK TO REVIEW MATTERS RESERVED FOR THE BOARD

Board and Committee meetings

The Group Chair sets a structured agenda for each Board meeting in consultation with the Group Chief Executive and Company Secretary. Capacity is maintained on the agenda for each meeting to allow for the timely consideration of matters as they arise during the year. The Group Chair seeks a consensus at Board meetings, but, if necessary, decisions are taken by majority. If any Director has concerns on any issues that cannot be resolved, such concerns are noted in the Board minutes. No such concerns arose in 2024.

The key activities of the Board in 2024 are detailed on pages 124 and 125. These activities are discussed under the value pillars of Lean, Expert, Trusted, Safe and Sustainable which underpin the Board's decision-making process.

As referenced above, the Board has a formal schedule of matters reserved for its decision making and has delegated certain responsibilities to Board Committees, each with separate Terms of Reference. There are four main Board Committees: Audit and Risk, Nomination, Remuneration, and Safety and Sustainability. The principal activities of each Committee during the year are set out in the Committee reports on pages 140, 144, 146, and 153.

The Group Chair encourages all Directors to attend all Committee meetings, with the exception of instances where there is a conflict of interest. Additional attendees are invited to attend Board and Committee meetings at the discretion of the relevant Chair.

Risk and internal control

Risk management

The Board is responsible for undertaking a robust assessment of the principal risks facing the Group, as described on pages 94 to 105 of the Strategic report, and ensuring that appropriate mitigating actions are in place to manage them. This includes those risks that would threaten the Group's business model, future performance, solvency and liquidity.

The Group's approach to risk management, described in more detail on pages 89 to 105, ensures that principal and emerging risks to the Group's objectives are identified, assessed, and managed on an ongoing basis.

The Business Management System (BMS), which forms the basis of the Group's internal control framework, contains all policies, procedures and controls. The BMS is regularly updated to reflect the output and effectiveness of risk and assurance activity to ensure that there is continuous improvement to the control environment.

Internal control

The Board has overall responsibility for the Group's systems of risk management and internal control and regularly reviews their effectiveness. The Audit and Risk Committee has undertaken this review throughout the financial year. Further details can be found on page 152 of the Audit and Risk Committee report.

The Group uses the Enterprise Risk Management framework across the business to ensure consistency in application of risk systems and controls and that exposure to significant risks is managed effectively. The Board is cognisant of the fact that such a system can only manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Group's independent Internal Audit function undertakes an annual programme of risk-based audits across the Group's operations. All audit reports are shared with the relevant business unit management who are accountable for implementing appropriate measures to address any risks or control weaknesses. The results of key internal audit activities are shared with the Group Chief Executive, Chief Financial Officer, and external auditor and scrutinised by the Audit and Risk Committee on a regular basis. Further details can be found on pages 146 to 152 of the Audit and Risk Committee report.

Throughout 2024, in accordance with the new requirements set out under Provision 29 of the updated 2024 UK Corporate Governance Code, the Audit and Risk Committee has overseen the continued development of a matured Internal Control Framework (ICF) which comprises the Group's material controls, including financial, operational, reporting and compliance controls. Throughout the year, key activities have included:

- collation of the Group's key controls from various sources across the Group;
- validation of the controls with key stakeholders throughout the Group;
- a review to assess which of the controls are material; and
- an initial year end self-assessment of material controls within the updated framework.

Risk management: responsibilities and actions

Responsibilities	Actions undertaken
BOARD	
› Establishment of a framework of prudent and effective controls to enable risk to be assessed, monitored and mitigated › Determine Group appetite for and attitude to risk in pursuit of its strategic objectives	› Reviewed the Group's risk landscape profile, principal and emerging risks, and required responses › Reviewed the effectiveness of the Group's whistleblowing (Speak Up) processes and procedures, and other channels for raising concerns about Code of Ethics breaches
AUDIT AND RISK COMMITTEE	
› Review significant accounting judgements › Review the effectiveness of Group internal controls, including systems to identify, assess, manage and monitor risks › Review and assess the effectiveness of the Internal Audit function, and the Internal Audit workplan	› Received regular reports on internal and external audit and other assurance activities › Reviewed the effectiveness of Group risk management and internal control systems › Oversaw the ongoing implementation of a matured Internal Control Framework (ICF)
SAFETY AND SUSTAINABILITY COMMITTEE	
› Review main risks in relation to health safety, and wellbeing and the Group's overall sustainability	› Received regular reports on risks in relation to safety › Received regular risk reports on matters impacting the environment
GROUP TENDER AND INVESTMENT COMMITTEE	
› Review and approve tenders and investments, triggered by certain financial thresholds or other risk factors	› Critically appraised significant tender and investment/ divestment proposals, with a specific focus on risk

Responsibilities	Actions undertaken
GROUP MANAGEMENT	
› Strategic leadership › Review and implementation of the Group risk management policy › Ensure appropriate actions are taken to manage strategic risks and other key risks	› Reviewed the strategic plan and annual budget process › Produced and monitored Group risk register › Reviewed risk management and assurance activities and processes › Monthly/quarterly finance and performance reviews
STRATEGIC BUSINESS UNIT MANAGEMENT	
› Maintain an effective system of risk management and internal control within its businesses › Ensure that business units' responsibilities are discharged	› Reviewed key risks and mitigation plans › Reviewed and challenged Business Units' internal control environment › Reviewed results of internal control testing › Escalated key risks to Group management and the Board
ENABLING FUNCTION MANAGEMENT	
› Maintain an effective system of risk management and internal control within its enabling functions	› Maintained and regularly reviewed enabling function risk registers › Reviewed mitigation plans › Planned, executed and reported on internal control testing › Escalated key risks to Group management and the Board
BUSINESS UNIT MANAGEMENT	
› Maintain a robust and effective system of risk management and internal control within its business units and projects	› Maintained and regularly reviewed Business Unit and project risk registers › Reviewed mitigation plans › Planned, executed and reported on internal control testing › Escalated key risks to Strategic Business Unit management

COMPOSITION, SUCCESSION AND EVALUATION

Maintaining an appropriate balance

The Board diversified its composition in 2024 to ensure that it remained appropriately balanced, representative of the workforce, and fully equipped with the skills and knowledge to promote the long-term sustainable success of the Group.

The Board's cognitive diversity fosters insightful and constructive debate, which in turn leads to considered, balanced and risk-adjusted decision making that promotes long-term shareholder and stakeholder value.

The Board's diverse array of technical skills, experience, and balance of independence, fosters creative thinking and innovative problem solving, which facilitates the Board's ability to convert risks into opportunities.

The range of skills and experience within the Board is demonstrated in the skills matrix opposite, which was produced by Egon Zehnder as part of the 2024 external Board performance review. Rudy Wynter, who joined the Board on the 1 December 2024, did not take part in the 2024 Board performance review given his very limited time in role when the review was undertaken (and hence is not included in the skills matrix opposite). Rudy has extensive experience in the development and construction of large-scale complex engineering and capital energy projects, making him a strong new addition to the Board.

As at 31 December 2024, the Board consisted of 10 members, comprising the Non-executive Group Chair, two Executive Directors, the Senior Independent Non-executive Director, and six further Independent Non-executive Directors. Biographies of the Board Directors are set out on pages 120 and 121.

KEY SKILLS AND EXPERIENCE OF DIRECTORS

	Non-executives							Executives	
Skills and experience	Charles Allen	Barbara Moorhouse	Michael Lucki	Anne Drinkwater	Louise Hardy	Robert MacLeod	Gabby Costigan	Leo Quinn	Philip Harrison
CAPEX heavy organisations	Advanced	Expert	Expert	Expert	Expert	Expert	Advanced	Expert	Expert
Major contracting	Advanced	Expert	Expert	Expert	Expert	Advanced	Expert	Expert	Expert
Risk management	Advanced	Expert	Expert	Expert	Advanced	Expert	Expert	Expert	Expert
People & remuneration	Expert	Expert	Advanced	Expert	Expert	Expert	General	Expert	Expert
Finance & Audit	Expert	Expert	Expert	Expert	General	Expert	General	Advanced	Expert
UK market experience	Expert	Expert	Advanced	Advanced	Expert	Advanced	Expert	Expert	Expert
Health & Safety	Advanced	Advanced	Expert	Expert	Expert	Advanced	Expert	Expert	General
Government engagement	Expert	Expert	Limited	General	General	Limited	Expert	Expert	Advanced
Construction sector	General	Advanced	Expert	General	Expert	General	General	Expert	Expert
CEO experience	Expert	Advanced	Limited	Advanced	Limited	Expert	Advanced	Expert	Advanced
ESG	Advanced	General	General	Expert	Advanced	General	Expert	Advanced	Advanced
US market experience	Advanced	Advanced	Expert	Advanced	Limited	General	Advanced	Expert	Expert
Hong Kong market experience	General	General	Limited	Limited	Limited	Limited	Advanced	Expert	Expert
Digital & Technology	Advanced	Advanced	General	General	Limited	Limited	General	Advanced	Expert

Expert Advanced General Limited

Conflicts of interest and independence

The Board has a number of processes and procedures in place to assess conflicts of interest and the independence of Non-executive Directors against the criteria set out in the Code:

- each Director has a duty to disclose any actual or potential conflict of interest for consideration and approval, if appropriate, by the Board;
- Directors are requested to declare any conflicts at the start of all Board and Committee meetings;
- the Nomination Committee conducts an annual review of the Conflicts of Interest Register and seeks confirmation from each Director of any changes to their external appointments; and
- there is also a formal process in place for the approval of all new external appointments of Directors. In considering such appointments, the Board will consider any conflicts of interest that may arise, as well as the Directors' capacity to continue discharging their duties effectively in order to mitigate the risk of overboarding.

The Nomination Committee and the Board have, after completing all of the processes detailed above, confirmed the continuing independence and objective judgement of each Independent Non-executive Director, and the overall independence of the Board in line with the recommendations of the Code.

Board succession

Board and Executive Committee succession plans are based on merit and assessed against objective criteria, whilst also being managed through the lens of promoting cognitive diversity as well as diversity of gender, ethnicity, experience and skills. Succession plans are reviewed annually by the Nomination Committee. Each individual on the succession plan has a development plan in place to support their personal and professional development.

At the conclusion of the 2024 AGM, Dr Stephen Billingham CBE and Stuart Doughty CMG retired as Independent Non-executive Directors having served nine years on the Board. Succession planning and the review of Board composition resulted in the appointment of Robert MacLeod and Gabby Costigan MBE as Independent Non-executive Directors from 8 March 2024. Further to this, the Board recruited Rudy Wynter on 1 December 2024 as an Independent Non-executive Director. For further information on the newly appointed Directors, please refer to their introductory Q&A on pages 122 and 123.

The Board is compliant with the diversity targets for gender and ethnic minority board representation set by the FTSE Women Leaders Review and the Parker Review. We are delighted that the boardroom in 2024 and 2025 is now more representative of our workforce, our clients and our supply chains, and the Nomination Committee will maintain its focused oversight of diversity and inclusion initiatives across the Group to ensure that all employees are afforded the opportunity to succeed at Balfour Beatty.

The Board is also committed to supporting and developing a diverse pipeline of candidates for senior manager and subsidiary director roles within the Group. For further information on active diversity initiatives within the Group please refer to pages 72 and 73.

Director reappointment

All Independent Non-executive Directors undertake a fixed term of three years subject to annual re-election by shareholders. The fixed term can be extended and, consistent with best practice, would not go beyond nine years unless exceptional circumstances were deemed to exist. The current tenure of each Board members are included within their biographies on pages 120 and 121.

Training and development

The Board receives a full programme of briefings and updates annually across all areas of the Company's business from the executive Directors, members of the Executive Committee, senior executives, and advisers. In addition, training and development sessions are arranged on specific areas during the year as required. Examples of training and development in 2024 included, amongst others, sustainability, corporate governance, digital and cyber security, contract trends, and the infrastructure financing landscape.

Any Director can request further information to support the fulfilment of their individual duties or collective Board role and, throughout the year, the Group Chair maintains dialogue with individual Directors to identify any specific training requirements. Where appropriate, such training is integrated into Board meetings to ensure all Directors can benefit. Alternatively, training sessions may be conducted through formal presentations, one-on-one meetings, or site visits, providing opportunities to delve deeper into specific initiatives or projects.

Information and support

During the year, the Company Secretary advised the Board on matters related to governance, ensuring Board procedures were followed and relevant statutory and regulatory requirements were complied with. The Company Secretary has responsibility for facilitating the timely distribution of information between the Board and its Committees and the Board of Directors.

The Directors have direct access to the Company Secretary for advice, who can arrange, at the Company's expense, for the Directors to receive independent professional advice where appropriate.

Board performance review

In line with best practice, the performance and effectiveness of the Board, its Committees and individual Directors are assessed annually via a formal performance review. The Board and Committee performance review process follows a three-year cycle, with the 2024 Board performance review being undertaken externally in accordance with the UK Corporate Governance Code.

Process – Board and Committee performance review

Egon Zehnder was appointed to conduct the external Board performance review. They commenced the review by meeting with the Group Chair and the Company Secretary to review the results and actions undertaken by the two previous internal Board performance reviews, to understand the context, strategy and purpose of the Board, and agree the scope for the 2024 Board performance review. Following this, Egon Zehnder proposed to undertake the review through a combination of:

- quantitative insights (with data obtained from questionnaires completed by each Board member);
- qualitative insights (through observations of Board and Board committee meetings, as well as one-to-one meetings with the Group Chair, the Board of Directors and the Company Secretary); and
- a review of the quality and timeliness of Board and Committee packs.

> **"The Board is compliant with the diversity targets set by both the Parker Review and the FTSE Women Leaders Review."**
>
> **Charles Allen**
> **Lord Allen of Kensington CBE**
> Non-executive Group Chair

Egon Zehnder presented the results of their review to the Board in February 2025, together with a series of recommendations to enhance the Board's effectiveness.

The scope of the performance review

The external review included a review of:

- the performance and effectiveness of the Group Chair;
- the performance and contribution of each of the Board's Directors;
- the performance and contribution of the Company Secretary;
- the composition and balance of skills, experience and knowledge across the Board, and within each of the Board's Committees;
- the performance and effectiveness of the Board, and each of its Committees; and
- the quality and timeliness of Board and Committee packs.

COMPOSITION, SUCCESSION AND EVALUATION CONTINUED

Board performance review continued

Findings

The findings of the external performance review concluded that the Board and Committees continued to function effectively. The review identified the following strengths:

- **business performance:** the Group's consistent strong performance since Egon Zehnder's previous 2021 external performance review (reflected in the share price) is the result of a strong leadership from both the Board and management;
- **Board composition:** new hires in 2024 have enriched the Board's overall skill set and diversity of perspectives in the boardroom;
- **Board efficiency:** Board and Committee meetings are efficient, striking the right balance between presentations and discussion; and
- **Board culture:** the Board's open and honest culture promotes constructive debate and challenge.

Performance action plan and progress

Led by the Group Chair, with support from the Company Secretary, the Board approved and implemented a 2025 action plan to address the findings of the 2024 external Board performance review. A summary of the key actions can be found on page 139.

Complementing this, is a summary of the action plan from the previous internal performance review undertaken in 2023, which includes a summary of the key recommendations, agreed actions, and the progress and outcomes delivered in 2024.

Board performance review process

Year 1 (2022) Internal assessment

- Evaluation co-ordinated internally by Group Chair, Committee Chairs and Company Secretary
- Separate questionnaires prepared on a range of issues related to the Board and Board Committees
- One-to-one meetings held between Group Chair and each Director to review responses and for individual appraisal. The Senior Independent Non-executive Director leads the review of the Group Chair
- Group discussion at a Board meeting and actions agreed

Year 2 (2023) Internal assessment

- Outcomes from previous performance review and progress against each action reviewed
- Internal evaluation questionnaires prepared by Group Chair and Company Secretary, taking account of areas of concern in previous year
- One-to-one meetings held between Group Chair and each Director to review responses and for individual appraisal. Senior Independent Non-executive Director leads the review of the Group Chair
- Group discussion at a Board meeting and actions agreed

Year 3 (2024) External assessment

- Independent external performance reviewer appointed (Egon Zehnder)
- Performance reviewer works with the Group Chair to define the scope of review
- Review conducted by means of questionnaires and interviews with Board Directors, observations of Board meetings, and a review of Board and Committee packs
- Report on review discussed with Group Chair and tabled for discussion at a Board meeting
- Outcomes and actions agreed

2024 BOARD PERFORMANCE REVIEW ACTION PLAN

2023 Recommendations	2024 Action Plan	Actions Taken / Outcomes
Ensure continued improvements in information gathering relating to strategy, competitors, and addressable markets.	› Continue to enhance the strategic review of the Group. › Carry out an annual competitor and industry update. › Consider addressable markets as appropriate.	The Board received industry and competitor updates to support the monitoring of the Group's Build to Last strategy. ✓
Support initiatives on employee engagement.	› Independent Non-executive Directors to attend ad hoc meetings of the Group Tender and Investment Committee (GTIC) throughout 2024. › Independent Non-executive Directors to attend at least two site visits per year.	The following Independent Non-executive Directors attended GTICs throughout 2024 to give them visibility and an understanding of the tender process for large-scale projects, and the opportunity to engage with project delivery teams across the Group: › Anne Drinkwater (attended 16) › Michael Lucki, Robert MacLeod, Louise Hardy (each attended 2); and › Barbara Moorhouse and Gabby Costigan (each attended 1). The Board also undertook a programme of thematic workforce engagement initiatives, including site visits throughout 2024, please see page 128 for more detail. ✓
Support Board and talent development and succession.	› Carry out a skills and experience review of the Board. › Carry out a talent review of the Executive Directors, Executive Committee members and other senior managers as appropriate. › Continue to monitor succession plans for the Executive Directors, Executive Committee members and other senior managers as appropriate.	The Board undertook a full skills and experience review as part of the external Board performance review with Egon Zehnder, following which the Board have agreed to undertake a number of actions to enhance Board effectiveness in 2025 (see 2025 action plan below). Succession planning and a talent review of the Executive Committee and business-critical senior management was undertaken in November 2024 by the Nominations Committee. The review set out a pipeline of talent for business-critical roles, and detailed tailored plans to support key staff in their ascension of the career ladder at Balfour Beatty. ✓
Progress the diversity and inclusion agenda for the Group.	› Regularly monitor the diversity and inclusion performance of the Group and set a plan to address the gender and ethnicity diversity on the Board, its Committees, the Executive Committee, and across the wider Group.	Board succession planning and recruitment in 2024 has enabled the Board to comply with the diversity targets set by the FTSE Women Leaders Review and the Parker Review. The Board also oversees and monitors the performance of Group diversity and inclusion initiatives. ✓

2024 Recommendations	2025 Action Plan
Enhance the succession planning processes.	› Consider how to enhance internal candidates by considering opportunities for individuals to move into stretch roles. › Allow and encourage the Board to have greater visibility and exposure to the layers below the Executive Committee. › Encourage increased opportunities for senior managers to present to the Board. › Consider how strategy impacts the structure and capabilities of the management team.
Allocate more time for strategy to be considered by the Board.	› Increase the opportunities for strategy to be considered by the Board. › Provide more time for blue sky, longer-term, top-down thinking separate to the business planning processes.
Review processes for the Board monitoring project performance.	› Agree what operational and project reporting is required by the Board. › Continue to encourage Independent Non-executive Directors to attend GTIC meetings (where the bid amount is below the £1 billion threshold normally required for Non-executive attendance). › Continue to hone the orientation and onboarding process for new Independent Non-executive Directors and encourage site visits to accelerate industry learning. › Consider how to use remuneration metrics to enhance performance and improve retention.
Clarify rules of engagement in Committee meetings.	› Clarify rules of engagement of non-committee members during committee meetings and decision-making responsibility.

COMMITTEE REPORTS

Nomination Committee

MEMBERSHIP

Charles Allen (Committee Chair)
Anne Drinkwater
Robert MacLeod
Barbara Moorhouse

KEY ACTIONS FROM 2024

- Completed a search for two new Independent Non-executive Directors in Q1 (Robert MacLeod and Gabby Costigan).
- Completed a search for a new Independent Non-executive Director in Q4 (Rudy Wynter).
- Oversaw the induction programmes for the newly appointed Directors.
- Reviewed Board balance, composition and diversity.
- Reviewed succession plans for the Board, its Committees and the Executive Committee.

PRIORITIES FOR 2025

- Review the Board's succession plans.
- Review the Executive Committee's succession plans and the progress of professional development programmes underway to support a diverse pipeline of candidates.
- Oversee the induction of Rudy Wynter.
- Review Board balance, composition and diversity against the short, medium and long-term needs of the Company.

Report of the Nomination Committee

I am pleased to present the report of the Nomination Committee, setting out the key activities undertaken throughout 2024 and the priorities for 2025.

During the year, the Committee continued to focus on the long-term succession planning for the Board, its Committees, and the Executive Committee. The Committee remained mindful of the importance of diversity within the Board, its Committees and senior management, and the recommendations set out in the FTSE Women Leaders Review, the Parker Review, and the diversity criteria set out in the Listing Rules.

The Board underwent a number of changes in the first half of 2024:

- at the conclusion of the 2024 AGM, Dr Stephen Billingham CBE and Stuart Doughty CMG both retired;
- with the support of executive search firm, Odgers Berndtson, Robert MacLeod and Gabby Costigan MBE were appointed as Independent Non-executive Directors on 8 March 2024;
- Robert MacLeod was appointed as Chair of the Audit and Risk Committee, and Gabby Costigan MBE was appointed as Chair of the Safety and Sustainability Committee; and
- Anne Drinkwater was appointed as the Senior Independent Non-executive Director.

Following the above changes to the Board's composition, together with the results of the 2023 internal Board performance review, the key priorities of the Nomination Committee in 2024 were:

- to support the induction of Robert MacLeod and Gabby Costigan MBE, and ensure both Directors received a comprehensive handover from their respective predecessors;
- to support Anne Drinkwater's induction into her new role of Senior Independent Non-executive Director;
- to establish a separate working group to identify a shortlist of candidates for a new Independent Non-executive Director role; and
- undertake succession planning and a talent review of the Board, Executive Committee, senior management, and business-critical project leaders.

The search for a new Independent Non-executive Director

A separate offline working group was established to identify a shortlist of candidates for a new Independent Non-executive Director role. The working group was comprised of the Chair of the Nomination Committee, the Group Human Resources Director, and executive search firm Heidrick & Struggles. The independent and impartial search process focused on addressing skills and knowledge gaps on the Board to deliver against the Group's Build to Last strategy. It also considered Board and Board Committee composition, balance of skills and diversity of perspectives. The search concluded with the appointment of Rudolph (Rudy) Wynter, who joined the Board on 1 December 2024.

Rudy brings with him a wealth of knowledge and experience obtained from his long and illustrious career at National Grid New York, where he retired as President and Chief Executive of National Grid plc in September 2024. Rudy's background in mechanical engineering and his experience in strategic planning and leadership at National Grid has no doubt strengthened the Board's capability to deliver against our Build to Last strategy at a time where the UK energy market is transitioning towards electric and renewable technologies.

For more information on the newly appointed Independent Non-executive Directors, please refer to their introductory Q&A on pages 122 and 123.

Diversity and inclusion on the Board

The Board is compliant with the gender diversity targets set by both the FTSE Women Leaders Review, and the Listing Rules and Disclosure Guidance & Transparency Rules (DTRs).

The Balfour Beatty Board is also compliant with the recommendations set by the Parker Review and the Listing Rules and DTRs to have at least one Board Director from an ethnic minority background.

The Committee continues to actively enhance diversity through the Group's ongoing succession planning of both the Board and senior management.

Robert, Gabby and Rudy have all been welcome additions to the Board in 2024, all utilising their experience and skills to provide fresh ideas and meaningful contributions to the Board and their respective Committees. This was emphasised in the findings of the Board's external performance review, which concluded that Board recruitment in 2024 had enhanced the diversity of perspectives within the boardroom, and in turn promoted constructive debate and challenge.

I would like to thank the Committee and the wider Board for their support and engagement with succession planning and recruitment throughout 2024.

Charles Allen
Chair of the Nomination Committee
11 March 2025

Main activities of the Committee during the year

Committee composition

The Committee comprises of two Independent Non-executive Directors, the Senior Independent Non-executive Director, and the Non-executive Group Chair.

Board composition and succession

Board composition is shaped and informed by:

- succession planning activities undertaken by the Committee;
- ongoing assessments of the skills, experience and diversity required on the Board to deliver against the Group's strategy, purpose and values;
- insights derived from the Board performance review; and
- shareholder feedback.

The perspectives, skills and experience on the Board are mapped to the needs of the business and aligned to the Group's strategy, purpose and values. The Committee considers the length of service of the members of the Board as a whole, as well as the need for the Board to remain agile and responsive to the evolving needs of the Group and an ever-changing external environment. Biographies of the Directors who served throughout 2024, including details of their backgrounds and experience, can be found on pages 120 and 121.

Time commitment

The anticipated time commitments of the Group Chair and Independent Non-executive Directors are agreed and set out in their respective letters of appointment. To ensure each Director has sufficient time to conduct their duties effectively, and mitigate the risk of Director overboarding, the Committee takes the following preventative steps:

- prior to appointment, the Committee considers and assesses any existing external commitments on an individual's time. This is necessary to confirm their capacity to take on the role and discharge their duties effectively; and
- any additional external appointments are subject to Board approval to ensure Directors can continue to devote the necessary time to their duties.

Committee performance review

In 2024, the Board and its Committees undertook an external performance review led by Egon Zehnder. For more information on the scope and outcomes of the review, please refer to pages 137 to 139.

Election and re-election of Directors

All Independent Non-executive Directors undertake a fixed term of three years, subject to annual re-election by shareholders at the AGM. The fixed term can be extended, but would not normally exceed nine years, unless the Board deemed there to be exceptional circumstances that merit an extension beyond nine years.

Governance

In 2024 the Committee reviewed and updated its terms of reference.

SCAN OR CLICK TO VIEW THE NOMINATION COMMITTEE'S TERMS OF REFERENCE

Performance, balance and composition reviews	50%
Governance and other matters	50%

ROLES AND RESPONSIBILITIES OF THE COMMITTEE

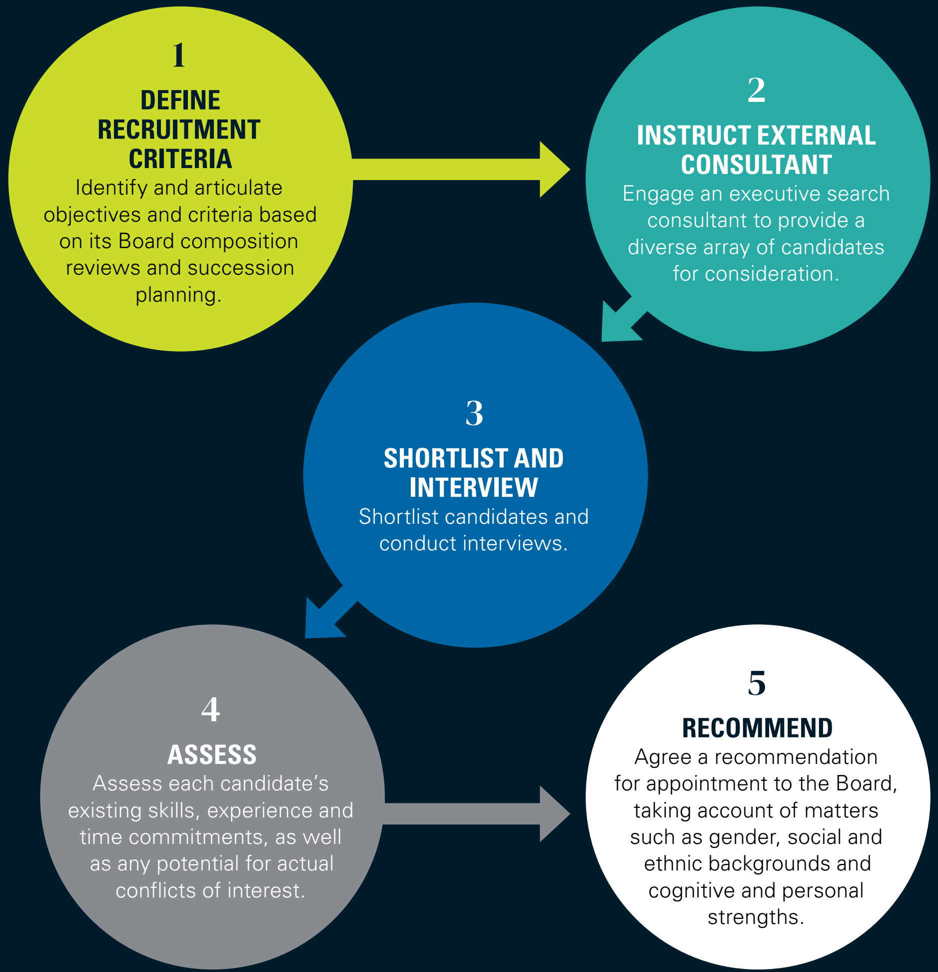
- Make recommendations to the Board on the appointment, reappointment, retirement or continuation of any Director.
- Propose and oversee induction plans for newly appointed Board members.
- Make recommendations regarding Directors' independence.
- Monitor the balance, composition, diversity, structure, and size of the Board and Committees.
- Conduct and monitor Board and Executive Committee succession planning.

COMMITTEE REPORTS CONTINUED

Nomination Committee continued

DIRECTOR APPOINTMENT PROCESS

When making a new appointment, the Committee takes the following steps:



See page 117 for details relating to the Board's most recent appointments.

Main activities of the Committee during the year continued

Election and re-election of Directors continued

Following this review and considerations of the Directors' tenure, the Committee unanimously recommends the re-election of each of Charles Allen, Leo Quinn, Philip Harrison, Anne Drinkwater, Louise Hardy, Michael Lucki, Barbara Moorhouse, Robert MacLeod, and Gabby Costigan at the 2025 AGM; and the election of Rudy Wynter following his appointment on 1 December 2024.

Diversity and inclusion

As Balfour Beatty continues to navigate through macroeconomic headwinds, an ever-changing risk environment, and the global challenge to achieve net zero and operational sustainability, the Board needs to ensure it has the right balance of skills, experience, and perspectives in the boardroom to face those challenges head on. Therefore, diversity must be embraced and embedded into the business, and that starts with the Board. While diversity is a key factor, the Board continues to appoint on merit, based on the skills and experience required for membership, while considering all forms of diversity and independence.

In February 2025, the Committee recommended the Board Diversity and Inclusion Policy for approval by the Board in compliance with Disclosure and Transparency Rule 7.2.8AR. The updated policy applies specifically to the Board and its Committees. The policy codifies the Group's ultimate goal of obtaining female and male parity on the Board and its Committees and its goal of having no less than 40% male or female representation and having a Director from an ethnic minority background on the Board, while recognising that periods of transition and change in Board composition may result in temporary periods when this balance is not achieved.

Further to this, the Committee will regularly review the structure, size and composition of the Board and its Committees, and make recommendations to the Board with regard to changes that are deemed necessary.

The Board's definition of diversity covers gender, ethnicity, and age (as well as other protected characteristics set out by the 2010 Equalities Act).

Gender diversity

As at 31 December 2024, Balfour Beatty held a minimum of 40% female representation on the Board, and had a female Director occupying a senior Board role (Anne Drinkwater, Senior Independent Non-executive Director), therefore the Board was compliant with the gender diversity recommendations set out by the FTSE Women Leaders Review, and the Listing Rules and DTRs.

The Committee considers that diversity on the Board is fundamental to setting the tone for the Group as it seeks to foster inclusivity and create a dynamic environment that nurtures innovation and sustainable growth. Balfour Beatty is dedicated to actively promoting gender diversity and empowering women in the construction industry. For insights into the Group's initiatives aimed at advancing gender diversity and supporting women's career progression, please refer to pages 72 and 73.

The Committee is cognisant that it remains imperative that gender parity in senior management, particularly on the Executive Committee, is also diverse. To achieve this, Balfour Beatty is actively engaged in succession planning and prioritising the professional development of its existing female workforce, enabling them to progress to more senior positions with the Group.

For a breakdown of gender demographics across the Group, please refer to the Sustainability section on page 67. In compliance with LR 9.8.6R(10) additional diversity analysis can be found on page 175.

Ethnic diversity
The Committee acknowledges the significance of the Parker Review, which provides guidance and targets for increasing ethnic diversity within the Board and senior leadership positions. As of 1 December 2024, the Board was compliant with the Parker Review following the appointment of Rudy Wynter as a Independent Non-executive Director. Rudy has been a welcome addition to the Board, bringing with him a fresh perspective and years of experience and expertise from his long standing and illustrious career at National Grid New York. Please see his biography on page 121 for further information.

The Committee recognises the importance of ethnic diversity on the Board, and acknowledges that for the Group to develop a truly diverse and inclusive culture, the Board needs to:

- set the right top-down example;
- be a more proportionate representation of the Group's workforce, the communities in which it operates, and society at large; and
- foster a culture that embraces and celebrates diversity and inclusion.

As a business, Balfour Beatty must make every effort to attract and retain a diverse talent and break down the barriers that stifle recruitment and progression of ethnic minorities within the industry. With the support of the HR function, the Group drives a number of initiatives to support career development of ethnic minorities within the workforce. Details of such initiatives can be found in the People section on pages 72 and 73.

Listing Rules and Disclosure Guidance and Transparency Rules
As at 31 December 2024, the Board was compliant with the diversity targets by Listing Rule 9.8.6R(9)(a), as the Board:

- had 40% female representation (22.2% on the Executive Committee);
- had at least one senior board position occupied by a female Director (Anne Drinkwater was appointed as Senior Independent non-executive Director); and
- at least one board member was from a minority ethnic background (although there are currently no Executive Committee members from an ethnic minority background).

Data on these targets in the required standardised form can be found in the Directors' report on page 175.

The Board and the Committee remains committed to diversifying the workforce at all levels by supporting a diverse succession pipeline at senior management level and supporting and monitoring Group-wide diversity and inclusivity policies and initiatives designed to promote diversity across the construction sector.

Director induction
Following appointment, all Directors receive a comprehensive and tailored induction programme. All newly appointed Directors are required to devote the time required to complete the induction programme. The time commitments are set out in their respective letters of appointment. Induction programmes are designed by the Company Secretary in conjunction with the Group Chair, Senior Independent Non-executive Director and Group Chief Executive.

Induction programmes are varied and include a selection of:

Meetings with the Board	One-to-one meetings with the Executive Directors, Independent Non-executive Directors, and the Group General Counsel and Company Secretary.
Meetings with the Executive Committee and senior management	One-to-one meetings with members of the Executive Committee, as well as meetings with key members of senior management from a variety of departments and business units, with the content of meetings varying depending on the Director being inducted and their background and individual experience.
Meetings with the auditors	Meetings with the Group Director of Risk and Audit and the External Auditor.
Self-study	Documents provided via the electronic Board portal covering key information relating to the Group including financial performance, Board policies and procedures and governance matters.
Site visits and workforce engagements	Visits to key operational sites offer the Directors the opportunity to meet with the workforce and gain valuable insight into operations and Company culture.
Meetings with key shareholders and stakeholders	Supported by the Group Chair and the Company Secretary, the induction programme will, as appropriate, include a schedule of meetings with major shareholders and key stakeholders in order to support newly appointed Directors' understanding of shareholder and stakeholder views, and the discharge of their Directors' duties under Section 172 of the Companies Act 2006.
Education and training	If any gaps in skills or experience are identified within the interview process, internal and external training will be provided and tailored to the needs of the Director.

COMMITTEE REPORTS CONTINUED

Safety and Sustainability Committee

MEMBERSHIP

- Gabby Costigan (Committee Chair)
- Anne Drinkwater
- Louise Hardy
- Leo Quinn
- Rudy Wynter

KEY ACTIONS FROM 2024

- Support the onboarding of Gabby Costigan MBE, as the new Committee Chair.
- Received reports on the implementation of Group health, safety, and wellbeing and sustainability initiatives.
- Reviewed findings from incidents and near misses and ensured learnings were embedded across the Group.
- Implemented and monitored the Building New Futures commitments.
- Received updates on regulatory developments across health, safety, wellbeing and sustainability matters.

PRIORITIES FOR 2025

- Monitor progress towards the Group's Building New Futures targets for net zero, resource efficiency, nature positive, community impact and DE&I.
- Focus on a culture of Zero Harm and Group-wide sustainability.
- Continued focus on targeted risk elimination.
- Monitor progress against the Group's SBTi trajectory for net zero.
- Oversee the development of a US-specific Sustainability Plan.

Report of the Safety and Sustainability Committee

I am pleased to present my first Safety and Sustainability Committee report having taken over as Chair of the Committee from Stuart Doughty CMG who retired from the Board following the Company's 2024 AGM.

The Committee met three times in 2024 and its meetings were regularly attended by other members of the Board as well as the Health, Safety and Wellbeing Director, Lee Hewitt, and the Group Director of Sustainability, Jo Gilroy, both of whom provide expertise and support to the Committee on their relevant subject matters. Other key individuals are invited to meetings of the Committee to support the Committee in understanding particular matters.

Rudy Wynter joined the Committee in February 2025 following his appointment to the Board on 1 December 2024.

Health, safety and wellbeing

I am delighted to share that Balfour Beatty delivered its best health and safety performance to date in 2024. Balfour Beatty's 'Make Safety Personal' culture, supported by our Zero Harm strategy and Digital Safety and Engagement initiatives collectively supported the Group to record:

- no fatalities recorded in 2024;
- Lost Time Incident Rates (LTIR) fell to 0.09 (2023: 0.11), the lowest figure ever achieved across the Group;
- the major injury rate remained at 0.02 in 2024, maintaining the strong performance of 2023; and
- a Group record of 470,506 safety observations were submitted by employees.

The Group continued its positive work supporting the mental health of employees in 2024. The health of employees is viewed as a key component of the Zero Harm initiative as the focus on 'Be Fit for Work' explores physical, emotional, and mental health. In 2024, the Group furthered its efforts by renewing its partnership with construction industry charity Mates in Mind, in a bid to promote positive mental health and wellbeing in the construction sector.

The Group is expanding its use of innovative digital solutions and AI to enhance its safety culture and deliver against its Zero Harm strategy. The use of animations to deliver lessons learned, and human form recognition technologies are serving to keep our employees safe.

For further information on health, safety and wellbeing please refer to page 40 to 45.

Sustainability

In 2024, we evolved and relaunched our sustainability strategy. This established new commitments and targets in key areas, including: climate change, nature positive, resource efficiency, supply chain integrity, community engagement, and employee diversity, equity and inclusion.

The Company has developed science-based targets to set a clearly defined path to reduce emissions in line with the Paris Agreement goals. The targets were submitted to the Science Based Targets initiative (SBTi) for validation in line with the most recent SBTi criteria. Following SBTi validation, the Company will publish those targets on its website and will disclose each year the Group's emissions and progress against targets.

Gabby Costigan MBE
Chair of the Safety and Sustainability Committee
11 March 2025

ROLES AND RESPONSIBILITIES OF THE COMMITTEE

- Reviewing strategies, policies and procedures of the Group in relation to health, safety, and wellbeing and sustainability matters.
- Monitoring and updating the Group's control processes where appropriate.
- Approving health and safety targets and key performance indicators, monitoring the Group's performance against them and taking corrective action where necessary.
- Monitoring the Group's performance against the main health, safety, wellbeing and sustainability risk groups, and implementing strategies to mitigate such risks.
- Reviewing the environmental and sustainability performance of the Group, including but not limited to energy and carbon emissions, materials and waste management and social and community matters.
- Approving environmental and sustainability targets and key performance indicators, monitoring the Group's performance against them and taking corrective action where necessary.

Health and safety updates	42%
Environment and sustainability updates	44%
Governance and other matters	14%

Main activities of the Committee during the year

Safety performance and Zero Harm

The Health, Safety and Wellbeing (HS&W) Director issued regular reports to the Committee throughout 2024 on the Group's performance against various health and safety KPIs including data covering fatalities, injuries, serious and minor events, near misses and health and safety observation reporting. Following a strong performance in 2023, the Group continued to receive a record number of workforce safety observations, indicating strong employee engagement in respect of health and safety matters. Positive employee engagement results also confirmed the continued strong Zero Harm culture within the business. Further details on Zero Harm can be found on pages 40 to 45.

Reports were received regarding progress on Group initiatives, including:

- US Civils building safety;
- progress against Zero Harm and priorities; and
- incident overview and actions.

Notable incidents and fatalities

No fatalities were recorded in 2024. The Committee continued to receive regular reports on learnings and actions arising from incidents or near misses that had high potential of serious injury.

Environment and sustainability

In 2024 the Group launched an updated sustainability strategy across its UK operations, intended to simplify, prioritise, and consolidate the Group's approach to sustainability and the adoption of a uniform approach to delivering sustainability ambitions.

The Committee received regular updates throughout the year on the Company's performance on sustainability and environmental targets, including waste management and carbon performance. The Committee also monitored the Group's social impacts and creation of social value for local communities.

Performance was monitored in 2024 and key takeaways of performance against focus areas were identified which in turn assisted with the development of a tailored plan of action. The Company believes this strategy demonstrates alignment with the Sustainable Development Goals set by the United Nations and allows for consistency across the business.

Governance

During the year, the Committee reviewed its Terms of Reference, which can be found on the Company's website.

SCAN OR CLICK TO VIEW THE SAFETY AND SUSTAINABILITY COMMITTEE'S TERMS OF REFERENCE

The Committee monitored the resourcing of both the HS&W and Sustainability functions, and reviewed the appropriateness and effectiveness of the governance framework for HS&W and sustainability matters.

Committee performance review

In 2024, the Board and its Committees undertook an external performance review led by Egon Zehnder. For more information on the scope and outcomes of the review, please refer to page 137 to 139.

Talk Positively Award

ICON AWARDS

This category was for an individual who talks with pride and enthusiasm about our business, our colleagues, our industry, and our future.

Above: Award presentation photo. (Left to right): Gabby Costigan MBE, Balfour Beatty Independent Non-executive Director, Summer Boron, Vice President – US buildings, and Richard Robinson, President AMEA (Asia, Middle East, Australia) – AtkinsRéalis.

Winner: Summer Boron

Vice President, US Buildings

Summer has long been one of the people in the US Northwest Division that has a significant positive impact on Balfour Beatty's culture and work experience in the US. Her impact on the business started within the Marketing team where her positive energy and personality made her an ideal candidate for working with colleagues within the business to produce top quality winning proposals.

READ MORE ABOUT OUR ICON AWARDS EVENT ON p74

COMMITTEE REPORTS CONTINUED

Audit and Risk Committee

MEMBERSHIP

- Robert MacLeod (Committee Chair)
- Louise Hardy
- Michael Lucki
- Barbara Moorhouse

KEY ACTIONS FROM 2024

- Supported the induction of Robert MacLeod as the new Chair, and Louise Hardy as a new Committee member.
- Continued to monitor developments in the control environment in the US Military Housing business, and reviewed progress on the implementation of the recommendations set out in the independent compliance monitor's initial and first follow-up report.
- Reviewed and challenged management's judgements on significant accounting issues including key contract judgements and management's assessment of claims including those relating to the Building Safety Act.
- Continued to monitor risk management and internal control frameworks.
- Reviewed and monitored the development and ongoing implementation of a new Internal Control Framework (ICF) in preparation for compliance with the Provision 29 of the 2024 Corporate Governance Code in 2026.
- Continued to monitor and review employee training and development, and conducted investment risk assessments and ethics and compliance risk assessments.

Report of the Audit and Risk Committee

I am pleased to present my first report of the Audit and Risk Committee. I took over as Chair in May 2024 following the departure of Dr Stephen Billingham CBE who stepped down from the Board and the Committee at the end of his nine-year tenure.

This report is intended to provide shareholders with an insight into key areas considered by the Committee, together with an explanation of how the Committee discharged its responsibilities and provided assurance on the integrity of the 2024 Annual Report and Accounts.

The Audit and Risk Committee assists the Board in fulfilling its responsibilities related to Group financial statements, risk management and financial controls, and overseeing the Internal Audit function and the external auditor.

The Committee held four meetings in 2024, all of which were fully attended. All Independent Non-executive Directors are encouraged to attend Committee meetings and meetings were also regularly attended by the Group Chair, Group Chief Executive, Chief Financial Officer, Group Risk and Audit Director, UK Head of Internal Audit, Group Financial Controller, Group General Counsel and Company Secretary and representatives of the external auditor, including the lead audit partner. There were further ad hoc attendees who joined Committee meetings for specific agenda items.

PRIORITIES FOR 2025

- Review and monitor the ongoing implementation of the matured Internal Control Framework (ICF).
- Conduct the tender process for the selection of an external audit firm for the 31 December 2026 year end.
- Continue to monitor developments in the control environment within the US Military Housing business and continue to assess the implementation of further recommendations from the independent compliance monitor.
- Continue to support the training and development appointed Committee members in respect of audit and risk matters.
- Continue to review and challenge management's judgements on significant accounting issues including key contract judgements.
- Conduct robust reviews of the detailed drivers and mitigation activities of the Group's principal risks.

ROLES AND RESPONSIBILITIES OF THE COMMITTEE

- Monitoring the integrity of the Group's financial statements, including providing advice (where requested by the Board) on whether the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.
- Reviewing any significant financial issues and judgements related to the Group's financial statements, including the Investments portfolio valuations.
- Ensuring management has effective systems of risk management and internal control in place.
- Monitoring the effectiveness of the Internal Audit function.
- Overseeing the relationship with the external auditor, including annual approval of the external audit plan, review of audit opinions, setting of external auditor remuneration, and reporting the results of external audits to the Board.
- Responsible for the appointment of the external auditor, and overseeing audit tenders when these take place.
- Monitoring the effectiveness, objectivity and independence of the external auditor, including factors related to the provision of non-audit services.
- Reviewing the Company's carbon emissions data, related emissions intensity data, and social value disclosures included in the 2024 Annual Report.

Financial reporting and external audit	50%
Internal audit, risk management and internal control	39%
Governance and other matters	11%

SCAN OR CLICK TO VIEW THE AUDIT AND RISK COMMITTEE'S TERMS OF REFERENCE

Internal Control Framework (ICF)

An area of focus during 2024 was further developing the maturity of the Internal Control Framework (ICF) in preparation for compliance with Provision 29 of the 2024 UK Corporate Governance Code in 2026. Throughout 2024, the Audit and Risk Committee has overseen the ongoing progress towards building a more mature Group-wide Internal Control Framework (ICF), which has included:

- working with subject matter experts to understand control owners, the control design and the verification process;
- establishing a standardised template for documenting internal controls in the ICF and establish a tiering system aligned to organisational hierarchy;
- developing a set of materiality criteria to help the Board identify and categorise material controls; and
- seeking feedback from the Audit and Risk Committee on the design of the proposed assurance process.

US Military Housing

The Committee received regular updates on the Balfour Beatty Communities' Compliance Programme throughout the year. In 2024, I took the opportunity to meet the independent compliance monitor in person. Regular meetings with senior management and the independent compliance monitor took place throughout the year which provided an opportunity for all sides:

- to review the progress against responding to the Monitor's recommendations;
- to assess the timescales of the action plan put in place to implement the recommendations;
- to review the resourcing of the team required to deliver the plan; and
- to confirm that the implementation team receives the support necessary to ensure the monitorship process is successful and delivers the desired outcomes.

In 2024, the independent compliance monitor published their first follow-up report and attended the Committee in November to present their findings. The follow-up report issued a number of further recommendations (in addition to the recommendations arising from their first report). For more information on the Committee's oversight of the US Military Housing business, please refer to page 150.

Governance

The Committee annually reviews and approves its Terms of Reference, which can be viewed by scanning or clicking on the QR Code on the left hand side.

In accordance with its Terms of Reference, the Committee remained focused on monitoring the integrity of the Group's financial and risk reporting and continued to discharge its duties to the Board. Further detail on the Committee's activities throughout the year is set out on the following pages.

Robert MacLeod
Chair of the Audit and Risk Committee
11 March 2025

COMMITTEE REPORTS CONTINUED

Audit and Risk Committee continued

Main activities of the Committee during the year

Committee activities during 2024

The Committee has a substantial remit and cycle of actions to complete throughout the year. The Committee Chair, with the support of the Group Company Secretary, ensures the Committee fully discharges its responsibilities in accordance with its terms of reference, whilst maintaining sufficient time for discussion of ad hoc items that arise throughout the year.

		MAR	MAY	AUG	NOV
Group financial statements	Received reports on financial and accounting, contract and commercial issues and litigation	●		●	
	Approved financial results regulatory announcements and the Annual Report and Accounts to be put to the Board	●		●	
	Approved the Group's viability and going concern statements	●		●	
	Reviewed Directors' valuation of the Investments portfolio	●		●	
	Approved greenhouse gas emissions representation letter to PwC	●			
External auditor	Reviewed the external auditor's report on the Company's full year and half year financial statements	●		●	
	Reviewed the external auditor's assessment of its objectivity and independence including a review of non-audit services (and associated fees) provided by the external auditor	●		●	
	Reviewed management representation letters related to the Company's full year and half year financial statements	●		●	
	Reviewed the external auditor's half year review plan and audit strategy			●	●
	Reviewed the effectiveness of the external auditor		●		
	Reviewed the briefing document prepared by management on the external audit tender process due to commence in 2025				●
	Approved the external auditor's fees			●	
Risk management and financial controls (including the Internal Audit function)	Conducted assessments of the Group's systems of risk management and internal control, including a robust assessment of principal and emerging risks	●			
	Approved internal audit plans and received updates on internal audit and risk		●	●	●
	Received updates on US military housing controls and compliance (attended by the independent compliance monitor)		●	●	●
	Received the half year risk and controls report			●	
Other matters	Received updates on Group tax and insurance		●		
	Received updates on Group ethics and compliance, including whistleblowing reports		●		●
	Reviewed the annual update to the Ethics and Compliance Programme charter				●
	Terms of reference review	●			
	Held private meetings between the non-executive Directors, Group Risk and Audit Director and KPMG	●	●	●	●

Significant issues and other accounting judgements

The following sets out all significant issues reviewed by the Committee throughout the year, being those requiring management to exercise the highest level of judgement or estimation. The Committee assesses these judgements or estimates to determine if they are reasonable and appropriate.

REVENUE AND MARGIN RECOGNITION

Given the nature of the Group's operations, these elements are central to how it values its work. Having reviewed detailed reports and met with management, the Committee considered contract and commercial issues on projects which have an elevated level of exposure to both revenue and margin recognition risks based on certain risk parameters set by management. As a key area of audit focus, the Committee also received a detailed written report from the external auditor setting out the results of its work in relation to key contract estimates.

DIRECTORS' VALUATION OF THE INVESTMENTS PORTFOLIO

The Committee assessed the methodology used to value the assets in terms of the discount rates applied. It also critically appraised the output of the Directors' valuation exercise.

CONTRACT PROVISIONS

The Committee reviewed the significant estimates of the quantum and timing of liabilities relating to contract provisions (including those relating to fire safety), as well as litigation and other risks. The Committee received detailed reports including relevant legal advice.

NON-UNDERLYING ITEMS

The key judgement is whether items relate to underlying trading or not and whether they have been presented in accordance with the Group's accounting policy. The Committee conducted a review of each of the non-underlying items, receiving written reports from management and the external auditor as to their quantum and nature.

GOING CONCERN AND VIABILITY STATEMENT

In order to satisfy itself that the Group has adequate resources to continue in operation for the foreseeable future and that there are no material uncertainties that could lead to significant doubt as to the Group's ability to continue as a going concern, the Committee considered the Group's viability statement, cash position (both existing and projected), bank facilities and covenants (including bonding lines) and the borrowing powers allowed under the Company's Articles of Association. The Committee subsequently recommended to the Board the adoption of the going concern statement and the viability statement for inclusion in the Annual Report and Accounts. More details on going concern and the viability statement are contained in Note 1 on page 198 and on page 106 respectively.

RETIREMENT BENEFIT OBLIGATIONS

The key judgement relates to the assumptions underlying the valuation of retirement benefit obligations. The Committee received reports from management outlining the assumptions used, including input from the Group's actuaries, in particular in relation to discount rates, inflation and mortality, which were evaluated against external benchmarks and, in relation to which, the external auditor also provided reports.

Committee composition

The Committee is chaired by Robert MacLeod. In accordance with the UK Corporate Governance Code, the Board has determined that Robert has recent and relevant financial experience, and the Committee as a whole has the required skills and expertise to discharge their duties.

The Committee Chair is supported by the other Committee members in delivering the Committee's governance responsibilities. Committee members possess a range of experience relevant to the sector within which the Company operates, and also in relation to financial management, audit and risk. The Committee members' full biographical details can be found on pages 120 and 121.

Evaluation of the Committee

In 2024, the Board and its Committees undertook an external performance review led by Egon Zehnder. For more information on the scope and outcomes of the review, please refer to pages 137 to 139.

Financial reporting

A key responsibility of the Committee is to monitor and oversee the integrity of the Group's published financial statements. This responsibility is discharged in part through the review and evaluation of the Company's full year and half year financial statements.

The Committee has full access to management, in order to ask questions and gain further insights where necessary and receives reports from members of the Finance and Internal Audit teams and the external auditor.

The Committee assesses whether the annual financial statements provide a 'fair, balanced and understandable' view of the Group's position and performance, business model and strategy, as well as:

- assessing whether the accounting policies applied, and judgements (including key contract judgements), estimates and assumptions made, by management are reasonable and appropriate based on information available (further details are in Note 2 on pages 206 to 296); and
- assessing whether the Company has complied with relevant financial reporting standards and other regulatory requirements, including the UK Corporate Governance Code and European Securities and Markets Authority Guidelines on Alternative Performance Measures.

Going concern and viability statement

As part of the Board's wider responsibility for assessing the Group's principal and other risks (see pages 94 to 105), the Committee was presented with management's assessments of the Group's viability over a three-year period to 31 December 2027; and, its going concern basis for the period of at least 12 months from the date of approval of the financial statements.

The Committee assessed these analyses and assumptions, taking into account cash flows, current levels of debt and the availability of future finance if required. The viability and going concern assessments, including the severe but plausible downside scenarios modelled, were discussed and the Committee concluded that the assessments were appropriate.

COMMITTEE REPORTS CONTINUED

Audit and Risk Committee continued

Main activities of the Committee during the year continued

The Audit and Risk Committee's role in ensuring the financial statements taken as a whole are fair, balanced and understandable

As part of the Committee's assessment as to whether the annual financial statements provide a 'fair, balanced and understandable' view, the Committee has oversight of and reviews the effectiveness of the following processes implemented by management:

- comprehensive guidance issued to all contributors;
- verification of the factual content of the financial statements;
- review of the disclosures made by the contributors to each section; and
- comprehensive reviews by senior management to ensure consistency and overall balance.

In addition to the above, the Committee also undertakes a review to determine if the entire financial statements are representative of the Group's performance in the year and challenges management on the overall balance of the report prior to recommending approval of the financial statements to the Board.

Going concern and viability statement

The Committee also continued to consider the impact of climate change on the Group's viability. The Committee subsequently approved the viability statement and the going concern disclosures for inclusion in the Annual Report and Accounts 2024.

The viability statement and the going concern disclosure can be found on page 106 and in Note 1 on page 198 respectively.

US Military Housing

During the year the Committee received regular updates from senior leaders on the work within Balfour Beatty Communities to improve the control environment within the Military Housing business. The Committee and senior management continued to monitor and assess improvement activities being undertaken to deliver the Compliance Programme and enhance internal controls.

In 2024, the independent compliance monitor, appointed by the US Department of Justice, issued their first follow-up report, which included a number of new recommendations (in addition to the recommendations set out in their first report). The recommendations included adopting a new and holistic approach to programme implementation, and that Balfour Beatty Communities establish a Compliance Combined Action Team (the CCAT) to deliver the programme. The independent compliance monitor presented their new recommendations to the Committee in November.

In November 2024, Balfour Beatty Communities and the independent compliance monitor agreed to extend the most recent implementation period to enable the delivery of the additional recommendations set out in the first follow-up report and agreed to commence the second follow-up review period in March 2025.

Building safety provisions

The Committee received regular updates from management in respect of the process to identify and confirm building safety liabilities.

The UK Building Safety Act (BSA) extends the limitation for claims under the Defective Premises Act 1972 from 6 years to 30 years for dwellings completed before 28 June 2022. Since the introduction of the BSA, the Group has conducted investigations and due diligence on claims received to establish whether an obligation exists and if costs can be reliably estimated, and these have been reviewed by the Committee. The Group has recognised a provision where a probable obligation has been established and cost associated with the claim can be reliably estimated.

In 2024, following further developments and clarifications in the legal landscape of the BSA, progression of the Group's investigation and due diligence, as well as adjudications on claims received to date, the Group has reassessed its provision for BSA claims resulting in an increase in the provision of £83 million. The provision does not include potential recoveries from third parties. This increase has been recognised in non-underlying due to its size and the nature of the cost, which has arisen from a change in legislation.

Based on its review and discussions with management and the external auditor, the Committee concluded that the level of the provision and the treatment as a non-underlying item was appropriate.

Claim relating to legacy project in Texas

The Committee assessed management's treatment of the claim relating to a legacy project in Texas which completed in 2012. Further details are available in Note 10.2.4.

In light of the jury verdict delivered in November 2024 on this claim, the Group has recognised a non-underlying charge of £52 million. This charge, which is net of insurance recoveries of £40 million for which the Group has received confirmation of cover from its insurers, represents the Group's best estimate of the probable damages to be awarded.

The Group maintains the view that these damages are a result of design elements of the contract which were performed by subcontractors to the joint operation. The Group, together with its joint operation partner, is pursuing recoveries from these subcontractors, however at this stage, the Group has not recognised any potential recoveries from these parties.

Based on its review and discussions with management and the external auditor, the Committee concluded that the level of the provision together with the recognition of insurance recoveries, and the treatment as a non-underlying item was appropriate.

External auditor

Rotation and reappointment

The Company's external auditor is KPMG LLP. KPMG's appointment was first approved by shareholders at the 2016 AGM, following an audit tender process in 2015. KPMG replaced Deloitte, the incumbent for the preceding 14 years.

Pursuant to the provisions of the Revised Ethical Standard 2019, the Company has adopted a policy that no external auditor, appointed following the implementation of the Revised Ethical Standard 2019 (as summarised below), can remain in post for longer than 20 years. The Company has adopted a policy that the Committee will lead an audit tender process every 10 years and that this will apply to the current incumbent, KPMG. Consequently, the next external audit tender is anticipated to take place following the completion of KPMG's audit for the year ended 31 December 2024.

The Committee considers that the external auditor relationship is appropriate and productive and the Committee is satisfied with KPMG's effectiveness. Mike Barradell completed his second year as lead audit partner for the year ended 31 December 2024. The external auditor is required to rotate the lead partner every five years – such changes are planned carefully to ensure business continuity, whilst avoiding the introduction of undue risk of inefficiencies and any impact to audit quality.

The key aspects of the Revised Ethical Standard 2019 include the following:

- audit firms should have a maximum tenure of 10 years, although the UK Government proposes to allow an extension of:
  - up to an additional 10 years where a public tender is carried out after 10 years; or
  - by up to an additional 14 years where more than one audit firm is appointed to carry out the audit;
- audit firms are prohibited from providing certain non-audit services;
- where permitted non-audit services are provided by a group's auditor, they will be subject to a fees cap; and
- restrictions within any contract limiting a group's choice of auditor are prohibited.

The disclosures provided within this report constitute the Company's statement of compliance with the requirements of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

Audit tender
In anticipation of the audit tender to be conducted following the completion of KPMG's audit for the year ended 31 December 2024, the Committee has been preparing for the tender and has outlined its proposed timetable below. The process is anticipated to commence in earnest once the request for proposal is issued in April 2025. The Committee has currently invited a shortlist of audit firms to participate, including KPMG. This shortlist follows an assessment carried out identifying firms that have the experience, track record and capacity to perform a robust audit. In assessing this shortlist, the Committee has reviewed the Financial Reporting Council's (FRC) assessment of each firm's audit quality, including quality scores from the latest FRC Audit Quality Reports. The Committee has also sought confirmation of independence from each firm and confirmation that conflict of interest checks have been performed.

The Committee intends to conclude the audit tender process by July 2025 with the selected audit firm appointed at the Company's AGM in 2026 for the external audit firm to be in place to conduct the Group's half year review for 2026. KPMG will remain in place for the Group's 31 December 2025 audit.

Independence
A formal review of the external auditor's independence is conducted by the Committee annually. The most recent review took place in March 2025, when the Committee considered a letter submitted by KPMG which sets out:

- any relationships that bear on its objectivity and independence and the safeguards implemented to address any consequent threats to independence; and
- considerations related to the provision of non-audit services, including a comparison for the prior year (further detail below).

Following review of this letter, the Committee satisfied itself that KPMG remained sufficiently independent in accordance with the relevant professional ethical standards.

EXTERNAL AUDITOR TENDER TIMETABLE

- **2016** – KPMG appointed as external auditor at 2016 AGM, replacing Deloitte as incumbent auditor
- **2023** – Mike Barradell replaces Paul Sawdon as KPMG lead audit partner following Paul's completion of his fifth year as lead audit partner
- **2024** – Shortlist of audit firms confirmed with chosen audit firms confirming independence
- **April 2025** – Request for proposal delivered to audit firms
- **May–June 2025** – Management meetings with audit firms take place
- **July 2025** – Presentations by audit firms to Audit Committee's sub-committee
- **July 2025** – Recommendations to the Audit Committee
- **May 2026 AGM** – Appointment of external auditor by shareholders

COMMITTEE REPORTS CONTINUED

Audit and Risk Committee continued

Main activities of the Committee during the year continued

External auditor continued

Non-audit work

The Company maintains a Non-Audit Services Policy governing the provision of non-audit services. The policy sets out:

- specific services that the external auditor is prohibited from providing to the Group;
- details of any characteristics that could potentially make a service prohibited; and
- a requirement for the Chief Financial Officer to approve non-prohibited services where the fee is below £50,000, and for the Chair of the Audit and Risk Committee to approve non-prohibited services where the fee exceeds £50,000.

KPMG also operates its own internal policy that prohibits it from providing non-audit services, other than one closely related to an audit, to any FTSE 350 company.

These provisions help to safeguard the external auditor's objectivity and independence, and mitigate the risk that the external auditor will:

- audit its own work;
- make management decisions on behalf of the Group;
- act as advocate for the Group; and/or
- create a mutuality of interest with the Group.

In accordance with the policy for the provision of non-audit services, and in line with the Financial Reporting Council's ethical standards, the aggregated spend on non-audit services with the external auditor must not exceed 60% of the Group audit fee, unless exceptional circumstances exist, with a three-year rolling average not exceeding 70% of the Group audit fee.

During 2024, there were fees of £0.6 million (2023: £0.5 million) paid to KPMG for non-audit services. 2024 non-audit services provided by KPMG primarily related to the review of the Group's half year results.

Audit fees for 2024 were £5.2 million (2023: £5.1 million). Further details are included in Note 6.2 on page 213.

65% of non-audit-related work provided by international accounting firms in 2024 was carried out by firms other than KPMG.

Effectiveness

As part of the Committee's annual cycle of activities, the Committee conducts an effectiveness review of the external auditor, assesses the appropriateness of the external audit plan, and assesses the external auditor's professional scepticism. From this review, the Committee assessed that the audit was effective and recommendations for improvement were identified and communicated to the external auditor where necessary. Committee members meet privately with the external auditor and management throughout the year in order to gain feedback to support these assessments.

Risk management and internal control

The Board assumes ultimate responsibility for the effective management of risk and internal control across the Group. However, the Committee assists the Board in monitoring the Group's internal financial controls, and internal control and risk management systems, and monitoring and reviewing the work and effectiveness of the Internal Audit function.

Internal Audit

The Internal Audit function plays an integral role in the Company's governance structure, providing independent assurance and advice to help the Group achieve its strategic priorities. The half yearly internal audit plans were approved by the Committee and provided an assessment of the adequacy of the budget and resources. Each audit plan is based on risk, strategic priorities and consideration of the strength of the control environment. The Committee monitors progress against the plan and reviews the results of internal audit reports during each meeting. Management is responsible for ensuring that issues raised in internal audit reports are addressed within the agreed timetable and their timely completion is reviewed by the Committee. Where internal or external circumstances give rise to an increased level of risk, the audit plan is modified accordingly.

The effectiveness of the Internal Audit function is assessed by the Committee by evaluating internal audit reports and at meetings without management present. The Committee also reviewed the resources and skills of the Internal Audit function and concluded that they are appropriate for its activities. Accordingly, the Committee is satisfied that the quality, experience and expertise of the Internal Audit function is appropriate for the business.

Internal control and risk

Details of the Group's internal controls and risk management framework are set out more fully on pages 89 to 93 in the Strategic report and pages 134 and 135 in the Governance report. The Group's principal risks are set out on pages 94 to 105.

The Committee has evaluated the effectiveness of the internal control systems operated within the Group pursuant to the FRC's guidance on internal controls.

The evaluation covered:

- all material financial, operational and compliance controls;
- management confirmation reports;
- reports on controls;
- reports on fraud perpetrated against the Group;
- the Group's approach to anti-bribery and corruption and whistleblowing; and
- reports from both the Internal Audit function and the external auditor.

The review did not identify any significant weaknesses in the system of internal control and risk management.

Furthermore, the Committee has overseen the ongoing development of a new Group-wide Internal Control Framework (ICF) in preparation for compliance with Provision 29 of the 2024 UK Corporate Governance Code from 1 January 2026.

Whistleblowing and fraud

Throughout 2024 the Committee, on behalf of the Board, considered the Group's confidential reporting and whistleblowing procedures and remains satisfied that these procedures are sufficiently robust and appropriate. The Committee tracks any Speak Up reports received, and monitors any investigations undertaken and any restorative actions taken by the Group. The Committee also reviews any instances of fraud perpetrated against the Group and the action taken by management to prevent recurrences.

Remuneration Committee

Anne Drinkwater
Chair of the Remuneration Committee

MEMBERSHIP

- Anne Drinkwater (Chair of the Committee)
- Michael Lucki
- Robert MacLeod
- Barbara Moorhouse

KEY ACTIONS FROM 2024

The Committee's time in 2024 was focused on overseeing the implementation of the current Remuneration Policy. Key actions included:

- considered ongoing developments in external corporate governance and best practice including the effective use of environmental, social and governance (ESG) measures within incentive arrangements;
- ensured the current Remuneration Policy was implemented in alignment with business strategy and culture; and
- reviewed and monitored senior management and wider workforce demographics and remuneration across the Group's operations to ensure alignment with culture and as broader context for remuneration policy.

PRIORITIES FOR 2025

- Conduct a full review of Remuneration Policy to ensure it remains effective and aligned to the Group's strategic objectives. This will include ongoing shareholder consultation in advance of the 2026 AGM policy vote.
- Further consider how to effectively incorporate measures within incentive arrangements.
- Continue to ensure the Remuneration Policy is implemented in alignment with business strategy and culture.
- Continue to review and monitor wider workforce demographics and remuneration across the Group's operations to ensure alignment with culture and as broader context for Remuneration Policy.

Report of the Remuneration Committee

As Chair of the Remuneration Committee, I am pleased to present our Directors' remuneration report for the year ended 31 December 2024.

At the AGM in 2023, the Remuneration Policy was approved by over 81% of shareholders and a summary of the policy and how this will be implemented for the year ending 31 December 2025 is included in the Remuneration At A Glance section on page 157. The remainder of the report sets out the Annual Report on Remuneration detailing how the current Remuneration Policy was applied over the year ended 31 December 2024.

Strategic and business context

As set out in this Annual Report:

- Balfour Beatty has delivered another year of strong operational performance in 2024, resulting in the Group growing earnings, average cash and order book. Improvement in underlying profit was driven by the earnings-based businesses, increased gains on Investments disposals and higher net finance income.
- Attracting new talent and retaining existing experts to support growth opportunities remains an important area of focus. We continue to invest in colleagues at all levels, from a focus on early careers development to targeted development aimed to strengthen our succession pipeline and enable transition into leadership roles. In the UK, early careers roles now represent 7.3% of the workforce.
- Colleague engagement, measured through the annual survey, was particularly strong in 2024 showing a further improvement to 84% in the Group score, an increase of 3 percentage points from last year and 11 percentage points above industry average.
- Balfour Beatty continues to demonstrate its commitment to enabling an inclusive and ethical culture through the ongoing success in our Right to Respect programme in 2024 across the UK and US. In the UK the programme was recognised through winning the Inclusive Culture Award at the enei Inclusivity Excellence Awards. The Value Everyone UK Diversity, Equity & Inclusion (DE&I) strategy and action plan continues to show steady progress with increased representation across key measures.
- The Group and Committee remain mindful of the cost of living on colleagues despite an easing in inflation rates during 2024 and enhancements to employee benefits which aim to further support colleague wellbeing. Further details are included within the wider workforce section on page 156.

Incentive outcomes for 2024

The outcomes of the Annual Incentive Plan (AIP) for the executive Directors reflected the following (with further detail provided on pages 162 to 165).

- Stretching financial targets were set at the start of the year. In line with last year, the cash flow targets have incorporated additional stretch following our review of historic targets and outperformance. Cash performance remained very strong, exceeding Maximum and profit exceeded Target performance. The formulaic assessment of the AIP indicated 88.5% of maximum in respect of the financial targets for the executive Directors.
- Objectives set for the executive Directors incorporated a number of consistent strategic business objectives together with role-specific personal objectives. Leo Quinn and Philip Harrison performed strongly against these objectives resulting in 96% of maximum for Leo Quinn and 100% of maximum for Philip Harrison for this element.

COMMITTEE REPORTS CONTINUED

Remuneration Committee continued

Workforce Remuneration	12%
Remuneration of Directors and Executive Committee members	55%
Governance and other matters	33%

ROLES AND RESPONSIBILITIES OF THE COMMITTEE

SCAN OR CLICK TO FIND OUT MORE ABOUT THE REMUNERATION COMMITTEE'S TERMS OF REFERENCE

The Committee's terms of reference were reviewed during the year to ensure compliance with the Code.

Incentive outcomes for 2024 continued

- Demonstrated by performance against his strategic business and personal objectives, Leo Quinn has continued to show strong leadership, with improvements in key metrics for safety, engagement and diversity. He has overseen the validation of carbon reduction targets with the Science Based Targets initiative (SBTi), with reductions achieved in 2024 on carbon emissions intensity. Further details of Leo Quinn's strategic business and personal objectives are set out on pages 163 and 164.
- Philip Harrison has also demonstrated strong leadership across the business. He has gained agreement to updated metrics in the revolving credit facility which align to the sustainability strategy, successfully completed an extension to the CCB loan facility and improved prompt payment performance further in 2024. Further details of Philip Harrison's strategic business and personal objectives are set out on page 165.
- In line with good practice, the Remuneration Committee reviewed the overall outcome for the executive Directors and considered this reflective of the strong performance of the Group in 2024, including very strong safety performance and good progress against sustainability targets, not warranting any discretionary adjustment against the formulaic outcomes. Overall, 90.4% of maximum is to be paid to Leo Quinn and 91.4% of maximum to Philip Harrison. In line with the Policy, 50% of the pay-out will be deferred into shares for three years.

The performance conditions relating to the 2022 Performance Share Plan (PSP) awards measured performance over the three years ended 31 December 2024. TSR performance over the period was above upper quartile, operating cash flow exceeded maximum and EPS was close to the top end of the target range. This results in these awards vesting strongly at 99.5% of maximum. In assessing the appropriateness of this outcome, the Remuneration Committee considered the overall performance of the Company over the performance period and shareholder experience, and considered the outcome reflective of the strong achievement. Given this strong performance the share price has also increased over this period. Whilst the Remuneration Committee is conscious of potential windfall gains from significant increases of share price, the Committee is satisfied the share price at grant was not depressed and the growth reflects the sustained underlying performance of the Company.

Board changes

We announced on 5 March 2025 that, after over 10 years leading the business, Leo Quinn will step down from the Board as Group Chief Executive. Following an international search, Philip Hoare, Chief Operating Officer, AtkinsRéalis has been chosen by the Board to succeed him.

Departure terms for Leo Quinn

Leo Quinn will remain in post as Group Chief Executive and an executive Director of the Company until Philip Hoare joins the Group. Leo will continue to be employed in an advisory capacity for several months to ensure a seamless transition.

Leo received his normal remuneration for 2024 (details of which are included in the single total figure in the remuneration table on page 161). He will also be eligible for a pro-rated annual bonus in respect of his active service for 2025. Reflecting his long service and contribution to the business, the Committee exercised its discretion to grant 'Good Leaver' status for the purpose of Balfour Beatty's share plans. Outstanding deferred bonus share awards will vest on cessation of employment in line with the Remuneration Policy. Outstanding PSP awards, subject to pro-rating for time and to the satisfaction of the applicable performance targets, will vest on their normal vesting dates. The post holding period relating to Leo's PSP awards, will continue to apply as per the plan rules. Full details are provided on page 167.

Appointment terms for Philip Hoare

We are delighted Philip will join the Board as Group Chief Executive Officer. The selection process made clear that his depth of industry knowledge and his experience in delivering a profitable growth strategy across multiple geographies make him the ideal person to drive forward the Group's success in our chosen markets. Details of his remuneration package is set out below:

- Philip will receive a base salary of £840,000 and a pension allowance of 7% of salary (aligned with the wider workforce), along with other benefits offered to the wider workforce. It is intended that his salary will next be reviewed in July 2026;
- Philip's maximum annual bonus will be 150% of base salary. For 2025, his bonus will be pro-rated to reflect the period of service during the year; and
- Philip will also be granted a PSP award of 200% of base salary.

In line with usual practice, Philip will also receive awards to partially compensate for remuneration he is forfeiting on leaving his previous employer and joining Balfour Beatty. We applied the following principles in agreeing these buy-out awards:

- the buy-out awards will not exceed the actual value forfeited;
- we are not compensating Philip for the AtkinsRéalis share options forfeited on joining Balfour Beatty;
- 2025 buy-out awards: we may compensate Philip for amounts payable for vesting in 2025 based on the actual amounts forfeited;
- 2026 and 2027 buy-out awards: we may compensate Philip, in part, for amounts payable or vesting in March and April 2026 and March 2027 in respect of cash and share-based awards granted by his former employer. The quantum of the 2026 and 2027 buy-out awards will be capped at up to 75% of the time pro-rated and performance tested cash bonus due to be paid in April 2026, and up to 75% of the target share-based awards granted;
- where the buy-out is to replace an AtkinsRéalis share award, it will be delivered as an award over Balfour Beatty shares;
- the awards will vest no earlier than the same timescales as the forfeited awards;

- buy-out awards remain subject to performance conditions where appropriate. The 2026 and 2027 replacement performance share plan awards will be subject to the performance conditions applicable to Balfour Beatty 2023 and 2024 PSP awards;
- to ensure ongoing alignment with Balfour Beatty shareholders, Philip will be required to retain shares he acquires from the buy-out share awards (net of any sale of vested Balfour Beatty shares which are required to meet applicable tax withholdings) in satisfaction of the shareholding requirements in our Directors' Remuneration Policy;
- the 2026 and 2027 buy-out awards will be subject to continued employment until the vesting date; and
- all buy-out awards are subject to the malus and clawback conditions as approved in our current Remuneration Policy. Furthermore, we have discretion to clawback any buy-out award in the event of Philip's resignation from the Company within 12 months of joining.

Further information in relation to the buy-out awards will be disclosed in the 2025 Remuneration Report.

Remuneration for 2025

On 1 July 2024, in line with the normal salary review date, the Committee awarded a circa 4% increase to the Group Chief Executive and Chief Financial Officer, in line with wider workforce. At the same time, the non-executive Directors' base fees and the Chairman's fee were also increased in line with the wider workforce. Leo Quinn will not receive a base salary increase on 1 July 2025.

The Remuneration Committee has reviewed the base salary and overall remuneration package for Chief Financial Officer, Philip Harrison, in light of increased responsibilities taken on during the year and the key role in supporting the transition to a new Group Chief Executive. The Remuneration Committee were also mindful that his current package is positioned below sector peers of a similar size and complexity and, whilst the Committee does not set its Remuneration Policy to directly align to these benchmarks, it is appropriate to factor this into the review. To reflect this, Philip Harrison's base salary was increased to £598,000 with effect from 1 February 2025. Philip Harrison will also be granted a 2025 PSP award at 200% of base salary.

No changes are proposed to the structure of the performance measures to be used in the Annual Incentive Plan for 2025. It will continue to be based primarily on challenging Profit Before Tax (50%), Group Total Cash Flow (25%) and strategic business and personal objectives (25%). These objectives will be disclosed in the 2025 Remuneration report and include measurable objectives aligned to delivering on our Environmental, Social and Governance, Safety, People and Quality commitments. The executive Directors will be able to earn a maximum bonus of 150% of base salary. As noted above, for Leo Quinn and Philip Hoare the annual bonus earned will be pro-rated to reflect active service during the year.

The PSP awards to be granted in 2025 will be based on the achievement of three performance measures EPS (33.3%); Operating Cash Flow (33.3%) and TSR relative to the FTSE 250 excluding investment trusts (33.3%). The Committee is satisfied that the balance of measures remains appropriate and supports the long-term business strategy. Leo Quinn will not be granted a 2025 PSP award. As noted above, Philip Hoare and Philip Harrison will be granted a PSP award of shares worth 200% of base salary. Vested shares under PSP awards will be subject to the normal post-vesting holding period.

The Remuneration Committee will continue to be mindful of the importance of setting appropriately stretching targets for both the AIP and PSP to ensure that the incentive out-turns are commensurate with the performance delivered, wider stakeholder experience and the long-term sustainable success of the Group. Given the commercial sensitivity, the 2025 AIP targets will be disclosed on a retrospective basis in the 2025 Remuneration report. The EPS and Operating Cash Flow targets for the 2025 PSP are disclosed prospectively on page 159.

Remuneration Policy review

The current Remuneration Policy was approved by shareholders at the 2023 AGM. In advance of the 2026 AGM policy vote, the Committee will be conducting a full review to ensure that the policy remains effective and aligned to the Group's strategic objectives. As part of the review, the Committee will consider continuing developments in corporate governance and best practice. The Committee will also be reviewing the appropriateness and operation of the performance measures for the AIP and PSP.

Shareholder consultation is an ongoing process and past consultation informed the Remuneration Policy put to shareholders for approval at the 2023 AGM and we intend to consult shareholders during 2025 as part of our review prior to putting forward the Remuneration Policy for approval at the 2026 AGM.

Gender Pay Gap

Balfour Beatty's UK gender pay gap narrowed again in 2024 when compared to 2023 across both median and mean measures, continuing the trend seen in recent years. Since the introduction of gender pay gap reporting in Balfour Beatty, the gap has reduced by over 7% in both measures. The analysis of reported trends furthers our understanding of the gender pay gap and, together with looking beyond the numbers, helps us to continue to focus on the underlying cause, informing key activities implemented through the Value Everyone UK DE&I action plan which remains pivotal to narrowing the gap.

The Group Chief Executive to average UK employee pay ratio increased for 2024 when compared to 2023, reflecting the fact that the out-turn of the AIP in 2024 was higher when compared to 2023, and the greater proportion of executive Director pay linked to this incentive plan.

Conclusion

We believe that implementation of the Remuneration Policy will continue to deliver a robust link between strategy, reward and performance, supporting Balfour Beatty's drive to deliver profitable managed growth and sustainable cash generation. The Company's remuneration policies have been, and will continue to be, implemented rigorously, aligned with the Group's strategic goals and culture. We hope you will support the Remuneration report at the 2025 AGM.

Wider workforce remuneration

Balfour Beatty's commitment to enabling an inclusive and ethical culture was demonstrated through a number of awards and accreditations in 2024 including the US Buildings division being named 'Best Place to Work' by five business publications in California. Enhancements to colleague benefits included the introduction of financial coaching in the UK following a successful pilot, adding to the broad benefits offered to colleagues.

In addition to the executive Directors, the Committee reviewed both the level and structure of remuneration for members of the Executive Committee and receives regular updates on Company-wide pay and benefits for the wider workforce and takes these into account when reviewing executive and senior management remuneration. A summary of the typical updates shared with the Committee are included in the table on page 156.

COMMITTEE REPORTS CONTINUED

Remuneration Committee continued

Wider workforce remuneration continued

Review of level and structure of remuneration for the members of the Executive Committee	Receive regular updates on the wider workforce demographic, pay and benefits across the Group
Review and approve: › Annual review of base pay levels; › Annual Incentive Plan structure, target ranges and alignment to strategy and culture; › Payments for Annual Incentive Plans, considering overall business performance; and › Performance Share Plan participation levels and performance conditions for plan launch and achievement against performance conditions of vesting plans.	› Highlight remuneration practice across the wider workforce and how this relates to the business and HR strategic objectives. › Overview of distribution of annual base pay review including diversity and grade analysis, deployment of annual incentive plans and participation in all-employee and discretionary share plans. › Compliance with statutory minimum pay levels including Balfour Beatty's positioning against the voluntary UK Real Living Wage. › Summary of benefits provision and alignment to health, wellbeing and engagement plans. › Review of latest UK gender pay gap calculation and progression in reducing the gap, together with Group Chief Executive to average UK employee pay ratio. › Developments in employment policy requirements and updates to Balfour Beatty policies. › Involvement in a variety of live events, forums and conferences held during the year enabling impactful engagement across the Group.

A summary of the remuneration arrangements across the wider workforce in 2024, compared with the executive Directors, is included in the table below.

Executive Directors		Executive Committee & Wider Workforce
Annual base salary review effective 1 July 2024. Increase of 4% approved by the Committee for Executive Directors.	**Salary**	Main salary review effective 1 January 2024, Total UK budget of 5% with 4% available for allocation January 2024 in line with review guidelines. Award ranges based on earnings levels, performance and market positioning. Continued focus on lower paid roles, taking the voluntary UK Real Living Wage level into consideration when setting pay and implementation guidelines in UK. 4% median increase to Executive Committee, effective 1 July 2024.
All employees eligible for a bonus. Performance measures aligned to Group / business unit.	**Annual Incentive Plans**	Executive Committee and other eligible grades qualify for a bonus. Performance measures aligned to Group/ Business Unit.
Deferral of proportion of annual bonus paid for three years. Eligible to participate in long-term incentive plan and all-employees Share Incentive Plan (SIP). Shareholding requirements in place.	**Share-based incentive plans**	Deferral of proportion of annual bonus paid for three years for UK Executive Committee and senior managers. Executive Committee and some senior management are nominated for inclusion in a long-term incentive plan. All UK employees eligible to participate in all-employees SIP. Shareholding requirements in place for Executive Committee based in UK.
Executive Director pension provision of 7%.	**Pension**	UK Employer contribution average of 7% of base salary.

Anne Drinkwater
Chair of the Remuneration Committee
11 March 2025

REMUNERATION AT A GLANCE

Ahead of the Annual report on remuneration, we have summarised below the key remuneration outcomes for 2024, the key elements of the Remuneration Policy approved at the 2023 AGM and how we intend to implement it in 2025. The Committee confirms that the Remuneration Policy operated as intended throughout 2024. The full Remuneration Policy can be found in the Directors' Remuneration report for the year ended 31 December 2022 available on our website.

AIP metrics and outcomes

PROFIT BEFORE TAX

Threshold	£217.4m
Target	£271.8m
Maximum	£299.0m
Actual	£289.6m

ACTUAL
£289.6m
82.7%
of maximum

GROUP TOTAL CASH FLOW[1]

Threshold	£(50)m
Target	£(40)m
Maximum	£60m
Actual	£201m

ACTUAL
£201m
>100%
of maximum

STRATEGIC BUSINESS AND PERSONAL OBJECTIVES

Group Chief Executive
ACTUAL
96%
of maximum

Chief Financial Officer
ACTUAL
100%
of maximum

AIP OUT-TURN

Group Chief Executive
ACTUAL
90.4%
of maximum

Chief Financial Officer
ACTUAL
91.4%
of maximum

PSP metrics and outcomes

TOTAL SHAREHOLDER RETURN

TSR against the 115 remaining companies ranked 51–200 in the FTSE All Share Index (excluding investment trusts)

Threshold	Median
Target	–
Maximum	Upper Quartile
Actual	Above Upper Quartile
Vesting	>100% of maximum

ACTUAL
>Max
100%
of maximum

EARNINGS PER SHARE[3]

Underlying basic earnings per share from continuing operations

Threshold	28.7p
Target	–
Maximum	43.9p
Actual	43.6p
Vesting	98.5% of maximum

ACTUAL
43.6p
98.5%
of maximum

CASH

Operating cash flow (OCF)[2]

Threshold	£130m
Target	£185m
Maximum	£204m
Actual	£289m
Vesting	>100% of maximum

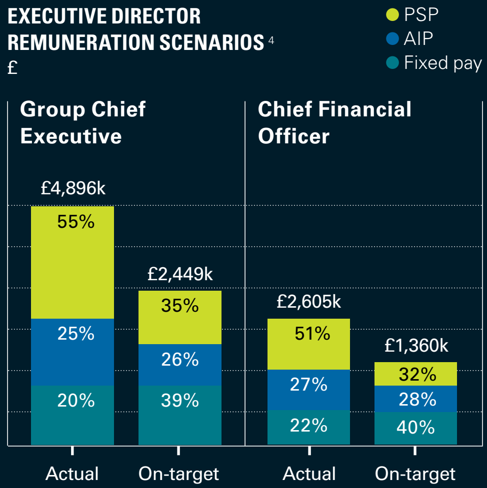
ACTUAL
£289m
100%
of maximum

PSP OUT-TURN

CEO	99.5% of Maximum
CFO	99.5% of Maximum

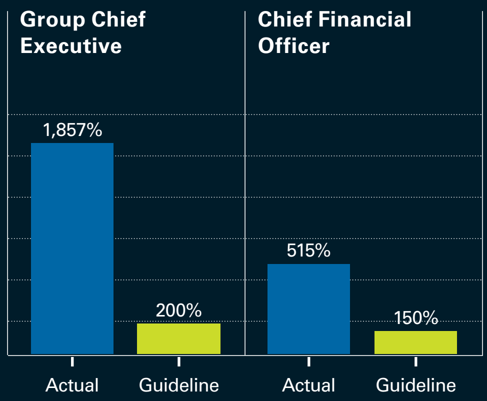
EXECUTIVE DIRECTOR REMUNERATION SCENARIOS[4]

£



EXECUTIVE DIRECTORS' SHAREHOLDING GUIDELINES[5]

(% of base salary held)



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

1 Group total cash flow of £201 million is the movement between opening and closing net cash adjusted for £100 million share buyback.
2 Operating cash flow of £289 million is defined in the Measuring our financial performance section.
3 Underlying basic earnings per share from continuing operations.
4 Group Chief Executive's and Chief Financial Officer's remuneration scenarios are calculated on base salaries at 1 January 2024 of £861.1k and £499.2k respectively.
5 In line with the Investors Association (IA) guidelines, calculations shown include shares beneficially owned at 31 December 2024 plus unvested shares which are not subject to a further performance condition, on a net of tax basis, calculated using base salary at 31 December 2024.

DIRECTORS' REMUNERATION POLICY

Summary of Remuneration Policy and proposed implementation in 2025

	Remuneration Policy	Our approach for 2025
Base salary	To attract and retain high-calibre individuals. To provide a competitive salary relative to comparable companies in terms of size and complexity.	During the year the Committee reviewed the market positioning for remuneration of the Group Chief Executive and Chief Financial Officer. On 1 July 2024, in line with the normal salary review date, the Committee awarded a c.4% increase for both the Group Chief Executive from £861.1k to £895.5k and for the Chief Financial Officer from £499.2k to £519.15k, in line with the wider workforce. Leo Quinn will not receive a base salary increase on 1 July 2025. The Remuneration Committee has reviewed the base salary and overall remuneration package for Chief Financial Officer, Philip Harrison, in light of increased responsibilities taken on during the year and the key role in supporting the transition to a new Group Chief Executive. The Remuneration Committee were also mindful that his current package is positioned below sector peers of a similar size and complexity and whilst the Committee does not set its Remuneration Policy to directly align to these benchmarks, it is appropriate to factor this into the review. To reflect this, Philip's base salary was increased to £598,000 with effect from 1 February 2025. Philip's next base salary review date is 1 July 2026.
Pension and benefits	Executive Directors can elect for Balfour Beatty to contribute to a defined contribution pension or receive a cash equivalent that will not exceed the level of contribution available to the wider workforce. Benefits are provided that are appropriate to the role and which take into account typical practice, the nature and location of the role and individual circumstances.	The pension provision for executive Directors is aligned to the level of the wider workforce, currently 7% of base salary.
Annual Incentive Plan (AIP)	Bonuses are subject to the achievement of stretching key performance measures without encouraging excessive risk. Each year the Committee selects performance measures that are aligned with the Company's strategy and reflect the change needs of the business. At least 50% is based on financial measures. A proportion of any bonus earned is deferred into shares to facilitate share ownership, aid retention and provide further alignment with shareholders.	No changes are proposed to the structure of the performance measures to be used in the AIP for 2025. The executive Directors will be able to earn a maximum bonus of 150% of base salary, based on the achievement of three performance measures: › profit before tax (50%); › cash (25%); and › strategic business and personal objectives (Environmental, Social and Governance, Safety, People and Quality) (25%). The three elements are measured and calculated independently of each other and 50% of any bonus earned will be deferred for three years in shares. While the Committee has chosen not to disclose in advance the performance targets for 2025 as these include items which the Committee considers commercially sensitive, retrospective disclosure of the targets and performance against them will be presented in the Remuneration report for 2025. Annual bonus earned by Leo Quinn and Philip Hoare will be pro-rated to reflect active service during the year.

	Remuneration Policy	Our approach for 2025
Long-term incentive	Incentivise and reward delivery of long-term performance linked to the Company's strategy and further facilitate share ownership and alignment with shareholders. Vesting, subject to performance, on the third anniversary of the grant followed by a two-year holding period, with a minimum of 30% based on relative total shareholder return. The balance of any award may be based on financial and/or non-financial metrics provided that at least 75% of the award is based on financial and/or TSR measures.	For 2025, Philip Hoare and Philip Harrison will be granted a Performance Share Plan (PSP) award of shares worth 200% of base salary. Leo Quinn will not be granted a 2025 PSP award. The PSP awards to be granted in 2025 will be based on the achievement of three performance measures: EPS (33.3%), cash (33.3%) and relative TSR (33.3%). The TSR peer group will be FTSE 250 companies (excluding investment trusts).

Metric	Measure	Threshold	Target	Maximum
Total shareholder return	TSR ranking	Median		Upper quartile
Cash	Operating cash flow (OCF)	£186m	£266m	£316m
EPS	Underlying basic EPS from continuing operations	36.8p		56.5p

The Committee considers that the performance measures are aligned to long-term business strategy and appropriately stretching reflecting the current environment.

	Remuneration Policy	Our approach for 2025
Shareholding guidelines	Shareholding guidelines apply to executive Directors to align their long-term interests with those of shareholders. The Group Chief Executive and Chief Financial Officer must accumulate a shareholding to the value of 200% and 150% of base salary respectively (200% of base salary for all new executive Directors). New executive Directors will be required to hold the lower of 100% of their in-post share ownership requirement or their actual holding on departure, for two years post-cessation of employment.	200% of base salary for the Group Chief Executive and 150% of base salary for the Chief Financial Officer. The post-vesting holding condition applying to PSP awards requires the vested shares (net of tax) to be held until the fifth anniversary of grant and will continue to apply post-cessation of employment.
Non-executive Directors	Fees are set at a level to attract and retain high-quality and experienced non-executive Directors.	The Company's approach to setting non-executive Directors' fees is by reference to fees paid at similar companies and reflects the time commitment and responsibilities of each role. At the annual review on 1 July 2024, non-executive Directors' fees were increased in line with the wider workforce. The next review date is 1 July 2025.

	1 July 2023 (£)	1 July 2024 (£)
Group Chair	312,150	324,600
Base fee	69,950	72,750
SID fee	10,400	10,800
Committee Chair fee	15,600	16,250

Louise Hardy also receives a fee of £10.4k per annum in respect of her responsibility as Workforce Engagement Lead.

All non-executive Directors may be paid a travel allowance for intercontinental travel on Company business (excluding travel within home continent).

DIRECTORS' REMUNERATION POLICY CONTINUED

Summary of Remuneration Policy and proposed implementation in 2025 continued

Alignment with provision 40 of the Corporate Governance Code

Code requirements	Our approach
Simplicity and clarity Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce. Remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	The remuneration framework is made up of three key elements: fixed pay (including base salary, pension and benefits), annual bonus (AIP) and a separate long-term incentive (PSP). The framework is simple to understand for both participants and shareholders and the incentive elements are aligned to the strategic priorities for the business.
Risk Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	Identified risks have been mitigated as follows: › Variable remuneration targets are set at levels which reward high performance but which do not encourage inappropriate business risk; › Deferral of part of any bonus earned under the AIP into shares and the holding period applied to any PSP award ensure variable remuneration is linked to sustainable performance and discourages short-term behaviours; › All AIP and PSP awards to executive Directors include provisions for malus and clawback; and › The Committee has the discretion to vary formulaic outcomes for incentive vesting should outcomes not reflect the underlying performance of the Company.
Predictability The range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the policy.	In the 2022 Directors' remuneration report the potential remuneration in future periods was set out under several performance scenarios for the Group Chief Executive and the Chief Financial Officer in respect of awards to be made in 2025 under the proposed Remuneration Policy. The Committee is comfortable that the discretions available to it are sufficient.
Proportionality The link between individual awards, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance.	A significant proportion of an executive Director's reward is linked to performance through the incentive framework, with a clear line of sight between performance and the delivery of long-term shareholder value. Performance measures and the underlying targets are reviewed regularly by the Committee to ensure that they are directly aligned to the Group's strategic priorities, and targets are calibrated to reward for strong performance over the performance period. Executive Directors are required to build material shareholdings in the Company and are subject to a post-cessation shareholding requirements which will ensure that their interests are aligned to the Group's long-term performance.
Alignment to culture Incentive schemes should drive behaviours consistent with Company purpose, values and strategy.	The Committee is focused on ensuring that the Company's cultural framework, with its values and behaviours, is reflected across the entire business and believes that the executive Directors are rewarded on both what they deliver and how that is delivered.

Annual report on remuneration

This part of the Remuneration report sets out how the Remuneration Policy was implemented over the year ended 31 December 2024. The Committee confirms that the Remuneration Policy operated as intended throughout 2024. Details of the remuneration earned by Directors and the outcomes of incentive schemes, including details of relevant links to Company performance, are also provided in this part.

The following sections have been audited by KPMG: Remuneration received by Directors for the year ended 31 December 2024 including related notes (page 161); Outstanding share awards (page 167), PSP awards granted during the year (page 168); AIP awards for the year ended 31 December 2024 (page 162), AIP metrics and outcomes (pages 162 to 165), PSP metrics and outcomes, payments to past Directors and payments for loss of office (pages 168 and 169); and statement of Directors' shareholdings and share interests (page 169).

Remuneration received by Directors for the year ended 31 December 2024

The table to the right sets out the Directors' remuneration for the year ended 31 December 2024 (or for performance periods ended in that year in respect of long-term incentives) together with comparative figures for the year ended 31 December 2023.

		Fixed pay				Variable pay					
	Year	Base salary and fees [1] £	Taxable benefits [2,3] £	Pension cash allowance £	Sub-total £	Annual incentive cash [4] £	Annual incentive deferred shares [5] £	Long-term incentives [5] £	Sub-total £	Other £	Total £
Executive Directors											
Philip Harrison	**2024**	**509,175**	**14,980**	**35,642**	**559,797**	**355,877**	**355,877**	**1,333,196**	**2,044,950**	**–**	**2,604,747**
	2023	489,600	14,904	34,272	538,776	295,027	295,027	959,143	1,549,197	–	2,087,973
Leo Quinn	**2024**	**878,300**	**20,980**	**61,481**	**960,761**	**607,149**	**607,149**	**2,720,815**	**3,935,113**	**–**	**4,895,874**
	2023	844,550	20,904	59,118	924,572	502,452	502,452	2,015,933	3,020,837	–	3,945,409
Independent Non-executive Directors											
Charles Allen[6]	**2024**	**318,375**	**19,679**	**–**	**338,054**	**–**	**–**	**–**	**–**	**–**	**338,054**
	2023	306,150	15,217	–	321,367	–	–	–	–	–	321,367
Stephen Billingham	**2024**	**30,687**	**284**	**–**	**30,971**	**–**	**–**	**–**	**–**	**–**	**30,971**
	2023	83,913	3,394	–	87,307	–	–	–	–	–	87,307
Gabrielle Costigan[8]	**2024**	**68,674**	**3,213**	**–**	**71,887**	**–**	**–**	**–**	**–**	**–**	**71,887**
	2023	–	–	–	–	–	–	–	–	–	–
Stuart Doughty[7]	**2024**	**30,785**	**197**	**–**	**30,982**	**–**	**–**	**–**	**–**	**–**	**30,982**
	2023	83,913	7,133	–	91,046	–	–	–	–	–	91,046
Anne Drinkwater[10]	**2024**	**94,172**	**21,165**	**–**	**115,337**	**–**	**–**	**–**	**–**	**–**	**115,337**
	2023	83,913	12,874	–	96,787	–	–	–	–	–	96,787
Louise Hardy	**2024**	**81,550**	**4,118**	**–**	**85,668**	**–**	**–**	**–**	**–**	**–**	**85,668**
	2023	78,613	4,139	–	82,752	–	–	–	–	–	82,572
Michael Lucki	**2024**	**71,350**	**21,720**	**–**	**93,070**	**–**	**–**	**–**	**–**	**–**	**93,070**
	2023	68,613	19,389	–	88,002	–	–	–	–	–	88,002
Robert MacLeod[8]	**2024**	**68,674**	**6,220**	**–**	**74,894**	**–**	**–**	**–**	**–**	**–**	**74,894**
	2023	–	–	–	–	–	–	–	–	–	–
Barbara Moorhouse	**2024**	**71,350**	**7,358**	**–**	**78,708**	**–**	**–**	**–**	**–**	**–**	**78,708**
	2023	68,613	6,502	–	75,115	–	–	–	–	–	75,115
Rudolph Wynter[9]	**2024**	**6,063**	**–**	**–**	**6,063**	**–**	**–**	**–**	**–**	**–**	**6,063**
	2023	–	–	–	–	–	–	–	–	–	–

1 Base salary and fees were those paid in respect of the period of the year during which the individuals were Directors.
2 Taxable benefits are calculated in terms of UK taxable values. Leo Quinn received private medical insurance for himself and his spouse and received a car allowance of £20,000 per annum. Philip Harrison received private medical insurance for himself and his spouse and received a car allowance of £14,000 per annum. Charles Allen is eligible for a contribution to his reasonable business expenses receiving £14,123, taxable travel expenses of £2,556 and a taxable travel allowance of £3,000.
3 The non-executive Directors received taxable travel expenses and/or travel allowances which are shown in the taxable benefits column. The Group Chair and non-executive Directors are also eligible to receive assistance with the preparation of tax returns.
4 AIP 2024: further details of these awards are set out on pages 162 to 165. For 2023, details of the AIP awards were set out in the 2023 Remuneration report.

DIRECTORS' REMUNERATION POLICY CONTINUED

Annual report on remuneration continued

Remuneration received by Directors for the year ended 31 December 2024 continued

5 For 2024, this relates to the 2022 PSP award for which the performance period ends in 2025, with the valuation of vesting shares calculated on a three-month average share price to 31 December 2024 of 443.5p. This compares to the 259.5p average middle market price for the three dealing dates before the PSP award date which was used for calculating the number of shares granted, so there is a benefit relating to share price appreciation since award of 184.0p per share and a value of £1,128,816 and £553,119 for Leo Quinn and Philip Harrison respectively. Further details of the 2022 PSP awards are set out on pages 166 and 167. For 2023, this relates to the 2021 PSP award for which the performance period ended in 2023, details of which were set out in the 2023 Remuneration report. For 2023, the valuation of the vesting shares for the 2021 PSP has been adjusted from the valuation included in the 2023 Remuneration report to reflect the actual valuation on the 19 March 2024 vesting date, based on a share price of 373.2p. This compares to 296.2p average middle market price for the three dealing days before the PSP award date (which was used to calculate the number of shares granted), so there was a benefit relating to share price appreciation since award of 77p per share and a value of £415,935 and £197,894 for Leo Quinn and Philip Harrison respectively. Under the rules of the PSP, participants may receive an award of shares in lieu of the value of dividends paid over the vesting period on vested shares. For the 2021 PSP award this was 46,087 shares for Leo Quinn and 21,926 shares for Philip Harrison with a valuation of £171,997 and £81,828 respectively calculated on the share price on 19 March 2024 of 373.2p.

6 Total figures and long-term incentive figures for 2023 have been adjusted from the figures included in the 2023 Remuneration report to reflect the actual valuation on 19 March 2024 vesting date of shares vesting under the 2021 PSP.

7 Stuart Doughty and Stephen Billingham retired from the Board effective 9 May 2024. In addition to the amount disclosed above, Stuart Doughty earned £53,772 as an adviser in the period following his retirement from the Board.

8 Gabrielle Costigan and Robert MacLeod were appointed to the Board effective 8 March 2024.

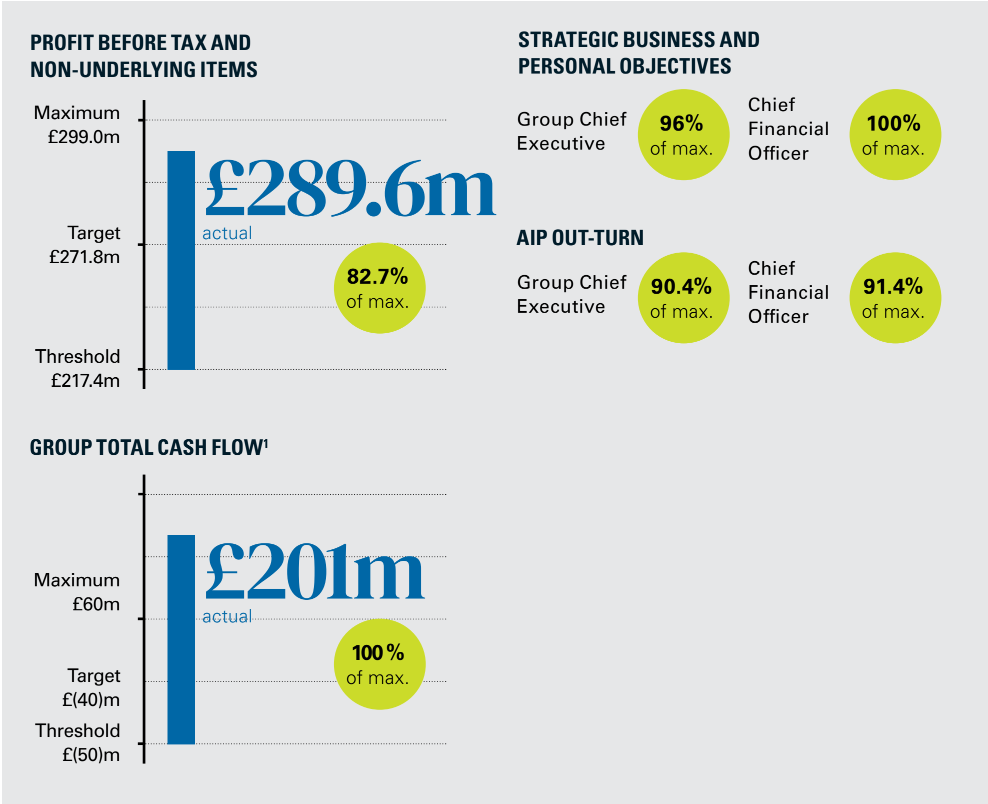
9 Rudolph Wynter was appointed to the Board effective 1 December 2024.

10 Anne Drinkwater was appointed Senior Independent Director effective 9 May 2024.

AIP awards for the year ended 31 December 2024

For 2024, the AIP for the executive Directors was a maximum bonus of 150% of base salary based on the achievement of three performance measures:

- profit before tax (50%);
- cash (25%); and
- strategic business and personal objectives (25%).



1 Group total cash flow of £201 million is the movement between opening and closing total net cash adjusted for the £100 million share buyback. A reconciliation of the Group's performance measures to its statutory results is provided in the Measuring our financial performance section.

The three elements are measured and calculated independently of each other and 50% of the bonus earned is deferred for three years in the form of Balfour Beatty shares. For the profit before tax element, 20% of the award would vest for threshold performance, increasing to 50% vesting of that element at target performance and then to 100% of that element at maximum performance or above. For the Group total cash flow element, 20% of that element would vest for threshold performance, increasing to 50% vesting of that element at target performance and then to 100% of that element at maximum performance or above.

AIP metrics and outcomes

The formulaic assessment of the Annual Incentive Plan indicated 90.4% of maximum is to be paid to Leo Quinn and 91.4% of maximum to Philip Harrison. In line with good practice, the Remuneration Committee reviewed the overall outcome for the executive Directors and considered this reflective of the strong performance of the Group in 2024, including very strong safety performance and good progress against sustainability targets, and not warranting any discretionary adjustment against the formulaic outcomes.

Performance against the 2024 AIP strategic business and personal objectives as it relates to the executive Directors was:

CEO – strategic business and personal objectives 2024

	Objective	Weight	Outcome and comments	Achievement
ENVIRONMENTAL, SOCIAL AND GOVERNANCE				
Social value	Progress towards 2030 target of achieving £3 billion social value, demonstrating measurable increase in total social value generated across the UK in 2024 versus 2023.	20%	Very strong progress with £990 million of social value generated in 2024 versus £937 million in 2023, an increase of £53 million. Social value achieved since 2021 totals £3.4 billion, already exceeding the 2030 target of £3 billion.	20%
Safety	Continue progress towards Zero Harm goals, demonstrating safety leadership and improving overall safety culture and performance in 2024 versus 2023. Identify opportunities for investment to support continuous improvement moving forward.	20%	Demonstrated strong safety leadership and performance across a range of activities which have improved health, safety, wellbeing culture and performance. Further progression in safety performance in 2024, building on the progress made in 2023 across the key Group metrics, including: › LTIR: 0.09 (improved versus 0.11 in 2023 and 0.15 in 2022); and › observations: 475,000 (improved versus 400,000 in 2023 and 380,000 in 2022). › Continued investment to support safety improvement plans, in particular good progress with the embedding of digital permitting (contributing to a 25% year-on-year reduction in service strikes) and the development of digital solutions including human form recognition, digital rehearsals and lessons learned animation.	20%
Environment	To make progress against targets validated by Science Based Targets initiative (SBTi). Support embedding and continual development of carbon reporting arrangements across the business.	20%	Significant progress, demonstrated by performance against targets and improved awareness: › near and long-term carbon reduction targets, along with abatement plans, validated and endorsed by the SBTi; › Group achieved a 13% reduction on carbon emissions intensity, and a <1% reduction in absolute carbon emissions for Scopes 1 and 2 against 2023 carbon emissions performance. The reduction in emissions intensity is the most significant improvement in energy efficiency achieved by the Group since 2020; › carbon budgets, reflecting overall SBTi carbon reduction target, established for UK construction Business Units; and › established standardised carbon reporting including 'shadow price of carbon' report, shared with Board and senior management teams, coupled with mandatory training to relevant employees.	20%

DIRECTORS' REMUNERATION POLICY CONTINUED

Annual report on remuneration continued

AIP metrics and outcomes continued

<table>
<tr><th></th><th>Objective</th><th>Weight</th><th>Outcome and comments</th><th>Achievement</th></tr>
<tr><td colspan="5">ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED</td></tr>
<tr><td>People</td><td>Continue to develop and improve employee engagement across the Group.</td><td>20%</td><td>Group employee engagement index scores showed further improvement:
› Group EIS increased to 84% in 2024 (versus 81% in 2023) with an increased participation rate of 82% (versus 77% in 2023); and
› Group EIS index score was 11 percentage points above industry average.
<table><tr><th></th><th>2024</th><th>2023</th></tr><tr><td>UK EIS</td><td>82%</td><td>78%</td></tr><tr><td>US EIS</td><td>87%</td><td>86%</td></tr><tr><td>HK EIS</td><td>85%</td><td>84%</td></tr></table></td><td>16%</td></tr>
<tr><td></td><td>Improve diversity of the workforce in 2024 versus 2023, promoting activities to improve inclusion.</td><td></td><td>Steady progress against key measures with strong overall performance in the delivery of activities and processes to develop culture:
› UK female representation increased to 21.8% in 2024 (from 20.9% in 2023), UK minority ethnic increased to 13.3% (from 12.4% in 2023) and UK Black increased to 3.2% (from 2.9% in 2023), monitored against 2030 UK Diversity, Equity & Inclusion targets;
› increased diversity across early careers hires, with 27% of UK hires female and 21% from a minority ethnic background; 21% of US early careers hires female and 62% minority ethnic; and
› employees in 'earn and learn' roles continues to exceed the The 5% Club target of 5%, ending the year at 7.3% achieving Gold membership for the fourth consecutive year.
Progressive roll out of 'Right to Respect' programme in 2024 across the UK and US, winning the Inclusive Culture Award at the enei Inclusivity Excellence Awards in UK.</td><td></td></tr>
<tr><td></td><td>Detailed succession plans for senior executives and key roles presented to the Board.</td><td></td><td>Diverse talent reviews and measures established.
Comprehensive presentation of senior role succession plans held with Board, highlighting key successors and associated development plans.</td><td></td></tr>
<tr><td>Quality</td><td>Continue to drive digital evolution,encouraging new opportunities leveraged from use of AI, which will improve the quality of delivery in areas including construction methodology, safety and administration.</td><td>20%</td><td>Clear digital strategy embedded into safety culture, shared across the UK, US and Hong Kong, and with some UK clients.
Invested in CoPilot AI feasibility arrangements.</td><td>20%</td></tr>
<tr><td>Total</td><td></td><td>100%</td><td></td><td>96%</td></tr>
</table>

CFO – strategic business and personal objectives 2024

	Objective	Weight	Outcome/comments	Achievement
Capital restructure	Gain agreement for updated SLL metrics in the revolving credit facility, aligned to sustainability strategy. Complete extension of the CBB loan facility on no worse terms. Evaluate refinancing options for the $50 million USPP. Maximise investments returns on cash under management within robust treasury framework.	30%	Agreed updated SSL metrics in the revolving credit facility, aligning with the Company sustainability strategy. Extension of £30 million CBB loan facility successfully completed. Successful execution of new $50 million USPP loans and liability management exercise. Maximised investment returns on cash management with increased interest income delivered versus prior year.	30%
Safety	Improve overall safety culture and performance in 2024 versus 2023.	10%	Key member of senior management team supporting continual development of safety culture with positive leadership in performance improvement. Safety performance metrics demonstrate strong, progressive performance across a range of health, safety and wellbeing initiatives with improvements in 2024 versus 2023 across the key Group metrics, including: › LTIR: 0.09 (improved versus 0.11 in 2023 and 0.15 in 2022); and › observations: 475,000 (improved versus 400,000 in 2023 and 380,000 in 2022).	10%
Environment	Demonstrate progress against the targets as validated by Science Based Targets initiative (SBTi). Continual development of carbon reporting arrangements across the business.	10%	Led the enhancement of scenarios for measuring the financial impact of climate change on the Group. Significant progress, demonstrated by performance against targets and improved awareness: › near and long-term carbon reduction targets, along with abatement plans, validated and endorsed by the SBTi; › Group achieved a 13% reduction on carbon emissions intensity, and a <1% reduction in absolute carbon emissions for Scopes 1 and 2 against our 2023 carbon emissions performance. The reduction in emissions intensity is the most significant improvement in energy efficiency achieved by the Group since 2020; › standardised carbon reporting established including ‘shadow price of carbon’ report, shared with Board and senior management teams; and › carbon budgets, reflecting overall SBTi carbon reduction target established for UK Construction Business Units.	10%
People	Show further progression during 2024 in Group employee engagement, and specifically within the Finance function, measured against the employee engagement index score. Improve diversity of the workforce in 2024 versus 2023, promoting activities to improve inclusion.	20%	Strong performance with employee engagement index scores showing further improvement: › Group EIS increased to 84% in 2024 (versus 81% in 2023) with an increased participation rate of 82% (versus 77% in 2023); › Group EIS index score was 11 percentage points above industry average; and › EIS for the UK Finance function increased to 86% (from 84% in 2023). Steady progress against key measures, promoting improved inclusion activities to develop culture: › UK female representation increased to 21.8% in 2024 (from 20.9% in 2023), UK minority ethnic increased to 13.3% (from 12.4% in 2023) and UK Black increased to 3.2%(from 2.9% in 2023), monitored against 2030 UK Diversity, Equity & Inclusion targets.	20%
Quality	Continue to improve processes and systems to maintain prompt payment gains from 2023.	30%	Strong performance with improvement and changes including: › exceeding the Government Procurement Policy Notice to pay 95% of UK invoices within 60 days, with 98% achievement (H2 2024), a 1% increase over the same period in 2023; and › 73% achievement in 30 day pay metric in 2024, a 2 percentage point improvement over prior year, with process and system improvements implemented.	30%
Total		**100%**		**100%**

DIRECTORS' REMUNERATION POLICY CONTINUED

Annual report on remuneration continued

Vesting of PSP awards for the year under review

The PSP awards granted on 1 April 2022 were based on a performance period for the three years ended 31 December 2024. The performance conditions applying to one-third of each award were comparative total shareholder return measured versus the companies ranked 51–200 by market capitalisation in the FTSE All Share Index (excluding investment trusts), operating cash flow and earnings per share. 25% of each of the total shareholder return and earnings per share parts of the award would vest for threshold performance increasing to 100% of each part of the award vesting for maximum performance or above. For the operating cash flow part, 25% of that part would vest for threshold performance, increasing to 50% vesting of that part at target performance and then to 100% of that part at maximum performance or above.

In assessing the appropriateness of the formulaic outcomes of the performance targets, the Remuneration Committee considered the underlying performance of the Group over the three-year period and, on balance, the Committee considered the vesting outcome appropriately reflected the Group's underlying performance.

Whilst the Remuneration Committee is conscious of potential windfall gains from significant increases of share price, the Committee is satisfied the share price at grant was not depressed and the growth reflects the sustained underlying performance of the Company.

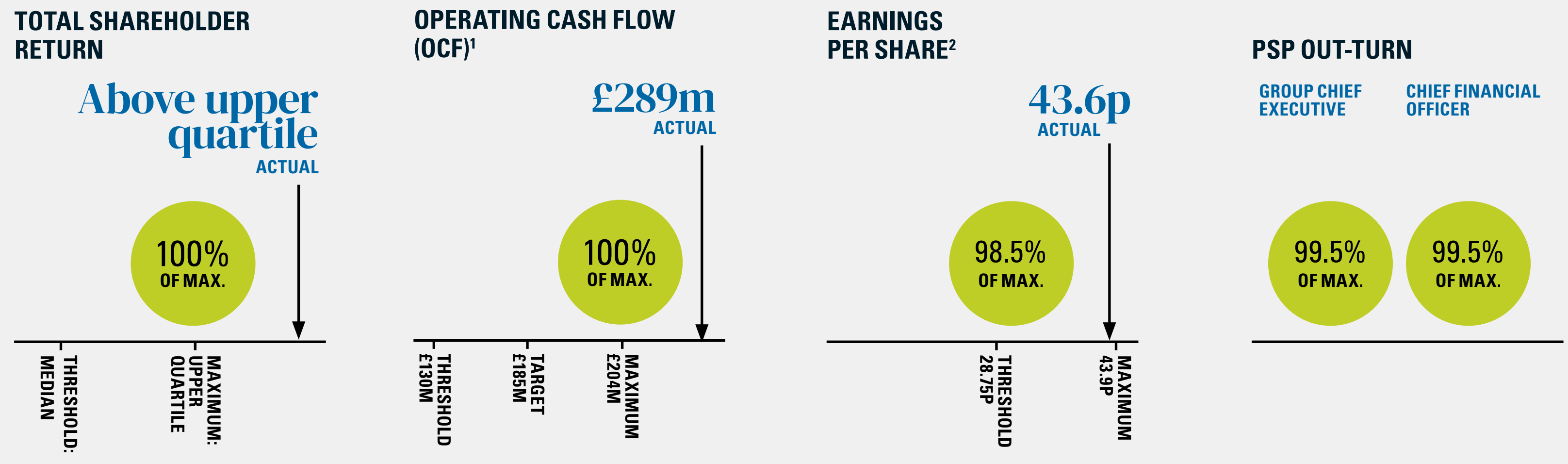
Details of the PSP awards vesting for the year under review are therefore as shown in the following table.

PSP metrics and outcomes

Metric	Performance condition	Measure	Threshold	Target	Maximum	Actual	Vesting %
Total shareholder return	TSR against the 115 remaining companies ranked 51–200 in the FTSE All Share Index (excluding investment trusts)	TSR ranking	58 or above	–	29.5 or above	7	100%
Cash		Operating cash flow (OCF)	£130m	£185m	£204m	£289m	100%
Earnings per share		Underlying basic earnings per share from continuing operations	28.7p	–	43.9p	43.6p	98.5%
Total vesting							99.5%

Name of Director	Type of award	Vesting date	Number of shares at grant	Number of shares to vest	Number of shares to lapse	Value of vesting shares[1]
Philip Harrison	2022 conditional	1 April 2025	302,119	300,608	1,511	£1,333,196
Leo Quinn	2022 conditional	1 April 2025	616,570	613,487	3,083	£2,720,815

1 Valuation of vesting shares calculated on a three-month average share price to 31 December 2024 of 443.5p. This compares to the 259.5p average middle market price for the three dealing dates before the PSP award date which was used for calculating the number of shares granted, so there is a benefit relating to share price appreciation of 184.0p per share since award.



1 Operating cash flow of £289 million is defined in the Measuring our financial performance section.
2 Underlying basic earnings per share.

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

Outstanding share awards

Name of Director	Share award	Date granted	At 1 January 2024	Maximum number of shares subject to award: Awarded during the year	Vested during the year	Lapsed during the year	At 31 December 2024	Exercisable and/or vesting from
Philip Harrison	PSP[1,5,6]	19 March 2021	257,005	–	257,005	–	–	19 March 2024
	PSP[2,5,6]	1 April 2022	302,119	–	–	–	302,119	1 April 2025
	PSP[3,5,6]	3 April 2023	224,418	–	–	–	224,418	3 April 2026
	PSP[4,5,6,7]	26 March 2024	–	231,111	–	–	231,111	26 March 2027
	DBP[8,10,11]	31 March 2021	65,617	–	65,617	–	–	31 March 2024
	DBP[8,9,11,13]	31 March 2022	116,625	3,534	–	–	120,159	31 March 2025
	DBP[8,9,11,13]	31 March 2023	96,350	2,918	–	–	99,268	31 March 2026
	DBP[8,9,11,12,13]	28 March 2024	–	79,739	–	–	79,739	28 March 2027
Leo Quinn	PSP[1,5,6]	19 March 2021	540,175	–	540,175	–	–	19 March 2024
	PSP[2,5,6]	1 April 2022	616,570	–	–	–	616,570	1 April 2025
	PSP[3,5,6]	3 April 2023	442,425	–	–	–	442,425	3 April 2026
	PSP[4,5,6,7]	26 March 2024	–	455,608	–	–	455,608	26 March 2027
	DBP[8,10,11]	31 March 2021	128,266	–	128,266	–	–	31 March 2024
	DBP[8,9,11,13]	31 March 2022	208,261	6,310	–	–	214,571	31 March 2025
	DBP[8,9,11,13]	31 March 2023	162,779	4,932	–	–	167,711	31 March 2026
	DBP[8,9,11,12,13]	28 March 2024	–	135,801	–	–	135,801	28 March 2027

DIRECTORS' REMUNERATION POLICY CONTINUED

Annual report on remuneration continued

Outstanding share awards continued

1 2021 PSP award: This award vested in full on 19 March 2024. Details of the Company's performance against the performance conditions were set out in the 2023 Remuneration report. Philip Harrison and Leo Quinn also received 21,926 and 46,087 shares respectively in lieu of the dividends which would have been payable on the shares which vested. The closing middle market price of ordinary shares on the vesting date was 373.2p.
2 2022 PSP award: Further details of this award are set out on pages 166 and 167.
3 2023 PSP award: This award is subject to three performance targets over a three-year performance period commencing 1 January 2023. TSR part (33.3% weighting), measured against the companies of the FTSE 250 (excluding investment trusts), no vesting below median ranking, 25% vesting of this part at median, rising to 100% vesting at upper quartile performance or better. No portion of the cash part (33.3%) will vest unless the 2025 year end operating cash flow (OCF) is greater than £242 million. 25% to 50% will vest for OCF between £242 million and £346 million, rising to full vesting for OCF of £396 million or more. For the EPS part (33.3%), no vesting unless 2023 EPS is 33.0p, 25% vesting of this part at 33.0p, rising to full vesting at 50.7p or more.
4 2024 PSP award: Details are set out on page 168.
5 The average middle market price of ordinary shares in the Company for the three dealing dates before the PSP award dates, which was used for calculating the number of shares granted, was 296.2p for the 2021 award, 259.5p for the 2022 award, 374.3p for the 2023 award and 378.0p for the 2024 award respectively. The closing middle market price of ordinary shares on the date of the awards was 298.0p, 256.8p, 371.2p, and 382.6p respectively.
6 All PSP awards are granted for nil consideration and are in respect of 50p ordinary shares in Balfour Beatty plc. It is the Company's current intention that awards will be satisfied by shares purchased in the market.
7 A maximum of 2,467,740 conditional shares were awarded for all participants in the PSP in 2024, which are exercisable on 26 March 2027.
8 All DBP awards are granted for nil consideration and are in respect of 50p ordinary shares in Balfour Beatty plc. It is the Company's current intention that awards will be satisfied by shares purchased in the market.
9 The DBP awards made on 31 March 2022, 31 March 2023 and 28 March 2024 will vest on 31 March 2025, 31 March 2026 and 28 March 2027 respectively, providing the participant is still employed by the Group at the vesting date (unless specified leaver conditions are met, in which case early vesting may be permitted).
10 The DBP awards made on 31 March 2021 vested on 31 March 2024. The closing middle market price of ordinary shares in the Company on the vesting date was 382.20p.
11 The shares subject to the DBP awards made on 31 March 2021, 31 March 2022, 31 March 2023 and 28 March 2024 were purchased at average prices of 300.8p, 261.3p, 373.8p and 381.2p.
12 On 28 March 2024, for all participants in the DBP, a maximum of 595,706 conditional shares were awarded which will normally be released on 28 March 2027.
13 On 3 July 2024 and 6 December 2024 a further 45,130 conditional shares and 17,038 conditional shares were granted in lieu of entitlements to the final 2023 and interim 2024 dividend respectively for all participants in the DBP. These shares were allocated at prices of 369.2p and 449.6p respectively, the closing market price on prior day to grant on 2 July 2024 and 5 December 2024 respectively.

The closing market price of the Company's ordinary shares on 31 December 2024 was 454.8p. During the year, the highest and lowest closing market prices were 462.0p and 316.4p respectively.

PSP awards granted during the year

On 26 March 2024, the following PSP awards were granted to executive Directors:

Executive	Type of award	Basis of award granted	Share price applied at date of grant	Number of shares over which award was granted	Face value of award	% of face value that would vest at threshold performance	Vesting determined by performance over three years to	Vesting date
Philip Harrison	Conditional	175% of salary of £499,200	378.0p	231,111	£873,600	25%	31 December 2026	26 March 2027
Leo Quinn	Conditional	200% of salary of £861,100	378.0p	455,608	£1,722,200	25%	31 December 2026	26 March 2027

Awards will vest to executives after three years, subject to the achievement of three independently measured performance conditions as set out below:

Metric	Performance condition	Threshold	Target	Maximum
One-third relative TSR	Relative TSR against the constituents of the FTSE 250 Index (excluding investment trusts); straight-line vesting between points	Median (25% vests)	–	Upper quartile (100% vests)
One-third cash	Group's Operating Cash Flow from continuing operations; straight-line vesting between points	£255m (25% vests)	£364m (50% vests)	£414m (100% vests)
One-third EPS	Group's EPS; straight-line vesting between points	36.5p (25% vests)	–	56.0p (100% vests)

For these PSP awards, a post-vesting holding period will apply requiring the shares (net of tax) to be retained for two years.

Payments to past Directors and payments for loss of office

Leo Quinn will remain in post as Group Chief Executive and as an executive Director of the Company until Philip Hoare joins the Group. Leo will continue to be employed in an advisory capacity for several months to ensure a seamless transition.

Details of the remuneration payments made or to be made to Leo Quinn are set out below. These terms and his treatment as a 'Good Leaver' under the Company's incentive plans were the subject of careful consideration by the Remuneration Committee and are in line with Company's Directors' Remuneration Policy, which was approved by shareholders at the 2023 Annual General Meeting on 12 May 2023.

- Salary and benefits: Leo Quinn will receive his salary and benefits during the remainder of his employment in accordance with his contract and the Directors' Remuneration Policy. There will be no payment in lieu of notice.
- Annual Incentive Plan (AIP): Leo Quinn will be eligible for a pro-rated 2025 bonus for active service in the year. This will be pro-rated for time and is subject to performance. The 2025 bonus is payable in March 2026 and will be paid wholly in cash in line with the Directors' Remuneration Policy.
- Deferred Bonus Plan (DBP): Outstanding awards will vest on cessation of employment.
- Performance Share Plan (PSP): Leo Quinn's 2022 PSP award will vest on 31 March 2025 at 99.5% further to the performance assessment described earlier in this report. Leo Quinn's 2023 and 2024 PSP awards (vesting April 2026 and March 2027) will, subject to pro-rating for time and to satisfaction of the applicable performance targets, vest on their normal vesting dates. Vested shares under PSP awards will be subject to the normal post-vesting holding period.
- Leo Quinn will not be granted a 2025 PSP award.
- Professional Costs: Leo Quinn will receive a contribution of up to £27,000 (excluding VAT) towards legal fees incurred in connection with his departure.

There were no other payments to past Executive Directors or payments for loss of office made during 2024.

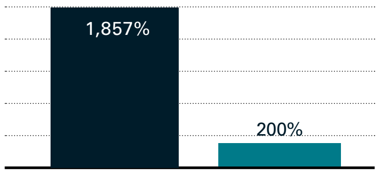
Executive Directors' shareholding guidelines

The Group Chief Executive and Chief Financial Officer are required under the Company's shareholding guidelines to hold shares in the Company worth 200% and 150% of base salary respectively and must retain no fewer than 50% of the shares, net of taxes, vesting under their outstanding DBP and PSP awards until the required shareholding is met.

In line with the Investors Association guidelines, the calculations shown in the chart include shares beneficially owned at 31 December 2024 plus unvested shares, which are not subject to a further performance condition (outstanding DBP awards), on a net of tax basis. Both executive Directors' share interests met the Company's shareholding guidelines at 31 December 2024.

EXECUTIVE DIRECTORS' SHAREHOLDING GUIDELINES
(% of base salary held)

Group Chief Executive



Chief Financial Officer

Statement of Directors' shareholdings and share interests

The interests of the Directors and connected persons (including, amongst others, members of the Director's immediate family) in the share capital of Balfour Beatty plc and its subsidiary undertakings during the year are set out below:

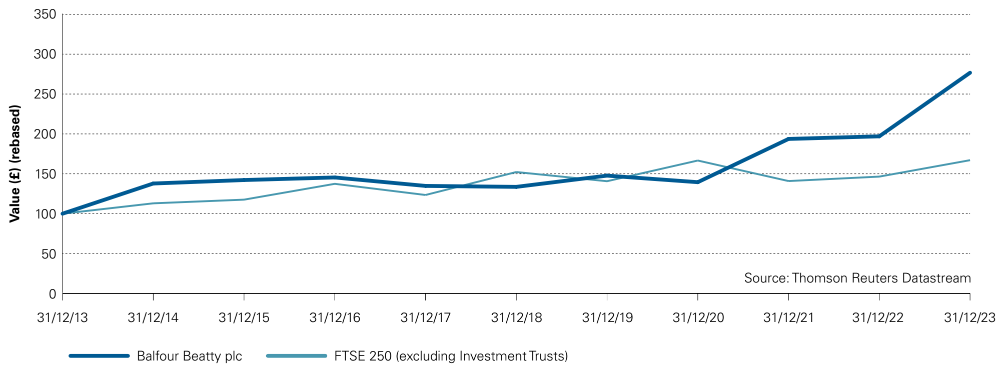
Directors	Beneficially owned at 1 January 2024[1,2]	Beneficially owned at 31 December 2024[2,3,4]	Outstanding PSP awards	Outstanding DBP awards
Philip Harrison	846,886	429,252	757,648	299,166
Leo Quinn	3,470,498	3,381,580	1,514,603	518,083
Charles Allen	100,000	107,443		
Stephen Billingham	44,495	44,495		
Gabrielle Costigan	–	–		
Stuart Doughty	7,325	7,325		
Anne Drinkwater	4,500	4,500		
Louise Hardy	–	–		
Michael Lucki	–	–		
Robert MacLeod	–	17,674		
Barbara Moorhouse	4,000	4,000		
Rudolph Wynter	–	–		

1 Or date of appointment, if later.
2 Includes any shares held in the Company's all-employee Share Incentive Plan.
3 Or date of stepping down from the Board, if earlier.
4 As at 11 March 2025, the latest practicable date prior to the date of this report, there had been no changes to the above. The closing market price of the Company's ordinary shares as at 31 December 2024, 454.8p, was used to calculate the value of shares for the purposes of the executive Directors' shareholding guidelines shown on this page.

Performance graph

As in previous reports, the Remuneration Committee has chosen to compare the TSR on the Company's ordinary shares against the FTSE 250 Index (excluding investment trusts) principally because this is a broad index of which the Company is a constituent member. The values indicated in the graph show the share price growth plus reinvested dividends from a £100 hypothetical holding of ordinary shares in Balfour Beatty plc and in the index and have been calculated using 30-day average values.

TOTAL SHAREHOLDER RETURN (TSR)



DIRECTORS' REMUNERATION POLICY CONTINUED

Annual report on remuneration continued

Group Chief Executive's remuneration table

The total remuneration figures for the Group Chief Executive during each of the last 10 financial years are shown in the table below. The total remuneration figure includes the AIP award based on that year's performance and the PSP award based on the three-year performance period ending in the relevant year. The AIP pay-out and PSP vesting level as a percentage of the maximum opportunity are also shown for each of these years.

	2015	2016	2017	2018	2019	2020	2021	2022	2023	**2024**
Total remuneration[1,2,3]	£1,442,070	£1,445,250	£4,124,104	£2,982,121	£3,066,624	£2,254,806	£2,942,943	£4,404,747	£3,945,409	**£4,895,874**
AIP (%)	47.0%	47.5%	97.0%	69.06%	96.25%	59.25%	85%	95%	77.8%	**90.4%**
PSP (%)	0%	0%	88.6%	64.17%	60.92%	33.33%	60.3%	100%	100%	**99.5%**

1 The figures from 2015 onwards relate to Leo Quinn.
2 Total remuneration for 2023 has been adjusted from the total figure included in the 2023 Remuneration report to reflect the actual valuation on the 19 March 2024 vesting date of shares vesting under the 2021 PSP.
3 The figures for 2017 and 2018 exclude the vesting of awards made under the recruitment terms for the Group Chief Executive. Full details of these were included in the 2018 Remuneration report.

Percentage change in Directors' remuneration compared with all UK employees

The table below shows the percentage change in the remuneration of the Directors undertaking the roles of Group Chief Executive and Chief Financial Officer and the non-executive Directors between the financial years, compared with the percentage increase for the same years for all UK employees of the Group where UK employees have been selected as the most appropriate comparator. Charles Allen was not a Director until 13 May 2021 and therefore his percentage change between 2021 and 2022 is shown in the table on an annualised basis. Louise Hardy was not a Director until 1 April 2022 and therefore the percentage change between 2022 and 2023 is shown on an annualised basis. Stephen Billingham and Stuart Doughty stepped down as Directors on 9 May 2024 and therefore the percentage changes between 2023 and 2024 are also shown on an annualised basis. Gabrielle Costigan and Robert MacLeod were appointed as Directors on 9 May 2024 and Rudolph Wynter was appointed as a Director on 1 December 2024.

	% change between 2023 and 2024				% change between 2022 and 2023			
	Base salary	**Benefits**	**Annual bonus**	**Total remuneration**	Base salary	Benefits	Annual bonus	Total remuneration
Leo Quinn, Group Chief Executive	**4%**	**3%**	**21%**	**13%**	4%	(57)%	(15)%	(17)%
Philip Harrison, Chief Financial Officer	**4%**	**3%**	**21%**	**13%**	6%	(54)%	(16)%	(14)%
Charles Allen, Non-executive Group Chair	**4%**	**29%**	**–**	**5%**	4%	(38)%	–	7%
Stephen Billingham, Senior Independent Non-executive Director[1]	**(63)%**	**(92)%**	**–**	**(65)%**	3%	176%	–	6%
Gabrielle Costigan, Independent Non-executive Director[2]	**–**	**–**	**–**	**–**	–	–	–	–
Stuart Doughty, Independent Non-executive Director[1]	**(63)%**	**(97)%**	**–**	**(66)%**	3%	302%	–	10%
Anne Drinkwater, Senior Independent Non-executive Director[3]	**12%**	**64%**	**–**	**19%**	3%	1%	–	3%
Louise Hardy, Independent Non-executive Director	**4%**	**(1)%**	**–**	**4%**	45%	239%	–	49%
Michael Lucki, Independent Non-executive Director	**4%**	**12%**	**–**	**6%**	4%	54%	–	12%
Robert MacLeod, Independent Non-executive Director	**–**	**–**	**–**	**–**	–	–	–	–
Barbara Moorhouse, Independent Non-executive Director	**4%**	**13%**	**–**	**5%**	4%	96%	–	8%
Rudolph Wynter, Independent Non-executive Director[4]	**–**	**–**	**–**	**–**	–	–	–	–
All UK employees	**13%**	**7%**	**37%**	**13%**	5%	–	(5)%	5%

1 Stuart Doughty and Stephen Billingham retired from the Board effective 9 May 2024.
2 Gabrielle Costigan and Robert MacLeod were appointed to the Board effective 8 March 2024.
3 Anne Drinkwater was appointed Senior Independent Non-executive Director effective 9 May 2024.
4 Rudolph Wynter was appointed to the Board effective 1 December 2024.

	% change between 2021 and 2022				% change between 2020 and 2021			
	Base salary	Benefits	Annual bonus	Total remuneration	Base salary	Benefits	Annual bonus	Total remuneration
Leo Quinn, Group Chief Executive	2%	2%	16%	9%	3%	3%	43%	21%
Philip Harrison, Chief Financial Officer	5%	4%	22%	14%	11%	8%	57%	30%
Charles Allen, Non-executive Group Chair	31%	2,930%	–	34%	–	–	–	–
Stephen Billingham, Senior Independent Non-executive Director	2%	817%		3%	6%	(42)%	–	6%
Gabrielle Costigan, Independent Non-executive Director	–	–	–	–	–	–	–	–
Stuart Doughty, Independent Non-executive Director	2%	13%	–	2%	6%	77%	–	7%
Anne Drinkwater, Senior Independent Non-executive Director	3%	1,802%	–	18%	5%	(87)%	–	(1)%
Louise Hardy, Independent Non-executive Director	–	–	–	–	–	–	–	–
Michael Lucki, Independent Non-executive Director	3%	–	–	22%	7%	(100)%	–	(9)%
Robert MacLeod, Independent Non-executive Director	–	–	–	–	–	–	–	–
Barbara Moorhouse, Independent Non-executive Director	3%	198%	–	6%	7%	(5)%	–	7%
Rudolph Wynter, Independent Non-executive Director	–	–	–	–	–	–	–	–
All UK employees	7%	13%	11%	7%	(2)%	5%	122%	0%

	% change between 2019 and 2020			
	Base salary	Benefits	Annual bonus	Total remuneration
Leo Quinn, Group Chief Executive	(3)%	(3)%	(38)%	(22)%
Philip Harrison, Chief Financial Officer	(2)%	1%	(39)%	(22)%
Charles Allen, Non-executive Group Chair	–	–	–	–
Stephen Billingham, Senior Independent Non-executive Director	(1)%	(29)%	–	(1)%
Gabrielle Costigan, Independent Non-executive Director	–	–	–	–
Stuart Doughty, Independent Non-executive Director	(1)%	(52)%	–	(2)%
Anne Drinkwater, Senior Independent Non-executive Director	6%	(12)%	–	5%
Louise Hardy, Independent Non-executive Director	–	–	–	–
Michael Lucki, Independent Non-executive Director	(3)%	(39)%	–	(10)%
Robert MacLeod, Independent Non-executive Director	–	–	–	–
Barbara Moorhouse, Independent Non-executive Director	(3)%	34%	–	(2)%
Rudolph Wynter, Independent Non-executive Director	–	–	–	–
All UK employees	0%	3%	(44)%	0%

Note: Benefits for non-executive Directors relate to taxable travel expenses and/or travel expenses which are shown in the taxable benefits column of the Remuneration received by Directors for the year ended 31 December 2024 table on page 161. The reported percentage increases in benefits in 2022 from 2021 have been impacted significantly by COVID-19 restrictions on travel in 2021.
Note: In response to the COVID-19 pandemic, the executive Directors and non-executive Directors took a voluntary 20% reduction in salary/fees in April and May 2020.

DIRECTORS' REMUNERATION POLICY CONTINUED

Annual report on remuneration continued

Pay ratio of Group Chief Executive to average employee

The Regulations require certain companies to disclose the ratio of the Chief Executive's pay, using the amount set out in the single total figure table, to that of the median, 25th and 75th percentile total remuneration of full-time equivalent UK employees.

The table below shows the relevant data for Balfour Beatty's UK employees for 2024, together with the 2019 to 2023 data, calculated using Option A as set out in the legislation.

Year	Method of calculation adopted	25th percentile pay ratio (Group Chief Executive: UK employees)	Median pay ratio (Group Chief Executive: UK employees)	75th percentile pay ratio (Group Chief Executive: UK employees)
2024	Option A	125:1	87:1	62:1
2023	Option A	98.1	69:1	50:1
2022	Option A	115:1	81:1	59:1
2021	Option A	84:1	57:1	40:1
2020	Option A	64:1	45:1	32:1
2019	Option A	92:1	65:1	45:1

Pay details for the Group Chief Executive and individuals whose 2024 remuneration is at the median, 25th percentile and 75th percentile amongst UK-based employees are as follows:

	Group Chief Executive	25th percentile	Median	75th percentile
Salary	£895,500[1]	£32,498	£44,043	£61,800
Total pay and benefits	£4,895,874	£39,207	£56,098	£79,229

1 Group Chief Executive base salary at 31 December 2024.

The median, 25th percentile and 75th percentile figures used to determine the above ratios were calculated by reference to the full-time equivalent annualised remuneration (comprising salary, benefits, pension, annual bonus and long-term incentives) of all UK-based employees of the Group as at 31 December 2024 (i.e. 'Option A' under the Regulations). The Committee selected this calculation methodology as it was felt to produce the most statistically accurate result.

The Committee considers that the median pay ratio for 2024 that is disclosed in the above table is consistent with the pay, reward and progression policies for Balfour Beatty's UK employees as a whole. It reflects the fact that a greater proportion of executive Director pay is linked to annual performance through a higher annual incentive plan opportunity (a percentage of which is subject to deferral into shares) and a long-term incentive plan. The increase in pay ratios for 2024 when compared to 2023 reflect the higher out-turn of the AIP in 2024 when compared to 2023.

Relative importance of spend on pay, dividends and underlying pre-tax profit

The following table shows the Company's actual spend on pay for all Group employees relative to dividends and underlying pre-tax profit:

	2023	**2024**	% change
Staff costs (£m)[1]	1,318	**1,398**	6%
Dividends (£m)	58	**61**	5%
Underlying pre-tax profit (£m)	261	**289**	11%

1 Staff costs include base salary, benefits and bonuses for all Group employees (excluding joint ventures and associates).

Directors' pension allowances

No Directors were contributing members of the Balfour Beatty Pension Fund during 2024. The executive Directors were in receipt of a cash allowance in lieu of pension equivalent to 7% of base salary, in line with the wider workforce, as disclosed in the Directors' remuneration table on page 161.

External appointments of executive Directors

At the discretion of the Board, executive Directors are allowed to act as non-executive Directors of other companies and retain any fees relating to those posts. Philip Harrison was appointed a non-executive director and chair of the audit committee of Dowlais Group plc in February 2023.

Service contracts

Executive Directors' contracts are on a rolling 12-month basis and are subject to 12 months' notice when terminated by the Company and six months' notice when terminated by the Director.

The current non-executive Directors, including the Chair, do not have a service contract and their appointments, whilst for a term of three years, may be terminated with three months' notice (six months' notice for the Group Chair) by either party. All non-executive Directors have letters of appointment and their appointment and subsequent reappointment is subject to annual approval by shareholders.

Name	Commencement date	Unexpired term remaining
Leo Quinn, Group Chief Executive	1 January 2015	Terminable on 12 months' notice
Philip Harrison, Chief Financial Officer	1 June 2015	Terminable on 12 months' notice
Charles Allen, Non-executive Group Chair	13 May 2021	Fixed term expiring on 12 May 2027 (subject to renewal) and terminable on six months' notice
Stephen Billingham, Senior Non-executive Independent Director	1 June 2015	Retired from Board effective 9 May 2024
Gabrielle Costigan, Independent Non-executive Director	8 March 2024	Fixed term expiring on 7 March 2027 (subject to renewal) and terminable on three months' notice
Stuart Doughty, Independent Non-executive Director	8 April 2015	Retired from Board effective 9 May 2024
Anne Drinkwater, Senior Non-executive Independent Director	1 December 2018	Fixed term expiring on 30 November 2027 (subject to renewal) and terminable on three months' notice
Louise Hardy, Independent Non-executive Director	1 April 2022	Fixed term expiring on 31 March 2025 (subject to renewal) and terminable on three months' notice
Michael Lucki, Independent Non-executive Director	1 July 2017	Fixed term expiring on 30 June 2026 (subject to renewal) and terminable on three months' notice
Robert MacLeod, Independent Non-executive Director	8 March 2024	Fixed term expiring on 7 March 2027 (subject to renewal) and terminable on three months' notice
Barbara Moorhouse, Independent Non-executive Director	1 June 2017	Fixed term expiring on 31 May 2026 (subject to renewal) and terminable on three months' notice
Rudolph Wynter, Independent Non-executive Director	1 December 2024	Fixed term expiring on 30 November 2027 (subject to renewal) and terminable on three months' notice

Consideration by the Directors of matters relating to Directors' remuneration

The members of the Remuneration Committee are independent non-executive Directors, as defined under the Corporate Governance Code. No member of the Committee has conflicts of interest arising from cross-directorships and no member is involved in the day-to-day executive management of the Group. During the year under review, the members of the Committee were as follows:

- Anne Drinkwater (Committee Chair);
- Michael Lucki;
- Barbara Moorhouse; and
- Robert MacLeod (appointed 8 March 2024).

The Committee also receives advice from several sources, namely:

- the Group Chief Executive and the Group HR Director, who are invited to attend meetings of the Committee but are not present when matters relating directly to their own remuneration are discussed; and
- Deloitte LLP.

At regular intervals the Committee reviews the appropriateness and independence of the advice received from remuneration consultants. As the result of a competitive tender process in 2020, Deloitte LLP was appointed as independent remuneration consultants to the Committee. Deloitte LLP is a member of the Remuneration Consultants Group and, as such, voluntarily operates under its Code of Conduct in relation to executive remuneration consulting in the UK.

DIRECTORS' REMUNERATION POLICY CONTINUED

Annual report on remuneration continued

Consideration by the Directors of matters relating to Directors' remuneration continued

During the year, the Committee's remuneration consultants provided a range of advice to the Committee, including:

- analysis of market practice and corporate governance update;
- provision of benchmark data for senior management and Non-executive Director remuneration;
- assistance with the implementation of the Remuneration Policy;
- assistance with the drafting of the Remuneration report; and
- calculation of vesting levels under the TSR element of the PSP awards.

During 2024, Deloitte LLP received fees amounting to £65,000 excluding VAT (£51,250 excluding VAT in 2023) in respect of advice given to the Committee. Deloitte also provided tax and legal services to the Group related to the operation of the Group's share plans. Other than as disclosed above, Deloitte LLP has no connection with the Company or individual Directors. The Committee is satisfied the advice provided by Deloitte LLP is independent.

Terms of reference

During the period, the Committee has agreed a number of changes to be made to its terms of reference, as part of the annual review. Full terms of reference can be found in the Investors section of the Company's website at: www.balfourbeatty.com/investors/governance/board-committees/.

Statement of shareholder voting at the AGM

At the AGM on 9 May 2024, the resolution to approve the Annual report on remuneration received the following votes from shareholders:

	Total number of votes	% of votes cast
For	387,412,981	95.76%
Against	17,154,779	4.24%
Total votes cast	404,567,760	100%
Abstentions	68,970	

The resolution to approve the Remuneration Policy was approved at the AGM on 12 May 2023 and received the following votes from shareholders:

	Total number of votes	% of votes cast
For	364,512,799	81.11%
Against	84,890,014	18.89%
Total votes cast	449,402,813	100%
Abstentions	1,065,800	

By order of the Board

Anne Drinkwater
Chair of the Remuneration Committee

11 March 2025

DIRECTORS' REPORT

The Directors of Balfour Beatty plc present their report, together with the audited financial statements for the year ended 31 December 2024. For the purpose of the Financial Reporting Council's Disclosure Guidance and Transparency Rule (DTR) 4.1.8R, the Directors' report is also the Management report for the year ended 31 December 2024.

As permitted by Section 414 C(11) of the Companies Act 2006, some matters required to be included in the Directors' report have instead been included in the Strategic report. These disclosures are incorporated by reference in the Directors' report. The Strategic report can be found on pages 1 to 115.

Corporate governance

The Governance section on pages 116 to 178, forms part of this Directors' report.

The Company complied with all the provisions of the UK Corporate Governance Code during the year ended 31 December 2024.

Directors and their interests

The Directors as at 31 December 2024 were Charles Allen, Lord Allen of Kensington CBE, Leo Quinn, Philip Harrison, Anne Drinkwater, Robert MacLeod, Gabby Costigan MBE, Rudy Wynter, Barbara Moorhouse, Michael Lucki, and Louise Hardy. Further details and individual biographies for of the Directors can be found on pages 120 and 121 and information relating to their connected persons in the Company's shares (as notifiable to the Company under Article 19 of the Market Abuse Regulation) are set out on page 169.

Any related party transaction are included in Note 40 to the accounts on page 254.

Listing Rule 6.6.6R(10)

Data on the diversity of the individuals on the Board and in executive management as at 31 December 2024, as required by Listing Rules is set out on the right. The data is collated by self-disclosure from the individuals concerned. Further narrative surrounding Listing Rule 6.6.6R(10) and compliance with the targets set out can be found in the Nomination Committee report on pages 140 to 143.

Disclosure Guidance and Transparency Rules (DTRS) 6.6.6R(9)

The Company is compliant with DTRS 6.6.6R(9). Further information on Board Diversity and Inclusion can be found on the Nomination Committee report on page 142 and 143.

Directors' indemnities and insurance

The Group maintains directors' and officers' liability insurance which provides appropriate cover for legal action brought against its Directors.

Qualifying third-party indemnity provisions were in force during 2024 and as at the date of this report for the benefit of certain employees who are directors of a subsidiary company.

Qualifying pension scheme indemnity provisions (as defined by Section 235 of the Companies Act 2006) were in force during the year ended 31 December 2024 for the benefit of the trustee directors of the Balfour Beatty Pension Fund.

Articles of Association

The Company has not adopted any special rules regarding the appointment and replacement of Directors or the amendment of the Articles of Association, other than as provided for under UK company law.

As at 31 December 2024	Number of Board members	Percentage of the Board	Number of senior positions on the Board (Chair, CEO, CFO and SID)	Number in executive management	Percentage in executive management
Female	4	40%	1	2	20%
Male	6	60%	3	8	80%
Not specified/prefer not to say	–	–	–	–	–
Total	10	100.0%	4	10	100.0%

As at 31 December 2024	Number of Board members	Percentage of the Board	Number of senior positions on the Board (Chair, CEO, CFO and SID)	Number in executive management	Percentage in executive management
White British or other White (including minority White groups)	9	90.0%	4	9	100.0%
Mixed/multiple ethnicity groups	–	–	–	–	–
Asian/Asian British	–	–	–	–	–
Black/African/Caribbean/Black British	1	10.0%	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

DIRECTORS' REPORT CONTINUED

Share capital

Details of the share capital of the Company as at 31 December 2024, including the rights attaching to the shares, are set out in Note 32 on page 245. No shares were issued during 2024.

The powers of the Directors to issue or buy back the Company's shares are determined by the Companies Act 2006 and the Articles of Association. The Directors are authorised to issue and allot shares and to buy back shares subject to annual shareholder approval at the AGM. Such authorities were granted by shareholders at the 2024 AGM and they will be proposed at the 2025 AGM that the Directors be granted new authorities to issue, allot and buy back shares.

Under the authority provided at the 2023 AGM, the Company commenced its 2024 share buyback programme on 2 January 2024. Further authority for share buybacks was approved at the 2024 AGM and the 2024 share buyback programme was completed on 20 September 2024. Under this programme, the Company purchased 27,123,782 ordinary shares of 50 pence each, for a total consideration of £100,000,000 (exclusive of expenses) and these shares were held in treasury with no voting or dividend rights. On 31 October 2024, all 27,123,782 treasury shares were cancelled, resulting in a balance of zero treasury shares held as at 31 December 2024. The Company commenced the initial tranche of its 2025 share buyback programme on 6 January 2025. As at 10 March 2025 (the latest practicable date prior to the date of this document), the Company had purchased 5,514,793 ordinary shares of 50 pence each, for a total consideration of £25,000,000 (exclusive of expenses) and these shares are held in treasury with no voting or dividend rights.

Throughout 2024, the Company's issued share capital was publicly listed on the London Stock Exchange and it remains so as at the date of this report. There are no specific restrictions on the size of a shareholding which is governed by the Articles of Association and the prevailing law. Other than in respect of shares that vest under the Company's share schemes and are subject to a two-year holding period, there are no specific restrictions on the transfer of shares which are governed by both the Articles of Association and the prevailing law. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of shares or on voting rights.

No person has special rights of control over the Company's share capital and all issued shares are fully paid. Shares held by the Balfour Beatty Employee Share Ownership Trust rank pari passu with the ordinary shares in issue and have no special rights. Voting rights and rights of acceptance of any offer relating to the shares held in this trust rest with the trustees, who may take account of any recommendation from the Company.

Voting rights are not exercisable by the employees on whose behalf the shares are held in trust. Dividends are waived by the trustees in relation to the shares held in trust. Details of shares held by the Balfour Beatty Share Ownership Trust in relation to the Company's share schemes can be found in Note 33.3 on page 249.

Major shareholders' interests

Notifications provided to the Company by major shareholders in accordance with the DTR are published via a Regulatory Information Service and on the Company's website.

The Company has been notified of the following interests in voting rights in its shares as at 31 December 2024 and as at the date of this report. Please note that percentages provided are as at the date of notification.

Shareholder	Percentage of voting rights (%) as at 31 December 2024	Percentage of voting rights (%) as at 10 March 2025
Schroders plc	5.10	5.10
BlackRock, Inc	5.00	5.00

Dividends

An interim dividend of 3.8 pence (2023: 3.5 pence) was paid on 6 December 2024. A final dividend of 8.7 pence per share (2023: 8.0 pence) has been recommended by the Board for shareholder approval at the 2025 AGM, giving total dividends per ordinary share of 12.5 pence for 2024 (2023: 11.5 pence).

The Directors will continue to offer a Dividend Reinvestment Plan, which allows holders of ordinary shares to reinvest their cash dividends in the Company's shares through a specially arranged share dealing service.

Branches

As the Group is an international business, there are activities operated through branches in certain jurisdictions.

Auditor

KPMG LLP has indicated its willingness to continue as auditor to the Company and a resolution for its reappointment will be proposed at the 2025 AGM.

Company Secretary

Tracey Wood is Company Secretary at the date of this report and was Company Secretary throughout the year ended 31 December 2024.

Innovation, future development and research and development

Information concerning innovation, future development and research and development is set out on pages 22 and 23 and forms part of the Directors' report disclosures.

Sustainability

A full description of the Group's approach to sustainability, including information on its community engagement programme, appears on pages 48 to 67.

Policies

The Group's Code of Ethics and other published policies, including: Speak Up; health and safety; conflicts of interest, sustainability; sustainable procurement; social value; environment; supply chain media, PR and marketing; quality; and information security, remain in place and can be accessed on the Company's website, www.balfourbeatty.com.

Engagement with supply chain suppliers and customers

Details of the Company's approach to stakeholder engagement, including engagement with customers and supply chain suppliers can be found on pages 26 to 29.

Greenhouse gas emissions

Details of Balfour Beatty's greenhouse gas emissions and the actions which the Group is taking to reduce them are set out on pages 50 to 55 and form part of the Directors' report disclosures.

Employment

The Balfour Beatty Group operates across a number of geographies and end-markets. Balfour Beatty provides a Human Resources framework for promoting diversity, ethical behaviour and learning and development as well as continuing to fulfil its commitments in relation to regulation and corporate governance.

The Group provides fair and flexible employment policies and practices that respond to the different needs of its people. Information concerning employee diversity is set out on pages 66 and 67 and forms part of the Directors' report disclosures. Balfour Beatty strives to provide employment, training and development opportunities for the disabled community wherever possible, does not discriminate, and is committed to supporting employees who become disabled during employment, and helping disabled employees make the best use of their skills, expertise and potential, consistent with any other employee.

The Company operates an employee Share Incentive Plan (SIP) which enables UK-based employees to acquire the Company's ordinary shares on a potentially tax-favourable basis, in order to encourage employee share ownership and provide additional alignment between the interests of employees and shareholders. Participants in the SIP are the beneficial owners of shares but not the registered owners, and the voting rights to such shares are exercised by the trustee of the SIP at the discretion of the participants.

Further information on how Directors have engaged with employees and how they have had regard to employee interests can be found on pages 127 and 128.

Employees

Details on the average number of employees within the Group can be found in Note 7.1 on page 214.

Diversity and inclusion

Details on the Board's Diversity and Inclusion Policy can be found in the Nomination Committee report on pages 142 and 143.

Details of the Group's approach to diversity and inclusion can be found on pages 72 and 73.

Disclosures required under Listing Rule 6.6.1

There are no disclosures required to be made under Listing Rule 6.6.1. Details of long-term incentive plans can be found in the Remuneration report on pages 153 to 174.

Events after the reporting date

Philip Hoare will join the Board as Group Chief Executive in September 2025. He will succeed Leo Quinn who will step down from the Board after more than 10 years in role.

Events after the reporting date are set out in Note 39 on page 253.

Political donations

At the 2024 AGM, shareholders granted authority, for the purposes of Part 14 of the Companies Act 2006, for the Company and its subsidiaries to make donations to political organisations up to a maximum aggregate amount of £25,000. This approval is a precautionary measure in view of the broad definition of these terms in the Companies Act. No such expenditure or donations were made during 2024 and shareholder authority will be sought again at the 2025 AGM.

In the US, corporate political contributions totalling US$2,500 were made to a Political Action Committee during 2024. These contributions are not covered by Part 14 of the Companies Act 2006. Any such contributions or donations are tightly controlled and must be approved in advance in accordance with the Company's internal procedures and must also adhere strictly to the Company's Code of Ethics.

Capitalised interest

Details of the Group's capitalised interest can be found in Note 15 and Note 16 on pages 219 and 220.

Financial instruments

The Group's financial risk management objectives and policies (including its hedging policy) and its exposure to the following risks – liquidity, foreign currency, interest rate, price and credit – are detailed in Note 41 on pages 257 to 259.

Going concern and viability

The Group's going concern statement is detailed in Note 1 on page 198.

The Group's long-term viability statement is set out on page 106.

Change of control provisions

The Group's bank facility and surety agreements contain provisions that, where the parties are unable to agree the implications of any change of control, on notice being given to the Group, the lenders and sureties may exercise their discretion to require prepayment of any loans or outstanding bonds and cancel all commitments under the agreement concerned.

The Group's US private placement arrangements require the Company, promptly upon becoming aware that a change of control of the Company has occurred (and in any event within 10 business days), to give written notice of such fact to all noteholders and make an offer to prepay the entire unpaid principal amount of the notes, together with accrued interest.

A number of joint venture, client contracts and contract bond agreements include provisions which become exercisable by a counterparty on a change of control. These include the right of a counterparty to request additional security and to terminate an agreement.

Some other commercial agreements, entered into in the normal course of business, include change of control provisions. The Group's share and incentive plans include usual provisions relating to change of control. There are no agreements providing for compensation for the Directors or employees on a change of control.

Annual General Meeting

All resolutions continue to be put to a poll rather than a show of hands. Each substantially separate issue is proposed via a separate resolution and proxy forms provide for shareholders to vote for, vote against or withhold their vote on each resolution.

All Board members typically attend the AGM and are available to answer questions during the formal part of the meeting as well as being present for informal discussion over refreshments after the AGM.

The 2025 AGM will be held at The Curve, Axis Business Park, Hurricane Way, Langley SL3 8AG, United Kingdom on Thursday 8 May 2025 commencing at 10 am.

DIRECTORS' REPORT CONTINUED

Statement of Directors as to disclosure of information to the Company's auditor

We confirm that to the best of our knowledge:

- each of the persons who are Directors at the time when this Directors' report is approved confirms that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware and that they have taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the Group's profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable, and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards;
- for the Parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Parent Company financial statements;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report, Directors' report, Directors' remuneration report and Corporate governance statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the Annual Financial Report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced, and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

By order of the Board

Tracey Wood
Group General Counsel and Company Secretary

11 March 2025

Registered Office: 5 Churchill Place, Canary Wharf, London E14 5HU Registered in England and Wales, registered number 395826

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BALFOUR BEATTY PLC

1 Our opinion is unmodified

We have audited the financial statements of Balfour Beatty plc (the Company) for the year ended 31 December 2024 which comprise the Group Income Statement, Group Statement of Comprehensive Income, Group Statement of Changes in Equity, Company Statement of Changes in Equity, Group and Company Balance Sheets, Group Statement of Cash Flows, and the related notes, including the accounting policies in note 2. The commentary provided by the Directors on pages 189, 191, 192, 195 and 197 does not form part of the financial statements.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit and Risk committee.

We were first appointed as auditor by the Company's shareholders on 19 May 2016. The period of total uninterrupted engagement is for the nine financial years ended 31 December 2024. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters (unchanged from 2023), in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BALFOUR BEATTY PLC
CONTINUED

2 Key audit matters: our assessment of risks of material misstatement continued

The risk | **Our response**

Contract accounting: Construction Services - revenue £6,630m (2023: £ 6,695m), contract assets £116m (2023: £203m), contract liabilities (current) £506m (2023: £506m), and loss provisions included within contract provisions (current) £213m (2023: £187m).

Risk vs 2023: ◀▶

Refer to page 149 (Audit and Risk Committee report), note 2.4 (Principal accounting policies – Revenue recognition), note 2.28(a) (Judgements and key sources of estimation uncertainty – Revenue and margin recognition)

Subjective estimates
The recognition of revenue and margin within the Construction Services segment relies on estimates in relation to the forecast total costs of each contract. Cost contingencies may be included in these estimates to take account of specific uncertain risks or disputed claims against the Group arising within each contract. Where a contract has become, or is expected to be, loss-making, a provision is recognised using these estimates. The Group will also make estimates in recognising provisions associated with defects arising on certain completed contracts.

Further estimation uncertainty exists in relation to assessing the amount of variable consideration that should be included on a contract-by-contract basis for variations and claims. The Group has to estimate the amount they expect to receive and assess whether it is highly probable such that a significant reversal in the amount of cumulative revenue recognised will not occur.

Professional standards require us to make a rebuttable presumption that the fraud risk associated with revenue recognition is a significant risk. The potential incentives and pressures to achieve bonus targets and meet profit targets could increase the risk of fraudulent revenue recognition in relation to the Construction Services segment revenue, as well as the risk of fraudulent margin recognition in relation to contract loss provisions in the segment.

The effect of these matters is that, as part of our risk assessment, we determined that contract revenue within the Construction Services segment and the related contract balances have a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the Group financial statements as a whole, and possibly many times that amount. Therefore, auditor judgement is required to assess whether the Directors' estimates for total forecast costs and variable consideration, and therefore the amount of revenue, margin and related contract balances recognised, fall within acceptable ranges.

The financial statements (note 2.28(a)) disclose the nature and the extent of the estimation uncertainty estimated by the Group.

We performed the tests below rather than seeking to rely on the Group's controls because the nature of the balances is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Using a variety of quantitative and qualitative criteria we selected a sample of contracts to assess and challenge the most significant and complex contract estimates. We obtained the project review papers prepared by the Group which explained the estimates made and challenged the judgements underlying those papers with operational, legal, commercial and financial management.

Our procedures on the contracts selected included:

- **Historical comparisons:** assessing the Group's ability to accurately forecast end-of-life contract margins by comparing the total forecast costs and variable consideration previously recognised to final outcomes;
- **Customer and subcontractor correspondence scrutiny:** analysing correspondence with customers and subcontractors around variations and claims to challenge the estimates of variations, claims, forecast costs and defects made by the Group;
- **Legal correspondence scrutiny:** where relevant, analysing correspondence with lawyers and other legal advice obtained by the Group relating to variations, claims and defects;
- **Test of detail:** in respect of fixed-price contracts, analysing the end-of-life contract margins forecasts and challenging the total cost estimates within the forecasts by considering the amounts already procured, the amounts still to be procured, the site and time related cost forecasts against programme and run rates, and any contingency held;
- **Test of detail:** inspecting contracts for key clauses; identifying relevant contractual mechanisms such as pain/gain shares, disallowed costs, liquidated damages, inflation related clauses and success fees, and assessing whether these key clauses have been appropriately reflected in the amounts recognised in the financial statements;
- **Site visits:** for certain higher risk or larger value contracts, and a haphazard selection of other contracts, attending in-person site visits or holding video conference calls where we inspected the physical progress of the project and discussed the project with site personnel. Our own construction industry specialists attended a selection of these site visits;
- **Use of our own specialists:** utilising our own industry specialists for certain contracts where specific risk factors were identified to assist with identifying the risks and opportunities associated with the contract and assist in developing a range of possible outcomes for specific assumptions. This assisted us in challenging the appropriateness of revenue recognised and, where applicable, provisions held in relation to these contracts; and
- **Assessing transparency:** considering the adequacy of the Group's disclosures around the degree of estimation uncertainty involved in recognising revenue and related contract balances in the Construction Services segment.

Our results:
We consider the amount of revenue and the related contract assets, contract liabilities and loss provisions recognised within the Construction Services segment to be acceptable (2023: acceptable).

2 Key audit matters: our assessment of risks of material misstatement continued

The risk	Our response

Certain legacy contract-related provisions: provisions £82m for Building Safety Act (2023: £21m), and £92m (2023: £nil) for the SH161 project in Texas. Non-underlying items £83m for the Building Safety Act (2023: £nil), and £52m (2023: £nil) for the SH161 project in Texas. Insurance recoveries £40m relating to SH161 project in Texas (2023: £nil).

Risk vs 2023: ▲

Refer to pages 149-150 (Audit and Risk Committee report), note 2.23 (Principal accounting policies – provisions), note 2.28(d) (Judgements and key sources of estimation uncertainty – Contract provisions (estimate), note 10 (Non-underlying items), note 27 (Provisions)

Subjective estimates
The recognition of provisions for certain legacy contracts is subjective and inherently judgemental in nature and therefore results in a risk of error and fraud.

On the SH161 project in Texas, the Group is subject to damages as a result of defects on a historical contract which is beyond what is customary in the normal course of business.

Furthermore, the Group is exposed to claims that could arise under the Building Safety Act, that allege fire safety issues for completed residential buildings constructed by the Group which could sit with either the customer or the Group as the prime contractor.

We note that the KAM in relation to Certain legacy contract-related provisions is new in the current year, following specific events arising in the reporting period which has increased the estimation uncertainty.

We performed the tests below rather than seeking to rely on the Group's controls because the nature of the balances is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Our procedures included:

- **Test of detail:** for the specific provisions made we critically assessed the Group's assumptions made in calculating the provision considering cost estimates, historical experience and third-party evidence where appropriate.
- **Personnel interviews:** in respect of open matters of litigation, we held enquiries with Management, including the Group's in-house legal counsel and inspected relevant correspondence and considered against provisions made;
- **Assessing transparency:** considered the adequacy of the Group's disclosures around the degree of estimation uncertainty involved in recognising certain legacy contract-related provisions and the appropriateness of charges presented as non-underlying items.

Our procedures over the SH161 project included:

- Test of detail: inspected correspondence with the insurer to assess the recoverability of reimbursement assets recognised and challenge whether they meet the IFRS recognition criteria.

Our results:
We consider the amount provided for in relation to the specific historical contract and the Building Safety Act to be acceptable.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BALFOUR BEATTY PLC
CONTINUED

2 Key audit matters: our assessment of risks of material misstatement continued

The risk	Our response
Recoverability of the parent Company's investment in subsidiaries Investment in subsidiaries £1,753m (2023: £1,745m) **Risk vs 2023:** ◀▶ *Refer to note 21.2 (Investments)*	
Low risk, high value The carrying amount of the parent Company's investment in subsidiaries represents 68% of the parent Company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the parent Company financial statements, this is considered to be the area that had the greatest effect on our overall parent Company audit. In particular, we have spent more time on the recoverability of the investment in Balfour Beatty Investment Holdings Limited (BBIHL) as a value-in-use model has been used to support the investment's carrying amount.	We performed the tests below rather than seeking to rely on any of the Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures included: › **Tests of detail:** comparing the carrying amount of 100% of investments (2023: 100%) with the relevant subsidiaries' draft balance sheets to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount. › **Assessing subsidiary audits:** Assessed the work performed by the subsidiary audit teams on the subsidiaries and considering the results of that work, on those subsidiaries' profits and net assets. The below procedures were performed over the investment in BBIHL only. › **Our knowledge of the entity and environment:** critically assessing the profit from operations and long-term growth rate assumptions underlying the cash flow forecast with reference to historical forecasting accuracy, and our knowledge of the entity and the sector in which it operates. › **Benchmarking assumptions:** challenging the assumptions used by the Company in the calculation of BBIHL's discount rates and the long-term growth rates by comparisons with external data sources; › **Sensitivity analysis:** performing our own sensitivity analysis over BBIHL's value-in-use, including a reasonably possible reduction in assumed long-term growth rates and profit from operations and consideration of the possible impacts of current economic uncertainty, to identify the most sensitive disclosures. **Our results:** We found the Company's conclusion that there is no impairment of its investment in subsidiaries to be acceptable (2023: acceptable).

3 Our application of materiality and an overview of the scope of our audit

Our application of materiality

Materiality for the Group financial statements as a whole was set at £23.0m (2023: £22.0m), determined with reference to a benchmark of Group revenue, of which it represents 0.28% (2023: 0.28%).

We consider total revenue to be the most appropriate benchmark due to the focus on revenue by investors and the differing nature of the investments business (an asset-based business) compared to the contracting businesses (profit orientated entities). Whilst the contracting businesses are focused on profit measures, there has been significant volatility in recent years which has impacted the Group's profit before tax without any reduction in the scale of the contracting businesses. In setting our materiality, we have also given consideration to the Group's profit before tax normalised for a range of factors including contract write-downs.

Materiality for the parent Company financial statements as a whole was set at £19.0m (2023: £18.0m), determined with reference to a benchmark of Company total assets of which it represents 0.74% (2023: 0.75%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality for the Group and parent Company was set at 75% (2023: 75%) of materiality for the financial statements as a whole, which equates to £17.2m (2023: £16.5m) for the Group and £14.2m (2023: £13.5m) for the parent Company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

3 Our application of materiality and an overview of the scope of our audit continued

Our application of materiality continued
We agreed to report to the Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £1.2m (2023: £1.1m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Overview of the scope of our audit
This year, we applied the revised group auditing standard in our audit of the consolidated financial statements. The revised standard changes how an auditor approaches the identification of components, and how the audit procedures are planned and executed across components.

In particular, the definition of a component has changed, shifting the focus from how the entity prepares financial information to how we, as the group auditor, plan to perform audit procedures to address group risks of material misstatement (RMMs). Similarly, the group auditor has an increased role in designing the audit procedures as well as making decisions on where these procedures are performed (centrally and/or at component level) and how these procedures are executed and supervised. As a result, we assess scoping and coverage in a different way and comparisons to prior period coverage figures are not meaningful. In this report we provide an indication of scope coverage on the new basis.

We performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements and which procedures to perform at these components to address those risks.

In total, we identified 23 components, having considered our evaluation of the following factors and our ability to perform audit procedures centrally:

- the Group's operational structure;
- the Group's legal structure;
- the existence of common information systems;
- the existence of common risk profile across entities/business units/functions/business activities;
- geographical locations; and
- the presence of key audit matters.

Of those, we identified three quantitatively significant components which contained the largest percentages of either total revenue or total assets of the Group, for which we performed audit procedures.

We also identified two components as requiring special audit consideration, owing to risks relating to Contract Accounting.

Additionally, having considered qualitative and quantitative factors, we selected six components with accounts contributing to the specific RMMs of the Group financial statements.

Accordingly, we performed audit procedures on 11 components, of which we involved component auditors in performing the audit work on 5 components. We also performed the audit of the parent Company.

The Group auditor instructed component auditors as to the significant areas to be covered, including the relevant risks and the information to be reported back.

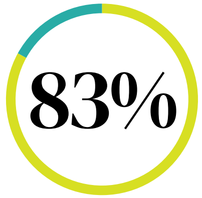
The Group also operates a shared service centre that is relevant to our audit in the UK. This service centre performs accounting and reporting activities alongside related controls. This service centre processes a substantial portion of the Group's transactions over purchases and payroll, the outputs of which relate to financial information of the reporting components it services and therefore it is not a separate reporting component. This service centre is subject to specified risk-focused audit procedures, predominantly the testing of transaction processing and review controls. We also performed audit procedures over the significant accounts of the entities or business units that use the service centre.

We set the component materialities, ranging from £4m to £15m, having regard to the mix of size and risk profile of the Group across the components.

GROUP REVENUE

GROUP TOTAL ASSETS

GROUP PROFIT BEFORE TAX



Our audit procedures covered 98% of Group revenue.

We performed audit procedures in relation to components that accounted for 83% of Group profit before tax and 96% of Group total assets.

Group auditor oversight
As part of establishing the overall Group audit strategy and plan, we conducted the risk assessment and planning discussion meetings with component auditors to discuss Group audit risks relevant to the components, including the key audit matter in respect of Contract Accounting.

We visited all component auditors in the UK, USA & Hong Kong to assess the audit risks and strategy. Video and telephone conference meetings were also held with these component auditors throughout the audit. At these visits and meetings, the results of the planning procedures and further audit procedures communicated to us were discussed in more detail, and any further work required by us was then performed by the component auditors.

We inspected the work performed by the component auditors for the purpose of the Group audit and evaluated the appropriateness of conclusions drawn from the audit evidence obtained and consistencies between communicated findings and work performed, with a particular focus on work related to Contract Accounting and the risk of management override of controls.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BALFOUR BEATTY PLC
CONTINUED

3 Our application of materiality and an overview of the scope of our audit continued

Impact of controls on our group audit
The Group utilises a diverse range of IT systems across its operating businesses. For all of the components where audit procedures are performed, we obtained an understanding of the relevant IT systems for the purposes of our audit work. Given the diverse nature of the Group's information systems and general IT controls, as well as having considered the efficiency and effectiveness of approaches to gaining the appropriate audit evidence, we did not plan to rely on the Group's general IT controls in our audit.

We tested operating effectiveness and placed reliance on manual controls in some transactional areas of the audit, but not in respect of the key audit matters. These transactional areas included treasury, payroll, revenue billing, and purchases. This led to a reduction in sample sizes for substantive testing in these areas.

We assessed the design of controls in the significant risk areas relevant to our audit, although we did not seek to rely on controls in these areas as the nature of the related balances is such that we would expect to obtain audit evidence primarily through substantive procedures. Accordingly, our audit of the significant risks, was fully substantive.

4 The impact of climate change on our audit
In planning our audit, we considered the potential impacts of climate change on the Group's business and its financial statements.

The Group has set out in its Strategic Report its ambition to go Beyond Net Zero Carbon by 2045 and other climate-related targets, as well as the potential climate risks to the Group.

As stated in note 1 to the financial statements, whilst the Group has set these targets and considered the climate risks identified in the TCFD disclosure, the Directors do not believe that there is a material impact on the financial reporting judgements and estimates from these matters as of 31 December 2024.

As a part of our audit, we have performed a risk assessment, including enquiries of management, to understand how the impact of commitments made by the Group in respect of climate change, as well as the physical or transition risks of climate change, may affect the financial statements and our audit. We also held discussions with our own climate change professionals to challenge our risk assessment. There was no impact of this on our key audit matters.

We did not identify any significant risk in the current period of climate change having a material impact on the Group's significant accounting estimates. For contract accounting, as well as contract provisions, this is due to a range of factors including the shorter-term nature of this estimate (the majority of contracts will substantially complete within two years of the Balance Sheet date) and contract mechanisms in place which limit risk (e.g. either where risk remains with the customer or is passed to the supply chain). For other estimates, this is due to a range of factors including the use of market-based estimates, and the nature of the estimate (retirement benefit obligations, retirement benefit assets, financial assets measured through OCI, employee and other provisions).

We have read the disclosure of climate-related information in the front half of the Annual Report and considered consistency with the financial statements and our audit knowledge.

5 Going concern
The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements (the going concern period).

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to adversely affect the Group's and Company's available financial resources and metrics relevant to debt covenants over this period was a deterioration in contract profitability due to economic conditions, unforeseen operational challenges or commercial disputes, or a combination of these, leading to a sustained medium-term decline in profits, delays to planned disposals of PPP financial assets and delays to the start date of contracts leading to a reduction in revenue.

We also considered less predictable but realistic second order impacts, such as a unique one-off event including the financial consequences of a major health and safety breach.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the Directors' sensitivities over the level of available financial resources and covenant thresholds indicated by the Group's financial forecasts taking account of severe but plausible adverse effects that could arise from these risks individually and collectively.

Our procedures also included:

- critically assessing assumptions in the base case and downside scenarios, particularly in relation to contract profitability and its impact on forecast liquidity and covenant compliance, by comparing to historical trends, overlaying knowledge of the entity's plans based on approved budgets, as well as our knowledge of the Group and the sector in which it operates;
- comparing past budgets to actual results to assess the Directors' track record of budgeting accurately;
- Inspecting the confirmation from the lender of the level of committed financing, and the associated covenant requirements; and
- considering whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks, and related sensitivities.

5 Going concern continued

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the Directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period, and we found the going concern disclosure in note 1 to be acceptable; and
- the related statement under the Listing Rules set out on page 88 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

6 Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (fraud risks) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors, the Audit and Risk Committee, internal audit and compliance officers and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for 'whistleblowing', as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and all relevant Committee minutes.
- Considering remuneration incentive schemes (primarily the annual incentive plan) and performance targets for management and Directors, including underlying profit from operations targets for management remuneration.
- Using analytical procedures to identify any unusual or unexpected relationships; and
- Using our own forensic specialists to assist us in identifying fraud risks based on discussions of the circumstances of the Group and the Company.

We communicated identified fraud risk factors throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group audit team to component audit teams of relevant fraud risks identified at the Group level and requests to all component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement to the Group.

As required by auditing standards, and taking into account possible pressures to achieve bonus targets and meet profit targets and our overall knowledge of the control environment, we performed procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that Group and component management may be in a position to make inappropriate accounting entries; and
- the risk of bias in accounting estimates such as the forecast costs and the recognition of variable consideration in relation to the Construction Services segment revenue and the certain legacy contract-related provisions.

Further detail in respect of revenue recognition in the Construction Services segment, including the estimation of forecast costs and variable consideration, is set out in the Contract Accounting key audit matter disclosure in section 2 of this report.

However, on this audit we do not believe there is a fraud risk related to revenue recognition in the Support Services segment due to the size of its revenue and the nature of contracts operated in this segment. We also do not believe there is a fraud risk related to revenue recognition in the Infrastructure Investments segment based on the contractual nature of the segment's revenue with no significant judgement or estimation required in recognising revenue.

Further detail in respect of the risk of bias in the certain legacy contract-related provisions estimates is set out in the key audit matter disclosure in section 2 of this report.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test for all quantitatively significant components and components requiring special audit consideration, based on specific risk-based criteria and comparing the identified entries to supporting documentation. These included those posted with unusual account pairings.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the Directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group audit team to component audit teams of relevant laws and regulations identified at the Group level, and a request for component auditor teams to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BALFOUR BEATTY PLC
CONTINUED

6 Fraud and breaches of laws and regulations – ability to detect continued

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations continued

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related company legislation), distributable profits legislation, pension legislation, and taxation legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's licence to operate. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, environmental law, building safety, contract legislation and certain aspects of company legislation recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We discussed with the Audit and Risk Committee matters related to actual or suspected breaches of laws or regulations, for which disclosure is not necessary, and considered any implications for our audit.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

7 We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and Directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the viability statement on page 106 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency, and liquidity;
- the Emerging and Principal Risks disclosures on page 94-105 describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the Directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

7 We have nothing to report on the other information in the Annual Report continued

Disclosures of emerging and principal risks and longer-term viability continued
We are also required to review the viability statement, set out on page 106 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures
We are required to perform procedures to identify whether there is a material inconsistency between the Directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the Directors' statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the Annual Report describing the work of the Audit Committee, including the significant issues that the Audit Committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the Annual Report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

8 We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

9 Respective responsibilities

Directors' responsibilities
As explained more fully in their statement set out on page 178, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Company is required to include these financial statements in an annual financial report prepared under Disclosure Guidance and Transparency Rule 4.1.17R and 4.1.18R. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

10 The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Mike Barradell (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
11 March 2025

GROUP INCOME STATEMENT

For the year ended 31 December 2024

	Notes	2024 Underlying items[1] £m	2024 Non-underlying items (Note 10) £m	2024 Total £m	2023 Underlying items[1] £m	2023 Non-underlying items (Note 10) £m	2023 Total £m
Revenue including share of joint ventures and associates		**10,015**	**–**	**10,015**	9,595	–	9,595
Share of revenue of joint ventures and associates	20.2	**(1,781)**	**–**	**(1,781)**	(1,602)	–	(1,602)
Group revenue	4	**8,234**	**–**	**8,234**	7,993	–	7,993
Cost of sales		**(7,817)**	**(66)**	**(7,883)**	(7,581)	(12)	(7,593)
Gross profit/(loss)		**417**	**(66)**	**351**	412	(12)	400
Gain on disposals of interests in investments	35.2/35.3	**43**	**–**	**43**	24	–	24
Amortisation of acquired intangible assets	15	**–**	**(4)**	**(4)**	–	(5)	(5)
Other operating expenses		**(271)**	**(5)**	**(276)**	(261)	–	(261)
Group operating profit/(loss)		**189**	**(75)**	**114**	175	(17)	158
Share of results of joint ventures and associates excluding gain on disposals of interests in investments		**59**	**–**	**59**	51	–	51
Gain on disposals of interests in investments	35.2/35.3	**–**	**–**	**–**	2	–	2
Share of results of joint ventures and associates	20.2	**59**	**–**	**59**	53	–	53
Profit/(loss) from operations	6	**248**	**(75)**	**173**	228	(17)	211
Investment income	8	**82**	**–**	**82**	82	–	82
Finance costs	9	**(41)**	**–**	**(41)**	(49)	–	(49)
Profit/(loss) before taxation		**289**	**(75)**	**214**	261	(17)	244
Taxation	11	**(62)**	**26**	**(36)**	(56)	6	(50)
Profit/(loss) for the year		**227**	**(49)**	**178**	205	(11)	194
Attributable to							
Equity holders		**227**	**(49)**	**178**	208	(11)	197
Non-controlling interests		**–**	**–**	**–**	(3)	–	(3)
Profit/(loss) for the year		**227**	**(49)**	**178**	205	(11)	194

1 Before non-underlying items (Notes 2.10 and 10).

	Notes	2024 Pence	2023 Pence
Earnings per share			
– basic	12	**34.2**	35.3
– diluted	12	**33.7**	34.8
Dividends per share proposed for the year	13	**12.5**	11.5

Commentary on the Group income statement*

Total profit before taxation for 2024 was £214m (2023: £244m), which is inclusive of a non-underlying loss before tax of £75m (2023: £17m). The total profit after tax was £178m (2023: £194m).

Background
The Group income statement includes the majority of the Group's income and expenses for the year with the remainder being recorded within the Group statement of comprehensive income. The Group's income statement is presented showing the Group's underlying and non-underlying results separately on the face of the income statement to assist in understanding the underlying financial performance achieved by the Group.

The income statement shows the revenue and results of continuing operations. There were no discontinued operations in either year.

Revenue
Revenue from operations including the Group's share of joint ventures and associates increased by 4% to £10,015m (2023: £9,595m), largely driven by increases in Gammon and Support Services. During 2024, Gammon delivered an increased volume of work in major civils, with the automatic people mover and Terminal 2 expansion projects at Hong Kong International Airport. Within Support Services, revenue increased by 20% to £1,210m (2023: £1,006m), mainly due to higher volumes in the road maintenance business, which included the first full years of the major contracts at Buckinghamshire and East Sussex, and increased power transmission and distribution activity.

Share of results of joint ventures and associates
Joint ventures and associates are those entities over which the Group exercises joint control or has significant influence and whose results are generally incorporated using the equity method whereby the Group's share of the post-tax results of joint ventures and associates is included in the Group's operating profit.

The Group's underlying profit generated from its share of joint ventures and associates increased to £59m (2023: £53m), primarily driven by increased profitability in Gammon.

Underlying profit from operations
The underlying profit from operations for the year increased to £248m (2023: £228m), driven by higher volumes within Support Services contributing to £13m of the increase. Infrastructure Investments saw a modest increase in underlying profit of £4m primarily driven by a higher gain on disposal offset by increased monitor costs in the US and capitalised bidding costs being written off in the UK following the cancellation of a student accommodation project for which it had been awarded preferred bidder status. Group underlying profit increased to £189m (2023: £175m).

Non-underlying items
Non-underlying items in 2024 amounted to a charge of £75m (2023: £17m).

In 2024, the two remaining contracts held within Rail Germany, which the Group presents in non-underlying since 2014, reached the end of their warranty periods resulting in the release of warranty provisions held in respect of these contracts. This release has been credited to the Group's income statement within non-underlying, net of provision increases relating to certain legacy liabilities remaining within the business. This net credit of £21m was recognised in the Construction Services segment.

In addition to this, rectification work continued to progress in relation to a development in London for which the costs associated with this were recognised in non-underlying and is expected to complete in the first half of 2025. In July 2024, the Group received confirmation from its insurers that the rectification work qualifies for insurance coverage. Upon assessment of the interim cost by the insurer's loss adjusters as well as receipt of cash for the first application for payment submitted by the Group for a portion of the cost incurred to date, the Group has recognised an insurance recovery of £43m. The Group has presented this income within non-underlying in line with the presentation adopted for the recognition of the provision.

Following further developments and clarifications in the legal landscape of the BSA, progression of the Group's investigation and due diligence as well as adjudications on claims received to date, the Group has reassessed its provision for BSA claims resulting in an increase in the provision of £83m in 2024. The provision does not include potential recoveries from third parties. This increase has been recognised in non-underlying due to its size and the nature of the cost, which has arisen from a change in legislation.

The Group, through a joint operation with Fluor Enterprises Inc, also recognised a charge of £52m within non-underlying which relates to a claim received on a legacy project in Texas which completed in 2012. Refer to Note 10.2.4. In October 2022, NTTA served the joint operation with a claim demanding damages of an unquantified amount under various claims relating to alleged breaches of contract and or negligence in relation to retaining walls along the project. In November 2024, through a jury verdict, damages were awarded against the joint operation in favour of NTTA amounting to $112m (Group's share). The joint operation has opposed the NTTA's motion and the court has yet to issue a decision on that motion with a court date set for 27 March 2025. The Group believes that the jury verdict does not accurately reflect the evidence at trial and is evaluating all options to set aside or reduce the verdict and, if necessary, appeal any final judgement. However, in light of the jury verdict, the Group has recognised a non-underlying charge of £52m. This charge, which is net of insurance recoveries of £40m for which the Group has received confirmation of cover from its insurers, represents the Group's best estimate of the probable damages to be awarded.

Within non-underlying tax there was a £26m credit (2023: £6m) relating to the items above.

Net finance income
Net finance income of £41m increased from £33m in 2023. The increase was primarily driven by higher interest income on cash deposits of £40m (2023: £33m) and a net impairment reversal recognised on the Group's subordinated debt and accrued interest receivable from joint ventures and associates of £14m compared to a net impairment charge of £8m in 2023. These increases were partially offset by a reduction in subdebt interest receivable of £17m and a reduction in net finance income on pension assets and obligations of £8m.

Taxation
The Group's underlying profit before tax from subsidiaries of £227m (2023: £208m) resulted in an underlying tax charge of £62m (2023: £56m).

Earnings per share
Basic earnings per share were 34.2p (2023: 35.3p). Underlying basic earnings per share were 43.6p (2023: 37.3p).

* The commentary forms part of the Chief Financial Officer's review on pages 86 to 88 and does not form part of the financial statements.

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 Group £m	2024 Share of joint ventures and associates £m	2024 Total £m	2023 Group £m	2023 Share of joint ventures and associates £m	2023 Total £m
Profit for the year		**119**	**59**	**178**	141	53	194
Other comprehensive (loss)/income for the year							
Items which will not subsequently be reclassified to the income statement							
Actuarial losses on retirement benefit assets/liabilities	33.1	**(102)**	**–**	**(102)**	(197)	(1)	(198)
Fair value revaluations of investments in mutual funds measured at fair value through OCI	33.1	**2**	**–**	**2**	1	–	1
Tax on above	33.1	**26**	**–**	**26**	49	–	49
		(74)	**–**	**(74)**	(147)	(1)	(148)
Items which will subsequently be reclassified to the income statement							
Currency translation differences	33.1	**6**	**3**	**9**	(17)	(13)	(30)
Fair value revaluations – PPP financial assets	33.1	**(2)**	**(48)**	**(50)**	–	20	20
– cash flow hedges	33.1	**1**	**10**	**11**	–	2	2
Recycling of revaluation reserves to the income statement on disposal^	35.3	**–**	**–**	**–**	–	(3)	(3)
Tax on above	33.1	**–**	**10**	**10**	(1)	(5)	(6)
		5	**(25)**	**(20)**	(18)	1	(17)
Total other comprehensive loss for the year		**(69)**	**(25)**	**(94)**	(165)	–	(165)
Total comprehensive income/(loss) for the year	33.1	**50**	**34**	**84**	(24)	53	29
Attributable to							
Equity holders				**84**			32
Non-controlling interests				**–**			(3)
Total comprehensive income for the year	33.1			**84**			29

^ Recycling of revaluation reserves to the income statement on disposal has no associated tax effect.

Commentary on Group statement of comprehensive income*

Total comprehensive income for 2024 was £84m comprising a total profit after tax of £178m and other comprehensive loss after tax of £94m.

Background

The Group statement of comprehensive income is presented on a total Group basis. Other comprehensive income (OCI) is categorised into items which will affect the profit and loss of the Group in subsequent periods when the gain or loss is realised and those which will not be recycled into the income statement.

Items which will not subsequently be reclassified to the income statement

Actuarial movements on retirement benefit assets/liabilities are increases or decreases in the present value of the pension balances because of:

- differences between the previous actuarial assumptions and what has actually occurred; or
- changes in actuarial assumptions used to value the obligations.

Actuarial losses for the Group (excluding joint ventures and associates) totalled £102m in 2024 compared to a £197m loss in 2023. Refer to Note 31.

Items which will subsequently be reclassified to the income statement

Currency translation differences

The Group operates in a number of countries with different local currencies. Currency translation differences arise on translation of the balance sheet and results from the local functional currency into the Group's presentational currency, sterling.

Fair value revaluations – PPP financial assets

Assets constructed by PPP concession companies are classified principally as financial assets measured at fair value through OCI. In the operational phase fair value is determined by discounting the future cash flows allocated to the financial asset using discount rates based on long-term gilt rates adjusted for the risk levels associated with the assets, with market-related fair value movements recognised in OCI. During the year, gilt rates have increased resulting in fair value losses including joint ventures and associates of £50m being taken through OCI (2023: £20m gains).

Fair value revaluations – cash flow hedges

Cash flow hedges are principally interest rate swaps to manage the interest rate and inflation rate risks in Infrastructure Investments' subsidiary, joint venture and associate companies which are exposed by their long-term contractual agreements. The fair value of derivatives changes in response to prevailing market conditions. During the year, SONIA movements resulted in fair value gains on the interest rate swaps of £1m (2023: £nil) within the Group's subsidiaries and £10m (2023: £2m) within the Group's joint ventures and associates being recognised in OCI.

Recycling of revaluation reserves to the income statement on disposal

Fair value gains and losses and currency translation differences recognised in OCI are transferred to the income statement upon disposal of the asset. No gains (2023: £3m gain) were recycled to the income statement from OCI and included in the gain on disposal.

There is no associated tax on the amounts recycled to the income statement.

* The commentary forms part of the Chief Financial Officer's review on pages 86 to 88 and does not form part of the financial statements.

GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Notes	Called-up share capital £m	Share premium account £m	Capital redemption reserve £m	Share of joint ventures' and associates' reserves (Note 20.6) £m	Other reserves[μ] (Note 33.1) £m	Retained profits £m	Non-controlling interests £m	Total £m
At 1 January 2023		294	176	52	(20)	170	706	5	1,383
Total comprehensive income/(loss) for the year	33.1	–	–	–	53	(17)	(4)	(3)	29
Ordinary dividends	13	–	–	–	–	–	(58)	–	(58)
Joint ventures' and associates' dividends	20.1	–	–	–	(60)	–	60	–	–
Purchase of treasury shares	33.1	–	–	–	–	–	(151)	–	(151)
Cancellation of ordinary shares	33.1	(22)	–	22	–	–	–	–	–
Movements relating to share-based payments[+]		–	–	–	–	4	(7)	–	(3)
Capital contribution		–	–	–	–	–	–	8	8
At 31 December 2023		272	176	74	(27)	157	546	10	1,208
Total comprehensive income for the year	33.1	**–**	**–**	**–**	**34**	**7**	**43**	**–**	**84**
Ordinary dividends	13	**–**	**–**	**–**	**–**	**–**	**(61)**	**(1)**	**(62)**
Joint ventures' and associates' dividends	20.1	**–**	**–**	**–**	**(71)**	**–**	**71**	**–**	**–**
Purchase of treasury shares	33.1	**–**	**–**	**–**	**–**	**–**	**(101)**	**–**	**(101)**
Cancellation of ordinary shares	33.1	**(13)**	**–**	**13**	**–**	**–**	**–**	**–**	**–**
Movements relating to share-based payments[+]		**–**	**–**	**–**	**–**	**(2)**	**3**	**–**	**1**
At 31 December 2024		**259**	**176**	**87**	**(64)**	**162**	**501**	**9**	**1,130**

μ Other reserves include £22m of special reserve (2023: £22m).

[+] Movements relating to share-based payments include £4m tax credit (2023: £nil) recognised directly within retained profits.

Commentary on Group statement of changes in equity*

Total equity was £1,130m at 31 December 2024.

Background

The Group statement of changes in equity includes the total comprehensive income/(loss) attributable to equity holders of the Company and non-controlling interests and also discloses transactions which have been recognised directly in equity and not through the income statement.

Dividends

The Board is recommending a final dividend of 8.7p. Dividends paid in the year comprised £42m for the final 2023 dividend 8.0p and £19m for the interim 2024 dividend 3.8p.

Joint ventures' and associates' dividends

Dividends of £71m (2023: £60m) were received in the year from joint ventures and associates (JVA), resulting in a transfer of this amount between JVA reserves and Group retained profits.

Purchase of treasury shares

In 2024 the Company commenced the fourth phase of its share buyback programme, which completed on 20 September 2024. The Company purchased 27.1m (2023: 43.3m) shares for a total consideration of £100m (2023: £150m) and held these in treasury with no voting rights. The purchase of these shares, together with associated fees and stamp duty amounting to £1m (2023: £1m), utilised £101m (2023: £151m) of the Company's distributable profits.

Cancellation of ordinary shares

On 31 October 2024, the Company cancelled the 27.1m treasury shares purchased through the 2024 phase of its share buyback programme (2023: 43.3m). This resulted in a decrease in called-up share capital of £13m and a corresponding increase in the capital redemption reserve (2023: £22m).

Reserves

Other reserves comprise: hedging reserves £(4)m (2023: £(5)m); PPP financial assets revaluation reserve £(1)m (2023: £1m); currency translation reserve £121m (2023: £115m); special reserve £22m (2023: £22m); and other reserves £24m (2023: £24m).

* The commentary forms part of the Chief Financial Officer's review on pages 86 to 88 and does not form part of the financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Notes	Called-up share capital £m	Share premium account £m	Capital redemption reserve £m	Other reserves (Note 33.2)Δ £m	Retained profits £m	Total £m
At 1 January 2023		294	176	52	136	618	1,276
Total comprehensive income for the year	33.2	–	–	–	1	265	266
Ordinary dividends	13	–	–	–	–	(58)	(58)
Purchase of treasury shares	33.2	–	–	–	–	(151)	(151)
Cancellation of ordinary shares	33.2	(22)	–	22	–	–	–
Movements relating to share-based payments+		–	–	–	12	(15)	(3)
At 31 December 2023		272	176	74	149	659	1,330
Total comprehensive income for the year	33.2	**–**	**–**	**–**	**–**	**137**	**137**
Ordinary dividends	13	**–**	**–**	**–**	**–**	**(61)**	**(61)**
Purchase of treasury shares	33.2	**–**	**–**	**–**	**–**	**(101)**	**(101)**
Cancellation of ordinary shares	33.2	**(13)**	**–**	**13**	**–**	**–**	**–**
Movements relating to share-based payments+		**–**	**–**	**–**	**8**	**(11)**	**(3)**
At 31 December 2024		**259**	**176**	**87**	**157**	**623**	**1,302**

Δ Other reserves include £22m of special reserve (2023: £22m).
\+ Movements relating to share-based payments include £nil tax credit (2023: £nil) recognised directly within retained profits.

BALANCE SHEETS

At 31 December 2024

	Notes	Group 2024 £m	Group 2023 £m	Company 2024 £m	Company 2023 £m
Non-current assets					
Intangible assets – goodwill	14	**854**	845	**–**	–
– other	15	**268**	288	**–**	–
Service concession contract asset	16	**69**	–	**–**	–
Property, plant and equipment	17	**136**	141	**–**	–
Right-of-use assets	18	**153**	135	**–**	–
Investment properties	19	**101**	66	**–**	–
Investments in joint ventures and associates	20	**385**	389	**–**	–
Investments	21	**24**	28	**1,753**	1,745
PPP financial assets	22	**21**	24	**–**	–
Trade and other receivables	25	**326**	308	**370**	283
Retirement benefit assets	31	**43**	104	**–**	–
Deferred tax assets	30	**200**	188	**8**	5
		2,580	2,516	**2,131**	2,033
Current assets					
Inventories	23	**158**	124	**–**	–
Contract assets	24	**229**	300	**–**	–
Trade and other receivables	25	**1,099**	894	**1**	1
Cash and cash equivalents					
– infrastructure investments	28	**265**	306	**–**	–
– other	28	**1,293**	1,108	**418**	368
Current tax receivable		**8**	16	**20**	13
Derivative financial instruments	41	**–**	1	**–**	–
		3,052	2,749	**439**	382
Total assets		**5,632**	5,265	**2,570**	2,415

	Notes	Group 2024 £m	Group 2023 £m	Company 2024 £m	Company 2023 £m
Current liabilities					
Contract liabilities	24	**(697)**	(600)	**–**	–
Trade and other payables	26	**(1,778)**	(1,734)	**(658)**	(591)
Provisions	27	**(239)**	(216)	**–**	–
Borrowings					
– non-recourse loans	28	**(11)**	(9)	**–**	–
– other	28	**(185)**	(104)	**(171)**	(58)
Lease liabilities	29	**(57)**	(50)	**–**	–
Current tax payable		**(13)**	(6)	**–**	–
		(2,980)	(2,719)	**(829)**	(649)
Non-current liabilities					
Contract liabilities	24	**(2)**	(2)	**–**	–
Trade and other payables	26	**(88)**	(122)	**(274)**	(274)
Provisions	27	**(378)**	(201)	**–**	–
Borrowings					
– non-recourse loans	28	**(589)**	(561)	**–**	–
– other	28	**(165)**	(162)	**(165)**	(162)
Lease liabilities	29	**(105)**	(93)	**–**	–
Retirement benefit liabilities	31	**(41)**	(35)	**–**	–
Deferred tax liabilities	30	**(153)**	(160)	**–**	–
Derivative financial instruments	41	**(1)**	(2)	**–**	–
		(1,522)	(1,338)	**(439)**	(436)
Total liabilities		**(4,502)**	(4,057)	**(1,268)**	(1,085)
Net assets		**1,130**	1,208	**1,302**	1,330
Equity					
Called-up share capital	32	**259**	272	**259**	272
Share premium account	33	**176**	176	**176**	176
Capital redemption reserve	33	**87**	74	**87**	74
Share of joint ventures' and associates' reserves	33	**(64)**	(27)	**–**	–
Other reserves	33	**162**	157	**157**	149
Retained profits	33	**501**	546	**623**	659
Equity attributable to equity holders of the Parent		**1,121**	1,198	**1,302**	1,330
Non-controlling interests	33	**9**	10	**–**	–
Total equity		**1,130**	1,208	**1,302**	1,330

On behalf of the Board

Leo Quinn
Director

Philip Harrison
Director

11 March 2025

Commentary on the Group balance sheet*

Total assets of £5,632bn were 7% higher than last year and total liabilities of £4,502bn increased by 11%. Net assets decreased to £1,130bn primarily driven by the Group's actuarial losses impacting the Group's net retirement benefit assets and the Group's share buyback programme.

Background

The Group's balance sheet shows the Group's assets and liabilities as at 31 December 2024 in accordance with IAS 1 Presentation of Financial Statements.

Goodwill

The goodwill on the Group's balance sheet at 31 December 2024 increased to £854m (2023: £845m), solely due to foreign currency movements.

Investments in joint ventures and associates

Investments in joint ventures and associates have remained relatively flat at £385m. Share of joint venture and associates profits of £59m as well as impairment reversals on loans to joint ventures and associates of £14m was offset by dividends of £71m.

Working capital

Net movements in working capital are discussed in the statement of cash flows commentary on page 197.

Service concession contract asset

Service concession contract asset of £69m relates to a student accommodation project which features demand risk under IFRIC 12 Service Concession Arrangements. Construction of the asset commenced in December 2023 and is anticipated to complete in 2028. This asset was previously presented within Intangible assets – Other in 2023 and has not been re-presented as the Directors do not consider this to be material.

Borrowings

Borrowings excluding non-recourse loans

As at 31 December 2024, the Group had £480m of undrawn committed bank facilities, comprising a £450m sustainability linked revolving credit facility (RCF) and an additional bilateral committed bank facility of £30m. The purpose of these facilities is to provide liquidity to support Balfour Beatty's ongoing activities.

In June 2024, the Group extended its core RCF by one year, to June 2028, with the support of the lending bank group. The facility was reduced from £475m to £450m in the extension process. The RCF remains a Sustainability Linked Loan (SLL) and subsequent to the extension in July 2024, new SLL metrics and targets were agreed with the lending bank group. The Group continues to be incentivised to deliver annual measurable performance improvement in three key areas: carbon emissions, social value generation and an independent Environment, Social and Governance (ESG) rating score. The RCF remained undrawn at 31 December 2024.

The Group retains an additional £30m bilateral committed facility that has materially the same terms and conditions as the RCF. The facility is also a SLL, including metrics that mirror the RCF. In the second half of the year, the Group triggered its extension option in respect of the bilateral facility to extend the maturity to December 2027. As of 31 December 2024, the facility remained undrawn.

At 31 December 2024, the Group held $208m of USPP notes. In May 2024, the Group completed the early refinancing of US$50m of US Private Placement (USPP) notes that were set to mature in March 2025. The Group raised US$50m of new USPP notes on terms and conditions that mirror existing notes and used this new funding to complete the early repayment of US$50m of USPP notes that were due to expire in March 2025. The new debt is comprised of US$25m of 7-year notes, maturing in May 2031, and US$25m of 12-year notes, maturing in May 2036. The refinancing exercise extended the debt maturity profile of the Group until 2036, with the next debt maturity of US$35m now in June 2027.

Non-recourse loans

In addition, the Group has non-recourse facilities in companies engaged in certain infrastructure concession projects. At 31 December 2024, the Group's share of these non-recourse net borrowings amounted to £1,041m (2023: £1,362m), comprising £1,376m (2023: £1,098m) in relation to joint ventures and associates as disclosed in Note 20.2 and £335m (2023: £264m) on the Group balance sheet in relation to subsidiaries as disclosed in Note 28.

Retirement benefit assets and liabilities

The Group's balance sheet includes net retirement benefit assets of £2m (2023: £69m) representing net surpluses in the Group's pension schemes, as measured on an IAS 19 basis. The movement in pension surplus in the year is primarily due to actuarial losses of £102m (2023: £197m losses), partially offset by ongoing deficit funding of £28m (2023: £25m). Any surplus of deficit contributions would be recoverable by way of a refund as, according to the relevant trust deed and rules documents, the Group has the unconditional right to the surplus and controls the run-off of the benefit obligations once all other obligations of the schemes have been settled.

Other

In addition to the liabilities on the balance sheet, in the normal course of its business, the Group arranges for financial institutions to provide customers with guarantees in connection with its contracting activities, commonly referred to as bonds. These bonds provide a customer with a level of financial protection in the event that a contractor fails to meet its commitments under the terms of a contract. They are customary or mandatory in many of the markets in which the Group operates. In return for issuing the bonds, the financial institutions receive a fee and a counter-indemnity from the Company. As at 31 December 2024, contract bonds in issue by financial institutions covered £5.0bn (2023: £4.3bn) of the contract commitments of the Group.

Equity commitments

During 2024, the Group invested £28m (2023: £31m) in a combination of equity and shareholder loans to Infrastructure Investments' project companies and at the end of the year had committed to provide a further £74m from 2024 onwards, inclusive of £21m expected for projects at preferred bidder stage. £42m of this is expected to be invested in 2025, as disclosed in Note 42(f).

* The commentary forms part of the Chief Financial Officer's review on pages 86 to 88 and does not form part of the financial statements.

GROUP STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 £m	2023 £m
Cash flows from operating activities			
Cash from operations	34.1	**277**	293
Income taxes paid		**(12)**	(8)
Net cash from operating activities		**265**	285
Cash flows from investing activities			
Dividends received from:			
– joint ventures and associates – infrastructure investments	20.5	**26**	24
– joint ventures and associates – other	20.5	**45**	36
– other investments	21	**1**	3
Interest received – infrastructure investments – joint ventures	20.5	**7**	7
Interest received subsidiaries:			
– infrastructure investments		**11**	4
– other		**40**	33
Purchases of:			
– intangible assets – infrastructure investments	15	**–**	(30)
– service concession contract asset – infrastructure investments	16	**(56)**	–
– property, plant and equipment	17	**(28)**	(66)
– investment properties	19	**(36)**	(42)
– other investments	21	**–**	(2)
Investments in and long-term loans to joint ventures and associates	20.5	**(20)**	(14)
Return of equity from joint ventures and associates	20.5	**–**	4
PPP financial assets cash expenditure	22	**(5)**	(2)
PPP financial assets cash receipts	22	**8**	6
Disposals of:			
– investments in joint ventures – infrastructure investments	20.5	**43**	56
– property, plant and equipment – other		**5**	4
– other investments	21	**5**	12
Net cash from investing activities		**46**	33

	Notes	2024 £m	2023 £m
Cash flows used in financing activities			
Purchase of ordinary shares	33.3	**(12)**	(18)
Purchase of treasury shares	32	**(101)**	(151)
Proceeds from new loans relating to:			
– infrastructure investments assets	34.3	**36**	336
– other	34.3	**39**	28
Repayments of loans relating to:			
– infrastructure investments assets	34.3	**(9)**	(8)
– other	34.3	**(40)**	(197)
Repayment of lease liabilities	29	**(59)**	(57)
Ordinary dividends paid	13	**(61)**	(58)
Other dividends paid – non-controlling interests		**(1)**	–
Capital contribution – non-controlling interests		**–**	8
Interest paid – infrastructure investments		**(12)**	(11)
Interest paid – other		**(31)**	(30)
Net cash used in financing activities		**(251)**	(158)
Net increase in cash and cash equivalents		**60**	160
Effects of exchange rate changes		**3**	(29)
Cash and cash equivalents at beginning of year		**1,310**	1,179
Cash and cash equivalents at end of year	34.2	**1,373**	1,310

Commentary on the Group statement of cash flows*

Cash and cash equivalents increased during the year to £1,373m. The Group generated cash from operating activities in the year of £265m compared to £285m in the prior year.

Background
The Group statement of cash flows shows the cash flows from operating, investing and financing activities during the year.

Working capital
Working capital includes: inventories; contract assets and liabilities; trade and other receivables; trade and other payables; and provisions. Where the net working capital balance is in an asset position, i.e. the inventories and receivables balances are greater than the payables and provisions, this is referred to as unfavourable/positive working capital. Where this is not the case, this is referred to as favourable/negative working capital.

Cash used in operations
Cash inflow from operations of £277m (2023: £293m) included a profit from operations of £173m (2023: £211m), a working capital inflow of £99m (2023: £63m) and the following significant adjustment items: share of results of joint ventures and associates £59m (2023: £53m); depreciation and amortisation charges £129m (2023: £114m); gain on disposal of interests in investments of £43m (2023: £24m); and pension payments including deficit funding of £30m (2023: £28m).

Working capital movements
The movement of the individual working capital balances on the balance sheet will not be reflective of the underlying movement of working capital due to the balance sheet being affected by foreign currency movements and disposals.

Working capital movements are disclosed in Note 34.1.

Changes in the Group's working capital position during the year resulted in a cash inflow of £99m (2023: £63m inflow). The working capital inflow is largely in line with increases in revenue.

Cash flows from investing activities
The Group received dividends of £71m (2023: £60m) from joint ventures and associates during the year.

The Group continued to invest in Infrastructure Investments assets, acquiring The Leonard in Denton, Texas for £36m. Construction at West Slope student accommodation project for the University of Sussex also continued into 2024, incurring £56m of capitalised costs in service concession contract assets.

The Group also continued to invest in its Infrastructure Investments joint ventures and associates, contributing £20m (2023: £14m) in the year. £6m of this was attributable to the Group's acquisition of an additional 17% stake in DTO (refer to Note 35.1).

One disposal was completed in 2024, with the Group reducing its stake in the Northside student accommodation project at the University of Texas in Dallas. The transaction delivered £43m of cash on disposal.

Cash flows used in financing activities
On 20 September 2024 the Company completed its 2024 share buyback programme resulting in 27.1m (2023: 43.3m) shares purchased for a total consideration of £101m (2023: £151m), including associated fees and stamp duty amounting to £1m (2023: £1m).

In May 2024, the Group used the funds raised through the issue of US$50m of new USPP notes to repay US$50m (£40m) of its USPP notes early that were due to mature in March 2025. The make whole of these notes included no early repayment settlement charges.

The Group has total committed bank facilities of £480m, including the £450m sustainability linked revolving credit facility (RCF) extended in June 2024. Under the terms of these Sustainability Linked Loan (SLL) facilities, the Group is incentivised to deliver annual measurable performance improvement in three key areas: Carbon Emissions, Social Value generation and an independent Environment, Social and Governance (ESG) rating score – these areas of performance and the associated metrics have been reviewed and updated by the banking Group as of June 2024. All committed bank facilities were undrawn at 31 December 2024.

Interest payments amounted to £43m (2023: £41m) during the year, of which £12m (2023: £11m) related to infrastructure investments, £10m (2023: £12m) related to the USPP, £7m (2023: £6m) related to the interest paid on lease liabilities and £14m (2023: £12m) related to other finance charges.

* The commentary forms part of the Chief Financial Officer's review on pages 86 to 88 and does not form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 Basis of accounting

Going concern

The Directors consider it reasonable to assume that the Group has adequate resources to continue for the foreseeable future and, for this reason, have continued to adopt the going concern basis in preparing the financial statements.

The key financial risk factors for the Group remain largely unchanged. The Group's principal risks and the consequent impact these might have on the Group as well as mitigations that are in place are detailed on pages 94 to 105.

The Group's US private placement and committed bank facilities contain certain financial covenants, such as the ratio of the Group's EBITDA to its net debt which needs to be less than 3.0 and the ratio of its EBITA to net borrowing costs which needs to be in excess of 3.0. These covenants are tested on a rolling 12-month basis as at the June and December reporting dates. At 31 December 2024, both these covenants were passed as the Group had net cash and net interest income from a covenant test perspective.

The Directors have carried out an assessment of the Group's ability to continue as a going concern for the period of at least 12 months from the date of approval of the financial statements. This assessment has involved the review of medium-term cash forecasts of each of the Group's operations. The Directors have also considered the strength of the Group's order book which amounted to £18.4bn at 31 December 2024 and will provide a pipeline of secured work over the going concern assessment period. These base case projections indicate that the headroom provided by the Group's strong cash position and the debt facilities currently in place is adequate to support the Group over the going concern assessment period.

At 31 December 2024, the Group's only debt, other than non-recourse borrowings ring-fenced within certain concession companies, comprised $208m US private placement (USPP) notes.

The Group's £450m committed sustainability linked bank facility remained undrawn at 31 December 2024 and is fully available to the Group until June 2028. The Group's £30m bilateral committed facility, which was entered into in December 2022, also remained undrawn at 31 December and remains fully available to the Group until December 2027.

The Directors have stress-tested the Group's base case projections of both cash and profit against key sensitivities which could materialise as a result of adverse changes in the economic environment including a deterioration in commercial or operational conditions. The Group has sensitised its projections against severe but plausible downside scenarios which include:

- elimination of a portion of unsecured work assumed within the Group's base case projections and a delay of six months for any awarded but not yet contracted work;
- a deterioration of contract judgements and restriction of a portion of the Group's margins; and
- delay in the disposal of Investments assets by 12 months.

In the severe but plausible downside scenarios modelled, the Group continues to retain sufficient headroom on liquidity throughout the going concern period. Through these downside scenarios, the Group is still expected to be in a net cash position and to remain within its banking covenants through the going concern assessment period.

Based on the above and having made appropriate enquiries, the Directors consider it reasonable to assume that the Group and the Company have adequate resources to continue for the going concern period and, for this reason, have continued to adopt the going concern basis in preparing the financial statements.

Consideration of climate change

In preparing the financial statements, the Directors have considered the impact of climate change, particularly in the context of the risks identified in the TCFD disclosure on pages 107 to 115. There has been no material impact identified on the financial reporting judgements and estimates. In particular, the Directors considered the impact of climate change in respect of the following areas:

- contract judgements made on the Group's Construction Services and Support Services contracts;
- going concern and viability of the Group over the next three years;
- cash flow forecasts used in the impairment assessments of non-current assets including the Group's intangible assets such as customer contracts and goodwill;
- cash flow forecasts used in the impairment assessments of the Group's infrastructure investments assets;
- carrying value and useful economic lives of property, plant and equipment; and
- the valuation of assets held within the Group's pension schemes.

As current legislation stands, there is currently no material medium-term impact expected from climate change due to the contractual mechanisms and insurance arrangements in place. The Directors are however aware of the ever-changing risks attached to climate change and will regularly assess these risks against judgements and estimates made in preparation of the Group's financial statements.

Basis of preparation

The annual financial statements have been prepared in accordance with UK-adopted international accounting standards and in conformity with the requirements of the Companies Act 2006 (the Act).

The financial statements have been prepared under the historical cost convention, except as described under Note 2.27. The functional and presentational currency of the Company and the presentational currency of the Group is sterling.

1 Basis of accounting continued

Basis of preparation continued
The separate financial statements of the Company are presented as required by the Act and have been prepared in accordance with FRS 101 Reduced Disclosure Framework. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards, but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of a cash flow statement, related party transactions and comparative information. Where required, equivalent disclosures are given in the consolidated financial statements.

In addition to the application of FRS 101, the Company has taken advantage of Section 408 of the Act and, consequently, its statement of comprehensive income (including the profit and loss account) is not presented as part of these financial statements.

2 Principal accounting policies

2.1 Accounting standards

Adoption of new and revised standards

The following accounting standards, interpretations and amendments have been adopted by the Group in the year ended 31 December 2024:

- Amendments to the following standards:
  - IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements
  - IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
  - IAS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants
  - IFRS 16 Leases: Lease Liability in a Sale and Leaseback

These amended standards did not have a material effect on the Group or the Company.

Accounting standards not yet adopted by the Group

The following accounting standards, interpretations and amendments have been issued by the IASB but had either not been adopted by the UK or were not yet effective in the UK at 31 December 2024:

- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures
- Amendments to the following standards:
  - IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability
  - IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments
  - IFRS 9 and IFRS 7: Contracts Referencing Nature-dependent Electricity
  - Annual Improvements to IFRS Accounting Standards Volume 11

The Directors do not expect these new and amended standards to have a material effect on the Group or the Company and have chosen not to adopt any of the above standards and interpretations earlier than required.

2.2 Basis of consolidation

The Group financial statements include the results of the Company and its subsidiaries, together with the Group's share of the results of joint ventures and associates, drawn up to 31 December each year.

a) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The results of subsidiaries are consolidated from the date that control commences until the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the fair value of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (discount on acquisition) is credited to the income statement in the period of acquisition. The interest of non-controlling equity holders is stated at the non-controlling equity holders' proportion of the fair value of the assets and liabilities recognised.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between: (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest less direct costs of the transaction; and (ii) the previous carrying amount of the assets (including goodwill) less liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained earnings).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2 Principal accounting policies continued

2.2 Basis of consolidation continued

a) Subsidiaries continued
Any acquisition or disposal which does not result in a change in control is accounted for as a transaction between equity holders. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the fair value of the consideration paid or received and the amount by which the non-controlling interests are adjusted is recognised directly in equity and attributed to the owners of the Parent.

Accounting policies of subsidiaries are adjusted where necessary to ensure consistency with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

b) Joint ventures and associates
Joint ventures are those entities over whose activities the Group has joint control, whereby the Group has rights to the net assets of the entity, rather than rights to its individual assets and obligations for its individual liabilities.

Associates are those entities over whose financial and operating policies the Group has significant influence, but not control or joint control.

The results, assets and liabilities of joint ventures and associates are incorporated in the financial statements using the equity method of accounting except when classified as held for sale. The equity return from the military housing joint ventures of the Group is contractually limited to a maximum level of return, beyond which the Group does not share in any further return. Therefore the Group's investment in these projects is recognised at initial equity investment plus the value of the Group's accrued preferred return from the underlying projects.

Any excess of the fair value of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the joint venture or associate entity at the date of acquisition is recognised as goodwill. Any deficiency of the fair value of the cost of acquisition below the Group's share of the fair values of the identifiable net assets of the joint venture or associate at the date of acquisition (discount on acquisition) is credited to the income statement in the period of acquisition.

Investments in joint ventures and associates are initially carried in the balance sheet at cost (including goodwill arising on acquisition) and adjusted by post-acquisition changes in the Group's share of net assets of the joint venture or associate, less any impairment in the value of individual investments. Losses of joint ventures and associates in excess of the Group's interest in those joint ventures and associates are only recognised to the extent that the Group is contractually liable for, or has a constructive obligation to meet, the obligations of the joint ventures and associates.

Unrealised gains and losses on transactions with joint ventures and associates are eliminated to the extent of the Group's interest in the relevant joint venture or associate.

c) Joint operations
The Group's share of the results, assets and liabilities of contracts carried out in conjunction with another party are included under each relevant heading in the income statement and balance sheet.

The results of a small number of joint operations are drawn up to a date other than 31 December, typically in the last two weeks of December. Adjustments are made for any significant transactions between such date and 31 December.

2.3 Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange at the reporting date. Significant exchange rates used in the preparation of these financial statements are shown in Note 3.

For the purpose of presenting consolidated financial statements, the results of foreign subsidiaries, associates and joint venture entities are translated at average rates of exchange for the year, unless the exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Assets and liabilities are translated at the rates of exchange prevailing at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the rates of exchange at the reporting date. Currency translation differences arising are transferred to the Group's foreign currency translation reserve and are recognised in the income statement on disposal of the underlying investment.

In order to hedge its exposure to certain foreign exchange risks, the Group may enter into forward foreign exchange contracts. Refer to Note 2.27(b) for details of the Group's accounting policies in respect of such derivative financial instruments.

2.4 Revenue recognition

The Group recognises revenue when it transfers control over a product or service to its customer. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Where consideration is not specified within the contract and is therefore subject to variability, the Group estimates the amount of consideration to be received from its customer. The consideration recognised is the amount which is highly probable not to result in a significant reversal in future periods.

Where a modification to an existing contract occurs, the Group assesses the nature of the modification and whether it represents a separate performance obligation required to be satisfied by the Group or whether it is a modification to the existing performance obligation.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust its transaction price for the time value of money.

The Group's activities are wide ranging, and as such, depending on the nature of the product or service delivered and the timing of when control is passed onto the customer, the Group will account for revenue over time and at a point in time. Where revenue is measured over time, the Group uses the input method to measure progress of delivery.

2 Principal accounting policies continued

2.4 Revenue recognition continued

Revenue is recognised as follows:

- revenue from construction and services activities is recognised over time and the Group uses the input method to measure progress of delivery;
- revenue from manufacturing activities is recognised at a point in time when title has passed to the customer; and
- dividend income in the Parent Company is recognised when the equity holders' right to receive payment is established.

2.5 Construction and services contracts

When the outcome of individual contracts can be estimated reliably, contract revenue is recognised by reference to the measure of progress at the reporting date using the input method. Costs are recognised as incurred and revenue is recognised on the basis of the proportion of total costs at the reporting date to the estimated total costs of the contract.

Estimates of the final out-turn on each contract may include cost contingencies to take account of the specific risks within each contract that have been identified during the early stages of the contract. The cost contingencies are reviewed on a regular basis throughout the contract life and are adjusted where appropriate. However, the nature of the risks on contracts are such that they often cannot be resolved until the end of the project and therefore may not reverse until the end of the project. The estimated final out-turns on contracts are continuously reviewed and, in certain limited cases, recoveries from insurers are assessed, and adjustments made where necessary.

No margin is recognised until the outcome of the contract can be estimated with reasonable certainty. Provision is made for all known or expected losses on individual contracts once such losses are foreseen.

Revenue in respect of variations to contracts and incentive payments is recognised when there is an enforceable right to payment and it is highly probable it will be agreed by the customer. Variable consideration is assessed on a contract-by-contract basis according to the facts, circumstances and terms of each project and only recognised to the extent that it is highly probable not to significantly reverse in the future. Revenue in respect of claims is recognised only if it is highly probable not to reverse in future periods. Profit for the year includes the benefit of claims settled in the year to the extent not previously recognised on contracts completed in previous years.

2.6 Segmental reporting

The Group considers its Board of Directors to be the chief operating decision maker and therefore the segmental disclosures provided in Note 5 are aligned with the monthly reports provided to the Board of Directors. The Group's reporting segments are based on the types of services provided. Operating segments with similar economic characteristics have been aggregated into three reportable segments which reflect the nature of the services provided by the Group. A description of each reportable segment is provided in Note 5. Further information on the business activities of each reportable segment is set out on pages 207 to 213.

Operating segments are aggregated on the basis of the nature of the services provided and the manner in which returns are earned by the Group. Further information on the nature of services provided within each segment is included in Note 4.

Working capital is the balance sheet measure reported to the chief operating decision maker. The profitability measure used to assess the performance of the Group is underlying profit from operations.

Segment results represent the contribution of the different segments after the allocation of attributable corporate overheads. Transactions between segments are conducted at arm's-length market prices. Segment assets and liabilities comprise those assets and liabilities directly attributable to the segments. Corporate assets and liabilities include cash balances, bank borrowings, tax balances and dividends payable. Non-recourse net borrowings are directly attributable to Infrastructure Investments and therefore not included within Corporate activities.

Major customers are defined as customers contributing more than 10% of the Group's external revenue.

2.7 Pre-contract bid costs and recoveries

Pre-contract costs are expensed as incurred until preferred bidder status is awarded at which point further costs are capitalised as there is a high probability that the Group would be able to recover these costs. Amounts subsequently recovered in respect of pre-contract costs that have been written off before preferred bidder status was awarded are recognised in full in the income statement when they are received in cash.

2.8 Profit from operations

Profit from operations is stated after the Group's share of the post-tax results of equity accounted joint venture entities and associates and other operating expenses, which mainly consist of admin expenses, but before investment income and finance costs.

2.9 Investment income and finance costs

Interest income is accrued on a time basis using the effective interest method by reference to the principal outstanding and the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Finance costs of debt, including premiums payable on settlement and direct issue costs, are charged to the income statement on an accruals basis over the term of the instrument, using the effective interest method. Finance costs also include interest cost on the discount unwind of lease liabilities and impairment of loans to joint ventures and associates and accrued interest thereon.

2.10 Non-underlying items

Non-underlying items are items of financial performance which the Group believes should be presented separately on the face of the income statement to assist in understanding the underlying financial performance achieved by the Group. Such items will not affect the absolute amount of the results for the period and the trend of results. The Group's underlying results exclude non-underlying items.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2 Principal accounting policies continued

2.10 Non-underlying items continued

Non-underlying items include:

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

These are examples, however, from time to time it may be appropriate to disclose further items as non-underlying items in order to highlight the underlying performance of the Group. Refer to Note 10.

2.11 Taxation

The tax charge comprises current tax and deferred tax, calculated using tax rates that have been enacted or substantively enacted by the reporting date. Current tax and deferred tax are charged or credited to the income statement, except when they relate to items charged or credited directly to equity, in which case the relevant tax is also accounted for within equity. Current tax is based on the profit for the year.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax on such assets and liabilities is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2.12 Intangible assets

a) Goodwill

Goodwill arises on the acquisition of subsidiaries and other businesses, joint ventures and associates and represents the excess of the fair value of consideration over the fair value of the identifiable assets and liabilities acquired. Goodwill on acquisitions of subsidiaries and other businesses is included in non-current assets. Goodwill on acquisitions of joint ventures and associates is included in investments in joint ventures and associates.

Goodwill is reviewed annually for impairment and is carried at cost less accumulated impairment losses. Goodwill is included when determining the profit or loss on subsequent disposal of the business to which it relates.

Goodwill arising on acquisitions before the date of transition to IFRS (1 January 2004) has been retained at the previous UK GAAP amounts subject to being tested for impairment. Goodwill written off or discount arising on acquisition credited to reserves under UK GAAP prior to 1998 has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

b) Other intangible assets

Other intangible assets are stated at fair value or cost less accumulated amortisation and impairment losses. Amortisation charges in respect of software and Infrastructure Investments intangibles are included in underlying items.

c) Research and development

Internally generated intangible assets developed by the Group are recognised only if all the following conditions are met: an asset is created that can be identified; it is probable that the asset created will generate future economic benefits; and the development cost of the asset can be measured reliably.

Other research expenditure is written off in the period in which it is incurred.

2.13 Service concession contract asset

Service concession contract asset is stated at cost less impairment losses and includes concession assets that are accounted for under IFRIC 12 Service Concession Arrangements. These assets are classified as service concession contract assets whilst in the construction phase. Once construction is complete and the asset enters the operational phase, it is reclassified to intangible assets or PPP assets depending on whether the asset features demand risk.

2.14 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure associated with bringing the asset to its operating location and condition. Refer to Note 17 for further detail.

2 Principal accounting policies continued

2.15 Investment properties
The Group classifies land and buildings which it holds to generate capital appreciation and/or to earn rental income as investment properties. The Group has chosen to state its investment properties at cost less accumulated depreciation and impairment losses. The Group depreciates its investment properties over 25 years. Land is not depreciated.

2.16 Leasing
As a lessee, the Group assesses whether a contract is, or contains, a lease at the inception of a contract. A lease exists if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess if a lease exists, the Group assesses whether: (i) the contract involves the use of an identified asset; (ii) the Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the lease term; and (iii) the Group has the right to direct the use of the asset. In order to determine if the contract involves the use of an identified asset, the Group exercises judgement to assess if the supplier has a substantive substitution right over the asset. An asset is not identified if it has been determined that the supplier has substantive substitution rights.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost and subsequently depreciated over the lease term. The lease liability is measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate. The Group has elected to apply the practical expedient which allows the Group to use a single discount rate for a portfolio of leases with similar characteristics.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of less than 12 months and leases of low value assets. Instead, the Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.17 Impairment of assets
Assets that have an indefinite useful life (such as goodwill arising on acquisitions) are reviewed at least annually for impairment. Other intangible assets, property, plant and equipment and right-of-use assets are reviewed for impairment whenever there is any indication that the carrying amount of the asset may not be recoverable.

If the recoverable amount of an asset is less than its carrying amount, an impairment loss is recognised.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. Value-in-use is assessed by discounting the estimated future cash flows that the asset is expected to generate. For this purpose assets, including goodwill, are grouped into cash-generating units representing the level at which they are monitored by the Board of Directors for internal management purposes. Goodwill impairment losses are not reversed in subsequent periods. Reversals of other impairment losses are recognised in income when they arise.

2.18 Investments
Investments are recognised and derecognised on the trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, including transaction costs.

Investments in mutual funds are measured at fair value. Gains and losses arising from changes in the fair value of these investments are recognised in other comprehensive income. Investments that are held until they reach maturity are measured at amortised cost.

Investments in subsidiaries are recognised and held at cost and subsequently tested for impairment on an annual basis. Where an impairment is identified, a provision for impairment is recorded against the carrying value of the investment.

2.19 Government grants
Government grants are recognised when there is a reasonable assurance that the Group will be able to comply with the conditions attached to the grant and that the grant will be received. Grants are recognised in the income statement on a systematic basis as a deduction from the related category of cost in the periods in which the expenses are recognised.

2.20 Inventories
Inventories are valued at the lower of cost and net realisable value.

Cost includes an appropriate proportion of manufacturing overheads incurred in bringing inventories to their present location and condition and is determined using the first-in first-out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.21 Trade receivables and contract retention receivables
Trade and contract retention receivables are initially recorded at fair value and subsequently measured at amortised cost as reduced by allowances for estimated irrecoverable amounts and expected credit losses.

2.22 Trade payables and contract retention payables
Trade and contract retention payables are not interest bearing and are stated at cost.

2.23 Provisions
Provisions for insurance liabilities retained in the Group's captive insurance arrangements, legal claims, defects and warranties, environmental restoration, onerous leases and other onerous commitments are recognised at the best estimate of the expenditure required to settle the Group's liability.

Provisions are recognised when: (i) the Group has a present legal or constructive obligation as a result of a past event; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) the amount of the obligation can be estimated reliably. Provisions are discounted where appropriate.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2 Principal accounting policies continued

2.24 Borrowings
Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Premiums payable on settlement or redemption and direct issue costs are included in the carrying amount of the instrument and are charged to the income statement on an accruals basis using the effective interest method together with the interest payable.

2.25 Retirement benefit costs
The Group, through trustees, operates a number of defined benefit and defined contribution retirement and other long-term employee benefit schemes, the largest of which are of the defined benefit type and are funded. Defined benefit contributions are determined in consultation with the trustees, after taking actuarial advice.

For defined benefit pension schemes, the cost of providing benefits recognised in the income statement and the defined benefit obligations are determined at the reporting date by independent actuaries, using the projected unit credit method. The liability recognised in the balance sheet comprises the present value of the defined benefit pension obligations, determined by discounting the estimated future cash flows using the market yield on a high-quality corporate bond, less the fair value of the scheme assets. Actuarial gains and losses are recognised in the period in which they occur in the statement of comprehensive income.

Contributions to defined contribution pension schemes are charged to the income statement as they fall due.

Any surplus of deficit contributions to the Balfour Beatty Pension Fund (BBPF) and the Railways Pension Scheme (RPS) would be recoverable by way of a refund as, according to the relevant trust deed and rules documents, the Group has the unconditional right to the surplus and controls the run-off of the benefit obligations once all other obligations of the BBPF and RPS have been settled.

2.26 Share-based payments
Employee services received in exchange for the grant of equity-settled and cash-settled awards are charged to the income statement on a straight-line basis over the vesting period, based on the fair values of the awards at the date of grant.

The credits in respect of the amounts charged are included within separate reserves in equity for equity-settled awards or within accruals for cash-settled awards until such time as the awards are exercised, when the shares are transferred or cash payments made to employees.

2.27 Financial instruments
Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

a) Classification of financial liabilities and equity instruments
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

b) Derivative financial instruments and hedge accounting
The Group uses derivative financial instruments to manage interest rate risk and to hedge exposures to fluctuations in foreign currencies in accordance with its risk management policy. The Group does not use derivative financial instruments for speculative purposes. A description of the Group's objectives, policies and strategies with regard to derivatives and other financial instruments is set out in Note 41.

Derivatives are initially recognised in the balance sheet at fair value on the date the derivative transaction is entered into and are subsequently re-measured at their fair values.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the income statement together with any changes in the fair value of the hedged item that are attributable to the hedged risk.

Changes in the fair value of the effective portion of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income (OCI). Changes in the fair value of the ineffective portion of cash flow hedges are recognised in the income statement. Amounts originally recognised in OCI are transferred to the income statement when the underlying transaction occurs or, if the transaction results in a non-financial asset or liability, are included in the initial cost of that asset or liability.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in OCI is retained in equity until the hedged transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in OCI is transferred to the income statement for the period.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives and recorded in the balance sheet at fair value when their risks and characteristics are not closely related to those of the host contract. Changes in the fair value of those embedded derivatives recognised in the balance sheet are recognised in the income statement as they arise.

c) PPP concession companies
Assets constructed by PPP concession companies are classified principally as financial assets measured at fair value through OCI.

In the construction phase, income is recognised by applying an attributable profit margin to the construction costs representing the fair value of construction services performed. In the operational phase, income is recognised by allocating a proportion of total cash receivable over the life of the project to service costs by means of a deemed rate of return on those costs. The residual element of projected cash is allocated to the financial asset using the effective interest rate method, giving rise to interest income.

Due to the nature of the contractual arrangements, the projected cash flows can be estimated with a high degree of certainty.

2 Principal accounting policies continued

2.27 Financial instruments continued

c) PPP concession companies continued

In the construction phase, the fair value of the Group's PPP financial assets is determined by applying an attributable profit margin to the construction costs representing the fair value of construction services performed. In the operational phase, fair value is determined by discounting the future cash flows allocated to the financial asset using discount rates based on long-term gilt rates adjusted for the risk levels associated with the assets, with market-related movements in fair value recognised in OCI. In both instances, the fair value is reduced by allowances for estimated irrecoverable amounts and expected credit losses. Amounts originally recognised in OCI are transferred to the income statement upon disposal of the asset.

2.28 Judgements and key sources of estimation uncertainty

The preparation of consolidated financial statements under IFRS requires management to make judgements, estimates and assumptions that affect amounts recognised for assets and liabilities at the reporting date and the amounts of revenue and expenses incurred during the reporting period. Actual outcomes may differ from these judgements, estimates and assumptions.

The judgements, estimates and assumptions that have the most significant effect on the carrying value of assets and liabilities of the Group as at 31 December 2024 are discussed below.

a) Revenue and margin recognition (estimate)

The Group's revenue recognition and margin recognition policies, which are set out in Notes 2.4 and 2.5, are central to how the Group values the work it has carried out in each financial year.

These policies require forecasts to be made of the outcomes of long-term construction services and support services contracts, which require estimates to be made of both cost and income recognition on each contract. On the cost side, estimates of forecasts are made on the final out-turn of each contract in addition to potential costs to be incurred for any maintenance and defects liabilities. On the income side, estimates are made on variations to consideration which typically include variations due to changes in scope of work, recoveries of claim income from customers, and potential liquidated damages that may be levied by customers. On cost reimbursable contracts there are also estimates required on the level of disallowable costs which requires an assessment of whether costs are recoverable under the terms of the contract and therefore should be recognised as income. Estimates are reviewed regularly throughout the contract life based on latest available information and adjustments are made where necessary. The Group continues to regularly assess these estimates.

As at 31 December 2024, the Group's contract assets, contract liabilities and contract provisions amounted to £229m, £699m and £617m respectively as set out in Notes 24 and 27. The Group has considered the nature of the estimates involved in deriving these balances and concluded that it is possible, on the basis of existing knowledge, that outcomes within the next financial year may be different from the Group's assumptions applied as at 31 December 2024 and could require a material adjustment to the carrying amounts of these assets and liabilities in the next financial year. However, due to the level of uncertainty, combination of cost and income variables and timing across a large portfolio of contracts (in excess of 1,000) at different stages of their contract life, it is impracticable to provide a quantitative analysis of the aggregated estimates that are applied at a portfolio level.

Within this portfolio, there are a limited number of long-term contracts where the Group has incorporated significant estimates over contractual entitlements relating to recoveries of claim income from customers, suppliers and liquidated damages levied by the customer. This is in the Construction Services segment. These recoveries have been recognised at the amount that is considered highly probable not to significantly reverse. However, there are a host of factors affecting potential outcomes in respect of these entitlements which could result in a range of reasonably possible outcomes on these contracts in the following financial year, ranging from a gain of £71m to a loss of £(42)m. The Directors have assessed the range of reasonably possible outcomes on these limited number of contracts based on facts and circumstances that were present and known at the balance sheet date. As with any contract applying long-term contract accounting, these contracts are also affected by a variety of uncertainties that depend on future events, and so often need to be revised as contracts progress.

b) Non-underlying items (judgement)

Non-underlying items are items of financial performance which the Group believes should be presented separately on the face of the income statement to assist in understanding the underlying financial performance achieved by the Group. Determining whether an item is part of underlying items or non-underlying items requires judgement. A total non-underlying loss after tax of £10m (2023: £11m) was charged to the income statement for the year ended 31 December 2024. Refer to Note 10.

c) Financial assets measured at fair value through OCI (estimate)

At 31 December 2024, £1,120m (2023: £1,173m) of PPP financial assets constructed by the Group's subsidiary, joint venture and associate companies were classified as financial assets measured at fair value through OCI. In the operational phase the fair value of these financial assets is measured at each reporting date by discounting the future value of the cash flows allocated to the financial asset. A range of discount rates is used from 5.2% to 63.4% (2023: 4.3% to 17.4%), which reflects the prevailing risk-free interest rates and the different risk profiles of the various concessions. These represent key sources of estimation uncertainty. Refer to Note 41.

A £50m loss was taken to other comprehensive income in 2024 (2023: £20m gain) and a cumulative fair value gain of £148m had arisen on these financial assets as a result of market-related movements in the fair value of these financial assets at 31 December 2024 (2023: £198m).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2 Principal accounting policies continued

2.28 Judgements and key sources of estimation uncertainty continued

d) Contract provisions (estimate)

Contract provisions are liabilities of uncertain timing or amount and therefore in making a reliable estimate of the quantum and timing of liabilities estimates are applied and re-evaluated at each reporting date. The range of potential outcomes on contract provisions as a result of uncertain future events could result in a materially positive or negative swing to profitability and cash flow.

The Group has considered the nature of these estimates and concluded that it is possible, on the basis of existing knowledge, that outcomes within the next financial year may be different from the Group's assumptions applied as at 31 December 2024 and could require a material adjustment to the carrying amounts of assets and liabilities in the next financial year. As disclosed in Note 27, the majority of the Group's provision balance relates to contract provisions, which include loss provisions, defect and warranty provisions, where estimates are made around forecast costs, timing and whether it is probable there will be an outflow of future economic benefit. Contract loss provisions may also include estimates around variable consideration as disclosed in Note 2.28(a). However, due to the level of uncertainty, combination of variables and timing across a large portfolio of complex contracts at different stages of their contract life, it is impracticable to provide a quantitative analysis of the aggregated estimates that are applied at a portfolio level.

To the extent that the sensitivities disclosed in Note 2.28(a) affect a loss-making contract, this will have an impact on the Group's provisions in the next financial year.

The Group also continues to provide for a number of fire safety-related claims received by the Group as part of its defects provision. A provision is made when there is a probable obligation and outflow, and the Group can reliably estimate the cost relating to its obligation. If costs are considered possible or cannot be reliably estimated, then they are considered to be contingent liabilities (see Note 38).

Provisions of this nature are inherently uncertain as the estimated costs are based on a number of key estimates and assumptions which include, but are not limited to, the extent of defects that may exist, the cost of rectifying these defects and the consideration of what was considered to comply with building safety regulations at the time these buildings were constructed. These estimates are also inherently uncertain due to the highly complex and bespoke nature of each building. The Directors have used various externally available information and internal assessments as a basis for the estimated remedial costs for the fire safety claims received to date. The actual costs will ultimately be subject to the progression of investigative works, remedial works carried out, settlements of ongoing claims, and the evolution of current legislation and regulation which will impact the scope of any remediation works required and therefore it is impracticable to provide a quantitative analysis of the aggregated estimates across the Group for these fire safety-related claims. There are also potential avenues to recovering a portion of these costs from third parties, which have not been recognised by the Group at this stage.

Within the fire defect population, there are claims received under the retrospective Building Safety Act (BSA) legislation introduced in 2022 (refer to Note 10.2.3)) for which the Group is carrying a defect provision amounting to £82m at 31 December 2024 (2023: £21m). If the forecast remediation costs relating to BSA claims received to date were 15% higher / lower than provided, the pre-tax non-underlying charge in the Group's income statement would increase / decrease by £12m. However, if further BSA claims are notified, this could also increase the required provision, but the potential quantity and timing of this change cannot be readily determined without further claims being made against the Group and, subsequently, the necessary investigative work being conducted on these claims. The scope of buildings and remediation works to be considered may also change as legislation and regulations continue to evolve relating to BSA.

Included within contract provisions is the Group's provision of £93m, excluding insurance recoveries, relating to the claim recognised within non-underlying items for the SH161 project in Texas, which was completed in 2012. Refer to Note 10.2.4 for further information. The final outcome of the cost of the claim to the Group will depend on the result of the court hearing scheduled for 27 March 2025, settlement negotiations or the outcome of any appeals that are launched, as well as potential recoveries from other third parties that the Group may receive. As such, within non-underlying items there is a range of reasonably possible outcomes in the following financial year, ranging from a gain of £53m to a loss of £(37)m.

The Group continues to regularly assess these estimates.

e) Retirement benefit obligations (estimate)

Details of the Group's defined benefit pension schemes are set out in Note 31, including tables showing the sensitivity of the pension scheme obligations and assets to different actuarial assumptions.

At 31 December 2024, the net retirement benefit assets recognised on the Group's balance sheet were £2m (2023: £69m). The effects of changes in the actuarial assumptions underlying the schemes' obligations (including inflation and mortality) and discount rates and the differences between expected and actual returns on the schemes' assets are classified as actuarial gains and losses. During 2024, the Group recognised net actuarial losses of £102m (2023: £198m) in OCI, including its share of the actuarial gains and losses arising in joint ventures and associates.

3 Exchange rates

The following key exchange rates were applied in these financial statements:

Average rates

£1 buys	2024	2023	Change
US$	**1.28**	1.24	3.2%
HK$	**9.98**	9.73	2.6%

Closing rates

£1 buys	2024	2023	Change
US$	**1.25**	1.27	(1.6)%
HK$	**9.73**	9.95	(2.2)%

4 Revenue

4.1 Nature of services provided

4.1.1 Construction Services

The Group's Construction Services segment encompasses activities in relation to the physical construction of assets provided to public and private customers. Revenue generated in this segment is measured over time as control passes to the customer as the asset is constructed. Progress is measured by reference to the cost incurred on the contract to date compared to the contract's end of job forecast (the input method). Payment terms are based on a schedule of value that is set out in the contract and fairly reflect the timing and performance of service delivery. Contracts with customers are typically accounted for as one performance obligation (PO).

Types of assets	Typical contract length	Nature, timing of satisfaction of performance obligations and significant payment terms
Buildings	12 to 36 months	The Group constructs buildings which include commercial, healthcare, education, retail and residential assets. As part of its construction services, the Group provides a range of services including design and/or build, mechanical and electrical engineering, shell and core and/or fit-out and interior refurbishment. The Group's customers in this area are a mix of private and public entities. The contract length depends on the complexity and scale of the building and contracts entered into for these services are typically fixed price. In most instances, the contract with the customer is assessed to only contain one PO as the services provided by the Group, including those where the Group is also providing design services, are highly interrelated. However, for certain types of contracts, services relating to fit-out and interior refurbishment may sometimes be assessed as a separate PO.
Infrastructure	1 to 3 months for small-scale infrastructure works 24 to 60 months for large-scale complex construction	The Group provides construction services for three main types of infrastructure assets: highways, railways and other large-scale infrastructure assets such as waste, water and energy plants. Highways represent the Group's activities in constructing motorways in the UK, US and Hong Kong. This includes activities such as design and construction of roads, widening of existing motorways or converting existing motorways. The main customers are government bodies. Railway construction services include design and managing the construction of railway systems delivering major multi-disciplinary projects, track work, electrification and power supply. The Group serves both public and private railways including high-speed passenger railways, freight and mixed traffic routes, dense commuter networks, metros and light rail. Other infrastructure assets include construction, design and build services on large-scale complex assets predominantly servicing the waste, water and energy sectors. Contracts entered into relating to these infrastructure assets can take the form of fixed-price, cost-plus or target-cost contracts with shared pain/gain mechanisms. Contract lengths vary according to the size and complexity of the asset build and can range from a few months for small-scale infrastructure works to four to five years for large-scale complex construction works. In most cases, the contract itself represents a single PO where only the design and construction elements are contracted. In some instances, the contract with the customer will include maintenance of the constructed asset. The Group assesses the maintenance element as a separate PO and revenue from this PO is recognised in the Support Services segment. Refer to Note 4.1.2.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

4 Revenue continued

4.1 Nature of services provided continued

4.1.2 Support Services

The Group's work in this segment supports existing assets through maintaining, upgrading and managing services across utilities and infrastructure assets. Revenue generated in this segment is measured over time as control passes to the customer as and when services are provided. Progress is measured by reference to the cost incurred on the contract to date compared to the contract's end of job forecast (the input method). Payments are structured as milestone payments set out in the respective contracts.

Types of assets	Nature, timing of satisfaction of performance obligations and significant payment terms
Utilities	Within the Group's services contracts, the Group provides support services to various types of utility assets. For contracts servicing power transmission and distribution assets, the Group constructs and maintains electricity networks, including replacement or new build of overhead lines, underground cabling, cable tunnels and offshore wind farm maintenance. Contracts entered into are fixed-price, cost-plus or target cost with shared pain/gain mechanisms. Contract lengths can vary from 12 to 36 months. Each contract is normally assessed to contain one PO. However, where a contract contains both a construction phase and a maintenance phase, these are assessed to contain two separate POs.
Infrastructure	The Group provides maintenance, asset and network management and design services in respect of highways, railways and other publicly available assets. The customer in this area of the Group is mainly government bodies. Types of contract include a fixed schedule of rates, fixed-price, target-cost arrangements and cost-plus. Contract terms range from 1 to 25 years. Where contracts include a lifecycle element, this is accounted for as a separate PO and recognised when the work is delivered.

4.1.3 Infrastructure Investments

The Group invests directly in a variety of assets, predominantly consisting of infrastructure assets where there are opportunities to manage the asset upon completion of construction. The Group also invests in real estate type assets, in particular private residential and student accommodation assets. Revenue generated in this segment is from the provision of construction, maintenance and management services and also from the recognition of rental income. The Group's strategy is to hold these assets until optimal values are achieved through disposal of mature assets.

Types of services	Nature, timing of satisfaction of performance obligations and significant payment terms
Service concessions	The Group operates a UK and US portfolio of service concession assets comprising assets in the roads, healthcare, student accommodation, biomass and waste and offshore transmission sectors. The Group accounts for these assets under IFRIC 12 Service Concession Arrangements. Where the Group constructs and maintains these assets, the two services are deemed to be separate performance obligations and accounted for separately. If the maintenance phase includes a lifecycle element, this is considered to be a separate PO. Contract terms can be up to 40 years. The Group recognises revenue over time using the input method. Consideration is paid through a fixed unitary payment charge spread over the life of the contract. **Revenue from this service is presented across Buildings, Infrastructure or Utilities in Note 4.2.**
Management services	The Group provides real estate management services such as property development and asset management services. Contract terms can be up to 50 years. The Group recognises revenue over time as and when service is delivered to the customer. **Revenue from this service is presented within Buildings in Note 4.2.**
Housing development	The Group also develops housing units on land that is owned by the Group. Revenue is recognised on the sale of individual units at the point in time when control of the asset is transferred to the purchaser. This is deemed to be when an unconditional sale is achieved. **Revenue from this service is presented within Buildings in Note 4.2.**

4 Revenue continued

4.2 Disaggregation of revenue

The Group presents a disaggregation of its revenue according to the primary geographical markets in which the Group operates as well as the types of assets serviced by the Group. The nature of the various services provided by the Group is explained in Note 4.1. This disaggregation of revenue is also presented according to the Group's reportable segments as described in Note 5.

For the year ended 31 December 2024

		Revenue by primary geographical markets				Revenue by types of assets serviced				
		United Kingdom £m	United States £m	Rest of world £m	Total £m	Buildings £m	Infrastructure £m	Utilities £m	Other £m	Total £m
Construction Services	Revenue including share of joint ventures and associates	3,010	3,638	1,551	8,199	4,178	3,465	417	139	8,199
	Group revenue	3,010	3,619	1	6,630	3,420	2,657	414	139	6,630
Support Services	Revenue including share of joint ventures and associates	1,209	–	1	1,210	12	782	385	31	1,210
	Group revenue	1,209	–	1	1,210	12	782	385	31	1,210
Infrastructure Investments	Revenue including share of joint ventures and associates	201	401	4	606	445+	153	8	–	606
	Group revenue	99	295	–	394	390+	4	–	–	394
Total revenue	**Revenue including share of joint ventures and associates**	**4,420**	**4,039**	**1,556**	**10,015**	**4,635**	**4,400**	**810**	**170**	**10,015**
	Group revenue	**4,318**	**3,914**	**2**	**8,234**	**3,822**	**3,443**	**799**	**170**	**8,234**

\+ Includes rental income of £48m including share of joint ventures and associates or £26m excluding share of joint ventures and associates.

	Timing of revenue recognition			
	Construction Services £m	Support Services £m	Infrastructure Investments £m	Total £m
Over time	8,194	1,209	587	9,990
At a point in time	5	1	19	25
Revenue including share of joint ventures and associates	**8,199**	**1,210**	**606**	**10,015**
Over time	6,625	1,209	375	8,209
At a point in time	5	1	19	25
Group revenue	**6,630**	**1,210**	**394**	**8,234**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

4 Revenue continued

4.2 Disaggregation of revenue continued

For the year ended 31 December 2023

		Revenue by primary geographical markets				Revenue by types of assets serviced				
		United Kingdom £m	United States £m	Rest of world £m	Total £m	Buildings £m	Infrastructure £m	Utilities £m	Other £m	Total £m
Construction Services	Revenue including share of joint ventures and associates	3,025	3,697	1,359	8,081	3,954	3,440	595	92	8,081
	Group revenue	3,025	3,669	1	6,695	3,284	2,738	581	92	6,695
Support Services	Revenue including share of joint ventures and associates	1,003	–	3	1,006	9	661	326	10	1,006
	Group revenue	1,003	–	3	1,006	9	661	326	10	1,006
Infrastructure Investments	Revenue including share of joint ventures and associates	164	338	6	508	346+	146	16	–	508
	Group revenue	63	228	1	292	289+	3	–	–	292
Total revenue	**Revenue including share of joint ventures and associates**	4,192	4,035	1,368	9,595	4,309	4,247	937	102	9,595
	Group revenue	4,091	3,897	5	7,993	3,582	3,402	907	102	7,993

\+ Includes rental income of £53m including share of joint ventures and associates or £21m excluding share of joint ventures and associates.

4.2.1 Timing of revenue recognition

	Timing of revenue recognition			
	Construction Services £m	Support Services £m	Infrastructure Investments £m	Total £m
Over time	8,076	1,002	496	9,574
At a point in time	5	4	12	21
Revenue including share of joint ventures and associates	8,081	1,006	508	9,595
Over time	6,690	1,002	280	7,972
At a point in time	5	4	12	21
Group revenue	6,695	1,006	292	7,993

4.3 Transaction price allocated to the remaining performance obligations (excluding joint ventures and associates)

	2025 £m	2026 £m	2027 onwards £m	Total £m
Construction Services	**5,808**	**3,397**	**3,684**	**12,889**
Support Services	**851**	**559**	**1,822**	**3,232**
Infrastructure Investments	**201**	**99**	**2,316**	**2,616**
Total transaction price allocated to remaining performance obligations	**6,860**	**4,055**	**7,822**	**18,737**

The total transaction price allocated to the remaining performance obligations represents the contracted revenue to be earned by the Group for distinct goods and services which the Group has promised to deliver to its customers. These include promises which are partially satisfied at the period end or those which are unsatisfied but which the Group has committed to providing. In deriving this transaction price, any element of variable revenue is estimated at a value that is highly probable not to reverse in the future. The transaction price above does not include any estimated revenue to be earned on framework contracts for which a firm order or instruction has not been received from the customer.

5 Segment analysis
Reportable segments of the Group:

- Construction Services – activities resulting in the physical construction of an asset;
- Support Services – activities which support existing assets or functions such as asset maintenance and refurbishment; and
- Infrastructure Investments – acquisition, operation and disposal of infrastructure assets such as roads, hospitals, student accommodation, military housing, multifamily residences, offshore transmission networks, waste and biomass and other concessions. This segment also includes the Group's housing development division.

5.1 Total Group

	2024					2023				
Income statement – performance by activity	**Construction Services £m**	**Support Services £m**	**Infrastructure Investments £m**	**Corporate activities £m**	**Total £m**	Construction Services £m	Support Services £m	Infrastructure Investments £m	Corporate activities £m	Total £m
Revenue including share of joint ventures and associates	**8,199**	**1,210**	**606**	**–**	**10,015**	8,081	1,006	508	–	9,595
Share of revenue of joint ventures and associates	**(1,569)**	**–**	**(212)**	**–**	**(1,781)**	(1,386)	–	(216)	–	(1,602)
Group revenue	**6,630**	**1,210**	**394**	**–**	**8,234**	6,695	1,006	292	–	7,993
Group operating profit/(loss)[1]	**118**	**93**	**17**	**(39)**	**189**	120	80	14	(39)	175
Share of results of joint ventures and associates	**41**	**–**	**18**	**–**	**59**	36	–	17	–	53
Profit/(loss) from operations[1]	**159**	**93**	**35**	**(39)**	**248**	156	80	31	(39)	228
Non-underlying items:										
– net release of provisions relating to Rail Germany	**21**	**–**	**–**	**–**	**21**	–	–	–	–	–
– recognition of insurance recovery / (provision) in relation to rectification works on a development in London	**43**	**–**	**–**	**–**	**43**	(12)	–	–	–	(12)
– provision recognised in relation to claims made under the Building Safety Act	**(83)**	**–**	**–**	**–**	**(83)**	–	–	–	–	–
– charge recognised in relation to a legacy claim received for a project completed in 2012 in Texas	**(52)**	**–**	**–**	**–**	**(52)**	–	–	–	–	–
– amortisation of acquired intangible assets	**(1)**	**–**	**(3)**	**–**	**(4)**	(1)	–	(4)	–	(5)
	(72)	**–**	**(3)**	**–**	**(75)**	(13)	–	(4)	–	(17)
Profit/(loss) from operations	**87**	**93**	**32**	**(39)**	**173**	143	80	27	(39)	211
Investment income					**82**					82
Finance costs					**(41)**					(49)
Profit before taxation					**214**					244

1 Before non-underlying items (Notes 2.10 and 10).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5 Segment analysis continued

5.1 Total Group continued

Assets and liabilities by activity	2024 Construction Services £m	2024 Support Services £m	2024 Infrastructure Investments £m	2024 Corporate activities £m	2024 Total £m	2023 Construction Services £m	2023 Support Services £m	2023 Infrastructure Investments £m	2023 Corporate activities £m	2023 Total £m
Contract assets	**116**	**70**	**43**	**–**	**229**	203	69	28	–	300
Contract liabilities – current	**(506)**	**(188)**	**(3)**	**–**	**(697)**	(506)	(90)	(4)	–	(600)
Inventories	**47**	**48**	**63**	**–**	**158**	45	25	54	–	124
Trade and other receivables – current	**939**	**99**	**22**	**39**	**1,099**	768	73	33	20	894
Trade and other payables – current	**(1,470)**	**(198)**	**(59)**	**(51)**	**(1,778)**	(1,491)	(176)	(48)	(19)	(1,734)
Provisions – current	**(213)**	**(6)**	**(3)**	**(17)**	**(239)**	(187)	(4)	(7)	(18)	(216)
Working capital*	**(1,087)**	**(175)**	**63**	**(29)**	**(1,228)**	(1,168)	(103)	56	(17)	(1,232)
Total assets	**2,209**	**520**	**1,309**	**1,594**	**5,632**	2,168	459	1,260	1,378	5,265
Total liabilities	**(2,635)**	**(524)**	**(683)**	**(660)**	**(4,502)**	(2,484)	(385)	(664)	(524)	(4,057)
Net assets	**(426)**	**(4)**	**626**	**934**	**1,130**	(316)	74	596	854	1,208

* Includes non-operating items and current working capital.

Other information	2024 Construction Services £m	2024 Support Services £m	2024 Infrastructure Investments £m	2024 Corporate activities £m	2024 Total £m	2023 Construction Services £m	2023 Support Services £m	2023 Infrastructure Investments £m	2023 Corporate activities £m	2023 Total £m
Capital expenditure on property, plant and equipment (Note 17)	**7**	**18**	**–**	**3**	**28**	8	47	–	11	66
Capital expenditure on intangible assets (Note 15)	**–**	**–**	**–**	**–**	**–**	–	–	30	–	30
Capital expenditure on service concession contract assets (Note 16)	**–**	**–**	**56**	**–**	**56**	–	–	–	–	–
Depreciation (Note 17, Note 18 and Note 19)	**23**	**57**	**3**	**9**	**92**	28	48	2	9	87
Gain on disposals of interests in investments (Note 35.2/35.3)	**–**	**–**	**43**	**–**	**43**	–	–	24	–	24
Gain on disposals of interests in investments within joint ventures and associates (Note 35.2/35.3)	**–**	**–**	**–**	**–**	**–**	–	–	2	–	2

Performance by geographic destination	United Kingdom 2024 £m	United States 2024 £m	Rest of world 2024 £m	Total 2024 £m	United Kingdom 2023 £m	United States 2023 £m	Rest of world 2023 £m	Total 2023 £m
Revenue including share of joint ventures and associates	**4,420**	**4,039**	**1,556**	**10,015**	4,192	4,035	1,368	9,595
Share of revenue of joint ventures and associates	**(102)**	**(125)**	**(1,554)**	**(1,781)**	(101)	(138)	(1,363)	(1,602)
Group revenue	**4,318**	**3,914**	**2**	**8,234**	4,091	3,897	5	7,993

Major customers

Included in Group revenue are revenues of £2,291m (2023: £1,981m) from the US Government and £3,475m (2023: £3,198m) from the UK Government, which are the Group's two largest customers, through multiple central and regional bodies. These revenues are included in the results across all three reported segments.

5 Segment analysis continued

5.2 Infrastructure Investments

	2024			2023		
	Group 2024 £m	Share of joint ventures and associates (Note 20.2)+ 2024 £m	Total 2024 £m	Group 2023 £m	Share of joint ventures and associates (Note 20.2)+ 2023 £m	Total 2023 £m
Underlying profit/(loss) from operations[1]						
UK^	**(2)**	**9**	**7**	(1)	3	2
North America	**2**	**9**	**11**	7	12	19
Gain on disposals of interests in investments (Note 35.2/35.3)	**43**	**–**	**43**	24	2	26
	43	**18**	**61**	30	17	47
Bidding costs and overheads	**(26)**	**–**	**(26)**	(16)	–	(16)
	17	**18**	**35**	14	17	31
Net assets/(liabilities)						
UK^	**478**	**105**	**583**	412	121	533
North America	**193**	**185**	**378**	152	175	327
	671	**290**	**961**	564	296	860
Non-recourse borrowings net of associated cash and cash equivalents (Note 28)	**(335)**	**–**	**(335)**	(264)	–	(264)
Total Infrastructure Investments net assets	**336**	**290**	**626**	300	296	596

\+ The Group's share of the results of joint ventures and associates is disclosed net of investment income, finance costs and taxation.
^ Including Ireland
1 Before non-underlying items (Notes 2.10 and 10).

6 Profit/(loss) from operations

6.1 Profit/(loss) from operations is stated after charging/(crediting)

	2024 £m	2023 £m
Depreciation of property, plant and equipment	**31**	28
Depreciation of right-of-use assets	**60**	57
Depreciation of investment properties	**1**	2
Amortisation of other intangible assets	**10**	12
Amortisation of contract fulfilment assets	**27**	15
Net (credit)/charge of trade receivables impairment provision	**(6)**	5
Profit on disposal of property, plant and equipment	**(2)**	(2)
Government grant income	**(9)**	(6)
Cost of inventory recognised as an expense	**141**	222
Auditor's remuneration	**6**	6

6.2 Analysis of auditor's remuneration

	2024 £m	2023 £m
Services as auditor to the Company	**0.8**	0.8
Services as auditor to Group subsidiaries	**4.4**	4.3
Total audit fees	**5.2**	5.1
Audit-related assurance fees	**0.6**	0.5
Total non-audit fees	**0.6**	0.5
Total fees in relation to audit and other services	**5.8**	5.6

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7 Employee costs

7.1 Group

Employee costs during the year	2024 £m	2023 £m
Wages and salaries	**1,398**	1,318
Redundancy costs	**5**	6
Social security costs	**101**	97
Pension costs (Note 31)	**59**	58
Share-based payments (Note 36)	**26**	24
	1,589	1,503

Average number of Group employees	2024 Number	2023 Number
Construction Services	**11,971**	12,069
Support Services	**4,751**	4,375
Infrastructure Investments	**1,695**	1,636
Corporate	**151**	146
	18,568	18,226

Detailed disclosures of items of remuneration, including those accruing under the Company's equity-settled share-based payment arrangements can be found within the Remuneration report on pages 153 to 174.

7.2 Company

The Company did not have any employees and did not incur any employee costs in the year (2023: £nil). Balfour Beatty Group Employment Ltd, which was established in February 2013, remains the employing entity for the Balfour Beatty Group's UK employees.

8 Investment income

	2024 £m	2023 £m
Subordinated debt interest receivable	**17**	34
Interest receivable on PPP financial assets (Note 22)	**2**	2
Interest received on bank deposits	**40**	33
Other interest receivable and similar income	**2**	–
Impairment reversal of joint ventures and associates		
– loans	**17**	–
– accrued interest	**–**	1
Net finance income on pension scheme assets and obligations (Note 31.2)	**4**	12
	82	82

9 Finance costs

	2024 £m	2023 £m
Non-recourse borrowings		
– bank loans and overdrafts	**12**	11
US private placement		
– finance cost	**10**	12
Interest on lease liabilities (Note 29)	**7**	6
Fair value loss on investment asset (Note 21)	**2**	1
Other interest payable		
– committed facilities	**2**	3
– letter of credit fees	**1**	2
– other finance charges	**4**	5
Impairment of joint ventures and associates		
– loans	**2**	9
– accrued interest	**1**	–
	41	49

The net impairment reversal of loans to joint ventures and associates and accrued interest receivable of £14m (2023: £8m net impairment) relates to expected credit loss assessments performed. All of the net impairment reversals relate to subordinated debt and accrued interest receivable from joint ventures and associates held within the Infrastructure Investments segment.

10 Non-underlying items

		2024 £m	2023 £m
Items (charged against)/credited to profit			
10.1	Amortisation of acquired intangible assets	**(4)**	(5)
10.2	Other non-underlying items:		
	– net release of provisions relating to Rail Germany	**21**	–
	– recognition of insurance recovery / (provision) in relation to rectification works on a development in London	**43**	(12)
	– provision recognised in relation to claims made under the Building Safety Act	**(83)**	–
	– charge recognised in relation to a claim received for a legacy project completed in 2012 in Texas	**(52)**	–
	Total other non-underlying items	**(71)**	(12)
Charged against profit before taxation		**(75)**	(17)
10.3	Tax credit:		
	– tax on amortisation of acquired intangible assets	**1**	3
	– tax on other items above	**25**	3
	Total tax credit	**26**	6
Charged against profit for the year		**(49)**	(11)

10.1 The amortisation of acquired intangible assets comprises: customer contracts £3m (2023: £4m); and customer relationships £1m (2023: £1m).

The charge was recognised in the following segments: Construction Services £1m (2023: £1m); and Infrastructure Investments £3m (2023: £4m).

10.2.1 In 2014, Rail Germany was reclassified from discontinued operations and has since been presented as part of the Group's non-underlying items within continuing operations in line with the Group's continued commitment to exit this part of the business.

In 2024, the two remaining contracts held within Rail Germany reached the end of their warranty periods resulting in the release of warranty provisions held in respect of these contracts. This release has been credited to the Group's income statement within non-underlying, net of provision increases relating to certain legacy liabilities remaining within the business. This net credit of £21m was recognised in the Construction Services segment.

10.2.2 In 2021, the Group recognised a provision of £42m within non-underlying in relation to rectification work to be carried out on a development in London which was constructed by the Group between 2013 and 2016. The rectification work includes the replacement of stone panels affixed to the façade of the development to meet performance requirements as well as an estimate of any potential consequential disruption to the development as a result of these rectification works. In 2023, the Group increased this provision to £54m following a reassessment of the rectification cost. The additional charge to the income statement was also recognised in non-underlying. The Group's estimated provision did not include potential recoveries from third parties.

In 2024, rectification work continued to progress and is expected to complete in first half of 2025. In July 2024, the Group received confirmation from its insurers that the rectification work qualifies for insurance coverage. Upon assessment of the interim cost by the insurer's loss adjusters as well as receipt of cash for the first application for payment submitted by the Group for a portion of the cost incurred to date, the Group has recognised an insurance recovery of £43m. The Group has presented this income within non-underlying in line with the presentation adopted for the recognition of the provision.

Both the provision for the rectification work and the insurance coverage have been recognised within the Construction Services segment.

10.2.3 The Building Safety Act (BSA), which was introduced in 2022, extends the limitation for claims under the Defective Premises Act 1972 from 6 years to 30 years for dwellings completed before 28 June 2022. Since the introduction of the BSA, the Group has conducted investigations and due diligence on claims received to establish whether an obligation exists and if costs can be reliably estimated. The Group has recognised a provision where a probable obligation has been established and costs associated with the claim can be reliably estimated. Previously, the charge relating to this provision has been recognised within the Group's underlying results as the amounts recognised did not result in a distortion of the Group's underlying results.

In 2024, following further developments and clarifications in the legal landscape of the BSA, progression of the Group's investigation and due diligence as well as adjudications on claims received to date, the Group has reassessed its provision for BSA claims resulting in an increase in the provision of £83m. The provision does not include potential recoveries from third parties. This increase has been recognised in non-underlying due to its size and the nature of the cost, which has arisen from a change in legislation.

This charge has been recognised in the Construction Services segment.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10 Non-underlying items continued

10.2.4 In 2012, the Group, through a joint operation formed with Fluor Enterprises Inc. in which the Group owns a 40% share, completed a contract with the North Texas Tollway Authority (NTTA) to provide design and build services in relation to the extension of NTTA's President George Bush Turnpike Highway (SH161 in Texas). In October 2022, NTTA served the joint operation with a claim demanding damages of an unquantified amount under various claims relating to alleged breaches of contract and/or negligence in relation to retaining walls along the project. In November 2024, through a jury verdict, damages were awarded against the joint operation in favour of NTTA amounting to $112m (Group's share). This jury verdict was substantially above the claim presented to the court of $77m (Group's share) comprising $8m expended to date and $69m for possible repair costs over the next 10 years. The NTTA has moved to enter the verdict as a judgement and is also requesting pre-judgement interest of $50m (Group's share) plus legal costs. The joint operation has opposed the NTTA's motion and the court has yet to issue a decision on that motion with a court date set for 27 March 2025. The Group believes that the jury verdict does not accurately reflect the evidence at trial and is evaluating all options to set aside or reduce the verdict and, if necessary, appeal any final judgement. The appeal would require a surety bond of $10m (Group share) to be provided in place of settling the judgement. However, in light of the jury verdict, the Group has recognised a non-underlying charge of £52m. This charge, which is net of insurance recoveries of £40m for which the Group has received confirmation of cover from its insurers, represents the Group's best estimate of the probable damages to be awarded.

The Group maintains the view that these damages are a result of design elements of the contract which were performed by subcontractors to the joint operation. The Group, together with its joint operation partner, is pursuing recoveries from these subcontractors, however at this stage, the Group has not recognised any potential recoveries from these parties.

This charge has been recognised in the Construction Services segment and has been included within the Group's non-underlying results due to the size of the provision.

10.3.1 The amortisation of acquired intangible assets gave rise to a tax credit of £1m (2023: £3m credit).

10.3.2 The remaining non-underlying items recognised in the Group's operating profit gave rise to a current tax credit of £25m (2023: £3m), of which £2m credit relates to net provision releases relating to Rail Germany, £11m charge relates to the insurance recovery for rectification works on a development in London, £21m credit relates to the increase in provision for BSA claims and £13m credit relates to the charge recognised in relation to a claim received for a legacy project completed in 2012 in Texas.

11 Income taxes

11.1 Income tax charge/(credit)

	2024			2023
	Underlying items[1] £m	Non-underlying items (Note 10) £m	Total £m	Total £m
Total UK tax	39	(10)	29	35
Total non-UK tax	23	(16)	7	15
Total tax charge/(credit)[x]	62	(26)	36	50
UK current tax				
– current tax	17	(10)	7	4
– adjustments in respect of previous periods	5	–	5	–
	22	(10)	12	4
Non-UK current tax				
– current tax	14	–	14	1
– adjustments in respect of previous periods	2	–	2	(3)
	16	–	16	(2)
Total current tax	38	(10)	28	2
UK deferred tax				
– origination and reversal of temporary differences	22	–	22	30
– UK corporation tax rate change	–	–	–	2
– adjustments in respect of previous periods	(5)	–	(5)	(1)
	17	–	17	31
Non-UK deferred tax				
– origination and reversal of temporary differences	10	(16)	(6)	16
– adjustments in respect of previous periods	(3)	–	(3)	1
	7	(16)	(9)	17
Total deferred tax	24	(16)	8	48
Total tax charge/(credit)[x]	62	(26)	36	50

x Excluding joint ventures and associates.
1 Before non-underlying items (Notes 2.10 and 10).

The Group has recognised a £26m tax credit (2023: £6m) within non-underlying items in the year. Refer to Note 10.3.1 and 10.3.2.

The Group tax charge excludes amounts for joint ventures and associates (refer to Note 20.2), except where tax is levied at the Group level.

In addition to the Group tax charge, tax of £36m has been credited (2023: £43m) directly to Group other comprehensive income, comprising: a tax credit of £26m for subsidiaries (2023: £48m); and a tax credit in respect of joint ventures and associates of £10m (2023: £5m charge). A tax credit of £4m (2023: £nil) has been recognised directly in Group equity relating to share-based payments comprising a current tax credit of £2m (2023: £2m credit) and a deferred tax credit of £2m (2023: £2m charge). Refer to Note 33.1.

11 Income taxes continued

11.2 Income tax charge/(credit) reconciliation

	2024 £m	2023 £m
Profit before taxation including share of results from joint ventures and associates	**214**	244
Less: share of results of joint ventures and associates	**(59)**	(53)
Profit before taxation	**155**	191
Add: non-underlying items charged excluding share of joint ventures and associates	**75**	17
Underlying profit before taxation for subsidiaries[1]	**230**	208
Tax on underlying profit before taxation at standard UK corporation tax rate of 25% (2023: 23.5%)	**58**	49
Adjusted for the effects of:		
Expenses not deductible for tax purposes and other permanent items	**–**	7
Non-taxable disposals	**–**	(6)
Tax levied at Group level on share of joint ventures' and associates' profits[#]	**3**	3
Utilisation of other losses not previously recognised	**(1)**	(1)
Current year losses not recognised	**1**	–
Effect of tax rates in non-UK jurisdictions	**2**	3
Recognition of UK deferred tax at 25%	**–**	2
Adjustments in respect of previous periods	**(1)**	(1)
Total tax charge on underlying profit	**62**	56
Add: tax credit in non-underlying items (Note 10.3)	**(26)**	(6)
Total tax charge on profit from operations	**36**	50

\# These are mainly in connection with US joint ventures and associates where tax is levied at the Group level rather than within the share of joint ventures and associates.

1 Before non-underlying items (Notes 2.10 and 10).

The Organisation for Economic Co-operation and Development's (OECD) released Pillar Two model rules in December 2021 introducing a global minimum tax rate of 15% to address the tax concerns about uneven profit distribution and tax contributions of large multinational corporations.

The Pillar Two top-up tax rules were substantially enacted in the UK in 2023 with application from 1 January 2024. Having carried out a detailed assessment of the Pillar 2 rules and its application, the Group has determined that no top-up is owed for any of its operations globally, as it is subject to taxes exceeding the global minimum in every jurisdiction in which it operates.

The Group has applied the temporary mandatory relief from deferred tax accounting for the impacts of any top-up tax and accounts for it as a current tax when it is incurred.

12 Earnings per share

Earnings

	2024		2023	
	Basic £m	Diluted £m	Basic £m	Diluted £m
Earnings	**178**	**178**	197	197
Amortisation of acquired intangible assets – including tax credit of £1m (2023: £3m credit)	**3**	**3**	2	2
Other non-underlying items – including tax credit of £25m (2023: £3m credit)	**46**	**46**	9	9
Underlying earnings	**227**	**227**	208	208

	2024		2023	
	Basic m	Diluted m	Basic m	Diluted m
Weighted average number of ordinary shares	**521**	**528**	558	566

The basic earnings per ordinary share is calculated by dividing the profit for the year attributable to equity holders by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares and shares held in the Employee Share Ownership Trust.

The diluted earnings per ordinary share uses an adjusted weighted average number of shares and includes shares that are potentially outstanding in relation to the equity-settled share-based payment arrangements detailed in Note 36.

Potential dilutive effect of ordinary shares issuable under equity-settled share-based payment arrangements is 7m (2023: 8m).

Earnings per share

	2024		2023	
	Basic pence	Diluted pence	Basic pence	Diluted pence
Earnings per ordinary share	**34.2**	**33.7**	35.3	34.8
Amortisation of acquired intangible assets after tax	**0.6**	**0.6**	0.4	0.4
Other non-underlying items after tax	**8.8**	**8.7**	1.6	1.6
Underlying earnings per ordinary share	**43.6**	**43.0**	37.3	36.8

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

13 Dividends

	2024		2023	
	Per share Pence	**Amount £m**	Per share Pence	Amount £m
Proposed dividends for the year				
Interim – current year	**3.8**	**19**	3.5	19
Final – current year	**8.7**	**44**&	8.0	43
	12.5	**63**	11.5	62
Recognised dividends for the year				
Final – prior year		**42**		39
Interim – current year		**19**		19
		61		58

& Amount dependent on number of shares on the register on 16 May 2025.

Subject to approval at the Annual General Meeting on 8 May 2025, the final 2024 dividend will be paid on 2 July 2025 to holders on the register on 16 May 2025 by direct credit or, where no mandate has been given, by cheque posted by 2 July 2025. The ordinary shares will be quoted ex-dividend on 15 May 2025. The last date for Dividend Reinvestment Plan (DRIP) elections will be 11 June 2025.

14 Intangible assets – goodwill

	Cost £m	Accumulated impairment losses £m	Carrying amount £m
At 1 January 2023	1,106	(230)	876
Currency translation differences	(37)	6	(31)
At 31 December 2023	1,069	(224)	845
Currency translation differences	**5**	**4**	**9**
At 31 December 2024	**1,074**	**(220)**	**854**

Carrying amounts of goodwill by segment

	2024			2023		
	United Kingdom £m	**United States £m**	**Total £m**	United Kingdom £m	United States £m	Total £m
Construction Services	**260**	**468**	**728**	260	460	720
Support Services	**73**	**–**	**73**	73	–	73
Infrastructure Investments	**–**	**53**	**53**	–	52	52
Group	**333**	**521**	**854**	333	512	845

Carrying amounts of goodwill by cash-generating unit (CGU)

	2024		2023	
	£m	**Pre-tax discount rate %**	£m	Pre-tax discount rate %
UK Regional and Engineering Services	**248**	**10.8%**	248	10.7
Balfour Beatty Construction Group Inc	**445**	**11.2%**	437	11.1
Rail UK	**68**	**11.2%**	68	11.0
Balfour Beatty Investments US	**53**	**11.2%**	52	11.3
Other	**40**	**10.9%**	40	11.0
Group total	**854**		845	

The recoverable amount of goodwill is based on value-in-use, a key input of which is forecast cash flows. The Group's cash flow forecasts are based on the expected future revenues and margins of each CGU, giving consideration to the current level of confirmed and anticipated orders. Cash flow forecasts for the next three years are based on the Group's Three-Year Plan, which covers the period from 2025 to 2027. The cash flow forecasts for each CGU were compiled from each of its constituent business units as part of the Group's annual financial planning process.

The other key inputs in assessing each CGU are its long-term growth rate and discount rate. The discount rates have been calculated using the Weighted Average Cost of Capital (WACC) method, which takes account of the Group's capital structure (financial risk) as well as the nature of each CGU's business (operational risk). Long-term growth rates are assumed to be the estimated future GDP growth rates based on published independent forecasts for the country or countries in which each CGU operates, less 1.0% to reflect current economic uncertainties and their consequent estimated effect on public sector spending on infrastructure.

In the derivation of each CGU's value-in-use, a terminal value is assumed based on a multiple of earnings before interest and tax. The multiple is applied to a terminal cash flow, which is the normalised cash flow in the last year of the forecast period. However, due to the long-term nature and the degree of predictability of some contracts within Balfour Beatty Investments US, the forecast period used in the derivation of this CGU's value-in-use extends beyond the Group's three-year cash flow forecast period in line with the duration of the contracts disclosed in Note 42(e). The EBIT multiple is calculated using the Gordon Growth Model and is a factor of the discount rate and growth rate for each CGU. The nominal terminal value is discounted to present value.

14 Intangible assets – goodwill continued

	2024			2023		
	Inflation rate %	**Real growth rate %**	**Nominal long-term growth rate applied[x] %**	Inflation rate %	Real growth rate %	Nominal long-term growth rate applied[x] %
UK Regional and Engineering Services	**2.4**	**1.2**	**3.6**	2.8	1.1	3.9
Balfour Beatty Construction Group Inc	**2.2**	**1.7**	**3.9**	2.2	1.7	3.9
Rail UK	**2.4**	**1.2**	**3.6**	2.8	1.1	3.9
Balfour Beatty Investments US	**2.2**	**1.7**	**3.9**	2.2	1.7	3.9
Other	**2.3**	**1.5**	**3.8**	2.6	1.3	3.9

x These nominal long-term growth rates are reduced by 1.0% when performing goodwill assessments to reflect current economic uncertainties and their consequent estimated effect on public sector spending on infrastructure.

Sensitivities

The Group's impairment review is sensitive to changes in the key assumptions used. The major assumptions that result in significant sensitivities are the discount rate and the long-term growth rate, and for certain CGUs, changes to underlying cash projections.

A reasonable possible change in key assumptions would not give rise to an impairment in any of the Group's CGUs.

15 Intangible assets – other

	Customer contracts £m	Customer relationships £m	Brand names £m	Infrastructure Investments intangibles £m	Software and other £m	Total £m
Cost or valuation						
At 1 January 2023	244	55	3	237	129	668
Currency translation differences	(14)	(3)	–	–	(1)	(18)
Additions	–	–	–	30	–	30
Fair value movement on loan associated with intangible asset	–	–	–	(19)	–	(19)
At 31 December 2023	230	52	3	248	128	661
Currency translation differences	**4**	**1**	**–**	**–**	**–**	**5**
Reclassified to service concession contract asset (Note 16)	**–**	**–**	**–**	**(11)**	**–**	**(11)**
At 31 December 2024	**234**	**53**	**3**	**237**	**128**	**655**
Accumulated amortisation						
At 1 January 2023	(189)	(48)	(3)	(13)	(123)	(376)
Currency translation differences	11	3	–	–	1	15
Charge for the year	(4)	(1)	–	(5)	(2)	(12)
At 31 December 2023	(182)	(46)	(3)	(18)	(124)	(373)
Currency translation differences	**(3)**	**(1)**	**–**	**–**	**–**	**(4)**
Charge for the year	**(3)**	**(1)**	**–**	**(5)**	**(1)**	**(10)**
At 31 December 2024	**(188)**	**(48)**	**(3)**	**(23)**	**(125)**	**(387)**
Carrying amount						
At 31 December 2024	**46**	**5**	**–**	**214**	**3**	**268**
At 31 December 2023	48	6	–	230	4	288

Intangible assets are amortised on a straight-line basis over their expected useful lives, which are one to four years for customer contracts, three to ten years for customer relationships, three to seven years for software, and up to five years for brand names, except for customer contracts and relationships relating to Balfour Beatty Investments North America which are amortised on a basis matching the returns earned over the life of the underlying contracts and relationships of up to 50 years.

The Infrastructure Investments intangible assets are amortised on a straight-line basis over the life of the projects, which is 50 years.

Other intangible assets are amortised over periods up to 10 years.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

16 Service concession contract asset

	Total cost £m
Reclassified from intangible assets – other (Note 15)	11
Additions	56
Reclassify arrangement fee to borrowings (Note 34.3)	(3)
Amortisation of fair value adjustment on service concession loan (Note 34.3)	5
At 31 December 2024	**69**

Service concession contract asset of £69m relates to University of Sussex's West Slope student accommodation project which features demand risk under IFRIC 12 Service Concession Arrangements. This has been classified as a service concession contract asset whilst the asset is in the construction phase. Construction of the student accommodation commenced in December 2023 and is anticipated to complete in 2028. In the year, construction spend was £56m (2023: £30m).

In 2023, a fair value movement of £19m was recognised against the value of the asset, which will unwind over the course of the construction phase. The unwind in 2024 amounted to £5m.

This service concession asset was previously presented within Intangible assets – Other in 2023 and has not been re-presented in the comparative period as the Directors do not consider this to be material.

17 Property, plant and equipment

	Land and buildings £m	Plant and equipment £m	Assets in the course of construction £m	Total £m
Cost or valuation				
At 1 January 2023	57	277	1	335
Currency translation differences	(1)	(5)	–	(6)
Transfers	–	1	(1)	–
Additions	4	48	14	66
Reclassified from right-of-use assets (Note 18)	4	–	–	4
Removal of fully depreciated assets/assets scrapped	(3)	(5)	–	(8)
Disposals	–	(15)	–	(15)
At 31 December 2023	61	301	14	376
Currency translation differences	**1**	**1**	**–**	**2**
Transfers	**–**	**4**	**(4)**	**–**
Additions	**2**	**19**	**7**	**28**
Removal of fully depreciated assets/assets scrapped	**(1)**	**(5)**	**–**	**(6)**
Disposals	**–**	**(16)**	**–**	**(16)**
At 31 December 2024	**63**	**304**	**17**	**384**
Accumulated depreciation				
At 1 January 2023	(43)	(188)	–	(231)
Currency translation differences	1	3	–	4
Charge for the year	(4)	(24)	–	(28)
Removal of fully depreciated assets/assets scrapped	3	5	–	8
Reclassified from right-of-use assets (Note 18)	(1)	–	–	(1)
Disposals	–	13	–	13
At 31 December 2023	(44)	(191)	–	(235)
Currency translation differences	**–**	**(1)**	**–**	**(1)**
Charge for the year	**(4)**	**(27)**	**–**	**(31)**
Removal of fully depreciated assets/assets scrapped	**1**	**5**	**–**	**6**
Disposals	**–**	**13**	**–**	**13**
At 31 December 2024	**(47)**	**(201)**	**–**	**(248)**
Carrying amount				
At 31 December 2024	**16**	**103**	**17**	**136**
At 31 December 2023	17	110	14	141

Except for land and assets in the course of construction, the costs of property, plant and equipment are depreciated on a straight-line basis over their expected useful lives. Buildings are depreciated at 2.5% per annum and plant and equipment is depreciated at 4% to 33% per annum.

18 Right-of-use assets

	Land and buildings £m	Plant and equipment £m	Motor vehicles £m	Total £m
Cost or valuation				
At 1 January 2023	95	46	106	247
Currency translation differences	(3)	(1)	–	(4)
Additions	11	16	47	74
Removal of fully depreciated assets/assets scrapped	(6)	(4)	(14)	(24)
Reclassified to property, plant and equipment (Note 17)	(4)	–	–	(4)
Lease modification	–	–	(1)	(1)
Disposals	(4)	(2)	(10)	(16)
At 31 December 2023	89	55	128	272
Currency translation differences	**1**	**–**	**–**	**1**
Additions	**15**	**19**	**47**	**81**
Removal of fully depreciated assets/assets scrapped	**(11)**	**(7)**	**(12)**	**(30)**
Transfers	**–**	**15**	**(15)**	**–**
Disposals	**(2)**	**(2)**	**(12)**	**(16)**
At 31 December 2024	**92**	**80**	**136**	**308**
Accumulated depreciation				
At 1 January 2023	(40)	(20)	(60)	(120)
Currency translation differences	1	1	–	2
Charge for the year	(18)	(11)	(28)	(57)
Removal of fully depreciated assets/assets scrapped	6	4	14	24
Reclassified to property, plant and equipment (Note 17)	1	–	–	1
Disposals	4	1	8	13
At 31 December 2023	(46)	(25)	(66)	(137)
Charge for the year	**(15)**	**(13)**	**(32)**	**(60)**
Removal of fully depreciated assets/assets scrapped	**11**	**7**	**12**	**30**
Transfers	**–**	**(10)**	**10**	**–**
Disposals	**1**	**1**	**10**	**12**
At 31 December 2024	**(49)**	**(40)**	**(66)**	**(155)**
Carrying amount				
At 31 December 2024	**43**	**40**	**70**	**153**
At 31 December 2023	43	30	62	135

19 Investment properties

	Cost £m	Accumulated depreciation £m	Carrying amount £m
At 1 January 2023	35	(8)	27
Currency translation differences	(1)	–	(1)
Additions	42	–	42
Depreciation charge for the year	–	(2)	(2)
At 31 December 2023	76	(10)	66
Additions	**36**	**–**	**36**
Depreciation charge for the year	**–**	**(1)**	**(1)**
At 31 December 2024	**112**	**(11)**	**101**

Investment properties are held by the Group to generate rental income and capital appreciation. The Group has chosen to account for its investment property assets under the cost method. In 2024, the Group acquired a new student accommodation property in Denton, Texas, for £36m. The Group has non-recourse project-specific financing amounting to £73m (2023: £48m), which is secured through floating charges over the properties.

Once a property is ready for use, the Group ceases capitalisation of interest cost and commences depreciation on the property, on a straight-line basis over 25 years. The Group generated £10m (2023: £7m) of rental income from its investment properties.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

20 Investments in joint ventures and associates

20.1 Movements

	Net assets+ £m	Loans^ £m	Total £m
At 1 January 2023	320	106	426
Currency translation differences	(16)	–	(16)
Income recognised	53	–	53
Fair value revaluation of PPP financial assets (Note 33.1)	20	–	20
Fair value revaluation of cash flow hedges (Note 33.1)	2	–	2
Actuarial movements on retirement benefit assets/liabilities (Note 33.1)	(1)	–	(1)
Tax on items taken directly to other comprehensive income (Note 33.1)	(5)	–	(5)
Dividends	(60)	–	(60)
Additions	14	–	14
Disposal of Gloucester Waste (Note 35.3)	(7)	(24)	(31)
Return of equity	(4)	–	(4)
Impairment of loans to joint ventures and associates (Note 9)	–	(9)	(9)
At 31 December 2023	316	73	389
Currency translation differences	**4**	**–**	**4**
Income recognised	**59**	**–**	**59**
Fair value revaluation of PPP financial assets (Note 33.1)	**(48)**	**–**	**(48)**
Fair value revaluation of cash flow hedges (Note 33.1)	**10**	**–**	**10**
Tax on items taken directly to other comprehensive income (Note 33.1)	**10**	**–**	**10**
Dividends	**(71)**	**–**	**(71)**
Additions	**15**	**–**	**15**
Acquisition of DTO (Note 35.1)	**6**	**–**	**6**
Transfer movement in negative investment in joint venture to provisions (Note 27)	**(3)**	**–**	**(3)**
Loans repaid	**–**	**(1)**	**(1)**
Net impairment reversal of loans to joint ventures and associates (Note 8)	**–**	**15**	**15**
At 31 December 2024	**298**	**87**	**385**

\+ Includes goodwill and intangible assets arising on acquisition of the Group's interests in investments in joint ventures and associates.
^ Loans include subordinated debt receivable from joint ventures and associates within the Infrastructure Investments segment.

The principal joint ventures and associates are shown in Note 42.

The amount of the Group's share of borrowings of joint ventures and associates which was supported by the Group and the Company was £nil (2023: £nil).

The non-recourse borrowings of joint venture and associate entities relating to infrastructure concessions projects are repayable over periods extending up to 2057. The non-recourse borrowings arise under facilities taken out by project-specific joint venture and associate concession companies. The borrowings of each concession company are secured by a combination of fixed and floating charges over that concession company's interests in its project's assets and revenues and the shares in the concession company held by its immediate parent company. A significant part of these loans has been swapped into fixed rate debt by the use of interest rate swaps.

As disclosed in Note 42(f), the Group has committed to provide its share of further equity funding of joint ventures and associates in Infrastructure Investments' projects and military housing concessions. Further, in respect of a number of these investments the Group has committed not to dispose of its equity interest until construction is complete. As is customary in such projects, banking covenants restrict the payment of dividends and other distributions.

20 Investments in joint ventures and associates continued

20.2 Share of results and net assets of joint ventures and associates

	2024						2023					
			Infrastructure Investments						Infrastructure Investments			
Income statement	Construction Services £m	Support Services £m	UK^ £m	North America £m	Total £m	Total £m	Construction Services £m	Support Services £m	UK^ £m	North America £m	Total £m	Total £m
Revenue	**1,569**	**–**	**104**	**108**	**212**	**1,781**	1,386	–	103	113	216	1,602
Operating profit excluding gain on disposals of interests in investments	**40**	**–**	**33**	**17**	**50**	**90**	33	–	2	21	23	56
Gain on disposals of interests in investments	**–**	**–**	**–**	**–**	**–**	**–**	–	–	–	2	2	2
Operating profit	**40**	**–**	**33**	**17**	**50**	**90**	33	–	2	23	25	58
Investment income	**9**	**–**	**66**	**15**	**81**	**90**	10	–	74	16	90	100
Finance costs	**(1)**	**–**	**(61)**	**(23)**	**(84)**	**(85)**	(1)	–	(73)	(25)	(98)	(99)
Profit before taxation	**48**	**–**	**38**	**9**	**47**	**95**	42	–	3	14	17	59
Taxation	**(7)**	**–**	**(11)**	**–**	**(11)**	**(18)**	(6)	–	–	–	–	(6)
Profit after taxation from joint ventures and associates	**41**	**–**	**27**	**9**	**36**	**77**	36	–	3	14	17	53
Adjustment for expected credit losses at Group level	**–**	**–**	**(18)**	**–**	**(18)**	**(18)**	–	–	–	–	–	–
Profit after taxation	**41**	**–**	**9**	**9**	**18**	**59**	36	–	3	14	17	53

^ Including Ireland.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

20 Investments in joint ventures and associates continued

20.2 Share of results and net assets of joint ventures and associates continued

	2024						2023					
			Infrastructure Investments						Infrastructure Investments			
Balance sheet	**Construction Services £m**	**Support Services £m**	**UK^ £m**	**North America £m**	**Total £m**	**Total £m**	Construction Services £m	Support Services £m	UK^ £m	North America £m	Total £m	Total £m
Non-current assets												
Intangible assets												
– Infrastructure Investments	**–**	**–**	**13**	**–**	**13**	**13**	–	–	14	–	14	14
– other	**9**	**–**	**11**	**1**	**12**	**21**	–	–	12	–	12	12
Property, plant and equipment	**24**	**–**	**–**	**39**	**39**	**63**	21	–	–	–	–	21
Investment properties	**–**	**–**	**–**	**173**	**173**	**173**	–	–	–	232	232	232
Investments in joint ventures and associates	**4**	**1**	**–**	**–**	**–**	**5**	7	–	–	–	–	7
Money market funds	**–**	**–**	**–**	**1**	**1**	**1**	–	–	–	44	44	44
PPP financial assets	**–**	**–**	**833**	**266**	**1,099**	**1,099**	–	–	905	244	1,149	1,149
Military housing projects	**–**	**–**	**–**	**116**	**116**	**116**	–	–	–	113	113	113
Other non-current assets	**115**	**–**	**23**	**8**	**31**	**146**	107	–	24	13	37	144
Current assets												
Cash and cash equivalents	**334**	**–**	**158**	**24**	**182**	**516**	340	–	146	20	166	506
Other current assets	**395**	**–**	**87**	**2**	**89**	**484**	310	3	55	5	60	373
Total assets	**881**	**1**	**1,125**	**630**	**1,755**	**2,637**	785	3	1,156	671	1,827	2,615
Current liabilities												
Borrowings – non-recourse	**–**	**–**	**(35)**	**–**	**(35)**	**(35)**	–	–	(36)	–	(36)	(36)
Other current liabilities	**(607)**	**(1)**	**(172)**	**(5)**	**(177)**	**(785)**	(549)	(3)	(158)	(30)	(188)	(740)
Non-current liabilities												
Borrowings – non-recourse	**(104)**	**–**	**(750)**	**(438)**	**(1,188)**	**(1,292)**	(94)	–	(767)	(461)	(1,228)	(1,322)
Other non-current liabilities	**(116)**	**–**	**(149)**	**–**	**(149)**	**(265)**	(90)	–	(147)	(5)	(152)	(242)
Total liabilities	**(827)**	**(1)**	**(1,106)**	**(443)**	**(1,549)**	**(2,377)**	(733)	(3)	(1,108)	(496)	(1,604)	(2,340)
Net assets	**54**	**–**	**19**	**187**	**206**	**260**	52	–	48	175	223	275
Goodwill	**32**	**–**	**–**	**–**	**–**	**32**	31	–	–	–	–	31
Reclassify negative investment to provisions	**7**	**–**	**–**	**–**	**–**	**7**	10	–	–	–	–	10
Loans to joint ventures and associates	**–**	**–**	**86**	**–**	**86**	**86**	–	–	73	–	73	73
Total investment in joint ventures and associates	**93**	**–**	**105**	**187**	**292**	**385**	93	–	121	175	296	389

^ Including Ireland.

The Group's investment in military housing joint ventures' and associates' projects is recognised at its remaining equity investment plus the value of the Group's accrued returns from the underlying projects. The military housing joint ventures and associates have total non-recourse net borrowings of £2,053m (2023: £2,090m). Note 42(e) details the Group's military housing projects.

20 Investments in joint ventures and associates continued

20.2 Share of results and net assets of joint ventures and associates continued

On certain Infrastructure Investments concessions where net fair value revaluations of PPP financial assets and cash flow hedges resulted in the Group's carrying value of these investments being negative, the Group has not recognised losses beyond the carrying value of its investments. This is because the Group has not committed to provide any further funding to these investments and the borrowings within these concessions are non-recourse to the Group. At 31 December 2024, the unrecognised cumulative net fair value charges to other comprehensive income amounted to £56m (2023: £66m).

20.3 Aggregate information of joint ventures and associates

	2024			2023		
	Joint ventures £m	**Associates £m**	**Total £m**	Joint ventures £m	Associates £m	Total £m
The Group's share of profit from operations	**47**	**12**	**59**	42	11	53
The Group's share of other comprehensive income	**(25)**	**–**	**(25)**	2	(2)	–
Aggregate carrying amount of the Group's interest	**269**	**116**	**385**	276	113	389

20.4 Details of material joint ventures

	Gammon China Ltd		Connect Plus (M25) Ltd	
	2024 £m	2023 £m	**2024 £m**	2023 £m
Proportion of the Group's ownership interest in the joint venture	**50%**	50%	**15%**	15%
Income statement				
Revenue	**3,099**	2,715	**223**	231
Underlying operating profit^	**74**	65	**20**	20
Investment income	**19**	21	**149**	146
Finance costs	**(2)**	(3)	**(99)**	(101)
Income tax charge	**(13)**	(12)	**(18)**	(15)
Profit	**78**	71	**52**	50
Total other comprehensive(loss)/income	**(2)**	–	**(58)**	18
Total comprehensive income/(loss) (100%)	**76**	71	**(6)**	68
Group's share of total comprehensive income/(loss)	**38**	36	**(1)**	10
Dividends received by the Group during the year	**39**	36	**5**	5

	Gammon China Ltd		Connect Plus (M25) Ltd	
Balance sheet	**2024 £m**	2023 £m	**2024 £m**	2023 £m
Non-current assets	**289**	270	**1,556**	1,682
Current assets				
Cash and cash equivalents	**632**	654	**128**	123
Other current assets	**775**	613	**78**	74
	1,407	1,267	**206**	197
Current liabilities				
Trade and other payables	**(1,010)**	(897)	**(59)**	(64)
Provisions	**(45)**	(49)	**–**	–
Borrowings – non-recourse	**–**	–	**(19)**	(19)
Other current liabilities	**(79)**	(101)	**(14)**	(10)
	(1,134)	(1,047)	**(92)**	(93)
Non-current liabilities				
Trade and other payables	**(172)**	(126)	**–**	–
Provisions	**(39)**	(33)	**–**	–
Borrowings – non-recourse	**(209)**	(189)	**(1,097)**	(1,137)
Other non-current liabilities (including shareholder loans)	**(21)**	(20)	**(382)**	(419)
	(441)	(368)	**(1,479)**	(1,556)
Net assets (100%)	**121**	122	**191**	230
Reconciliation of the above summarised financial information to the carrying amount of the interest in the above joint ventures recognised in the consolidated financial statements:				
Net assets of joint venture (100%)	**121**	122	**191**	230
Group's share of net assets	**61**	61	**29**	35
Add: Group's interest in shareholder loans	**–**	–	**26**	26
Goodwill	**32**	31	**–**	–
Carrying amount of the Group's interest in the joint venture	**93**	92	**55**	61

^ Includes depreciation charge of £14m (2023: £18m) and amortisation charge of £12m (2023: £12m) for Gammon China Ltd. There were no depreciation or amortisation charges for Connect Plus (M25) Ltd (2023: £nil).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

20 Investments in joint ventures and associates continued

20.5 Cash flow from/(to) joint ventures and associates

	Infrastructure Investments				Infrastructure Investments			
Cash flows from investing activities	UK^ 2024 £m	North America 2024 £m	Other 2024 £m	Total 2024 £m	UK^ 2023 £m	North America 2023 £m	Other 2023 £m	Total 2023 £m
Dividends from joint ventures and associates	**10**	**16**	**45**	**71**	9	15+	36	60
Subordinated debt interest received	**7**	**–**	**–**	**7**	7	–	–	7
Investments in and loans to joint ventures and associates	**(1)**	**(13)**	**(6)**	**(20)**	(9)	(5)	–	(14)
Equity	**(2)**	**(13)**	**–**	**(15)**	(9)	(5)	–	(14)
Acquisition of DTO (Note 35.1)	**–**	**–**	**(6)**	**(6)**	–	–	–	–
Subordinated debt repaid	**1**	**–**	**–**	**1**	–	–	–	–
Return of equity from joint ventures and associates	**–**	**–**	**–**	**–**	–	4+	–	4
Net cash flow from joint ventures and associates	**16**	**3**	**39**	**58**	7	14	36	57

^ Including Ireland.
+ In 2023, dividends and return of equity from joint ventures and associates included £1m and £4m respectively of proceeds generated from the disposal of Moretti Apartments.

20.6 Share of reserves of joint ventures and associates

	Accumulated profit/(loss) £m	Hedging reserve £m	PPP financial assets £m	Currency translation reserve £m	Total (Note 33.1) £m
At 1 January 2023	(34)	(30)	(14)	58	(20)
Currency translation differences	–	–	–	(13)	(13)
Income recognised	53	–	–	–	53
Fair value revaluation of PPP financial assets	–	–	20	–	20
Fair value revaluation of cash flow hedges	–	2	–	–	2
Actuarial movements on retirement benefit assets/liabilities	(1)	–	–	–	(1)
Tax on items taken directly to other comprehensive income	–	(1)	(4)	–	(5)
Dividends	(60)	–	–	–	(60)
Recycling of revaluation reserves to the income statement on disposal	–	(9)	6	–	(3)
At 31 December 2023	(42)	(38)	8	45	(27)
Currency translation differences	**–**	**–**	**–**	**3**	**3**
Income recognised	**59**	**–**	**–**	**–**	**59**
Fair value revaluation of PPP financial assets	**–**	**–**	**(48)**	**–**	**(48)**
Fair value revaluation of cash flow hedges	**–**	**10**	**–**	**–**	**10**
Tax on items taken directly to other comprehensive income	**–**	**(2)**	**12**	**–**	**10**
Dividends	**(71)**	**–**	**–**	**–**	**(71)**
At 31 December 2024	**(54)**	**(30)**	**(28)**	**48**	**(64)**

21 Investments

21.1 Group

	Corporate bonds £m	Investments in mutual funds £m	Other £m	Total £m
At 1 January 2023	2	20	18	40
Additions	–	–	2	2
Fair value gains/(losses)	–	1	(1)	–
Maturities	(2)	–	(7)	(9)
Interest accrued	–	1	–	1
Benefits paid	–	(3)	–	(3)
Dividends	–	–	(3)	(3)
At 31 December 2023	–	19	9	28
Currency translation differences	**–**	**1**	**–**	**1**
Fair value gains/(losses)	**–**	**2**	**(2)**	**–**
Interest accrued	**–**	**1**	**–**	**1**
Disposals	**–**	**–**	**(2)**	**(2)**
Benefits paid	**–**	**(3)**	**–**	**(3)**
Dividends	**–**	**–**	**(1)**	**(1)**
At 31 December 2024	**–**	**20**	**4**	**24**

The investments in mutual funds comprise holdings in a number of funds, based on employees' investment elections, in respect of the deferred compensation obligations of the Group as disclosed in Note 31.2. The fair value of these investments is £19m (2023: £19m), determined by the market price of the funds at the reporting date.

Other investments relate to the Group's interest in two Limited Partnerships (LPs) incorporated in Bermuda. The principal activity of the two LPs is to receive carried interest from a fund. Carry interest refers to a performance fee payable once the performance of the fund exceeds agreed hurdles. During the year, the Group recognised £2m fair value loss in relation to its carry interest (2023: £1m). The fund matured in January 2025, with one remaining asset to be disposed. All gains will be realised by the final maturity date. Dividends of £1m were received from the fund in the year (2023: £3m).

21.2 Company

	2024 £m	2023 £m
Investment in subsidiaries	**1,779**	1,771
Provisions	**(26)**	(26)
	1,753	1,745

The increase of investment in subsidiaries of £8m (2023: £12m) relates to new capital injected into the Company's existing subsidiaries. Including provisions recognised to date, the Directors have assessed the Company's investment in subsidiaries to be fully recoverable.

22 PPP financial assets

	Economic infrastructure £m	Social infrastructure £m	Total £m
At 1 January 2023	21	5	26
Income recognised in the income statement:			
– interest income (Note 8)	2	–	2
Other movements:			
– cash expenditure	2	–	2
– cash received	(6)	–	(6)
At 31 December 2023	19	5	24
Income recognised in the income statement:			
– interest income (Note 8)	**2**	**–**	**2**
Losses recognised in the statement of comprehensive income:			
– fair value movements	**(1)**	**(1)**	**(2)**
Other movements:			
– cash expenditure	**3**	**2**	**5**
– cash received	**(6)**	**(2)**	**(8)**
At 31 December 2024	**17**	**4**	**21**

Assets constructed by PPP subsidiary concession companies are classified as financial assets measured at fair value through OCI and are denominated in sterling. The maximum exposure to credit risk at the reporting date is the fair value of the PPP financial assets.

There were no impairment provisions in 2024 or 2023.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

23 Inventories

	2024 £m	2023 £m
Raw materials and consumables	**95**	69
Development and housing land and work in progress	**63**	54
Finished goods and goods for resale	**–**	1
	158	124

24 Contract balances

The timing of revenue recognition, billings and cash collection results in trade receivables (billed amounts), contract assets (unbilled amounts) and customer advances and deposits (contract liabilities) on the Group's balance sheet. For services in which revenue is earned over time, amounts are billed in accordance with contractual terms, either at periodic intervals or upon achievement of contractual milestones. The timing of revenue recognition is measured in accordance with the progress of delivery on a contract which could either be in advance or in arrears of billing, resulting in either a contract asset or a contract liability.

24.1 Contract assets

	£m
At 1 January 2023	300
Currency translation differences	(4)
Transfers from contract assets recognised at the beginning of the year to receivables	(241)
Increase related to services provided in the year	265
Reclassified from contract liabilities (Note 24.2)	(11)
Impairments on contract assets recognised at the beginning of the year	(9)
At 31 December 2023	300
Currency translation differences	**3**
Transfers from contract assets recognised at the beginning of the year to receivables	**(220)**
Increase related to services provided in the year	**168**
Reclassified from contract liabilities (Note 24.2)	**(16)**
Impairments on contract assets recognised at the beginning of the year	**(6)**
At 31 December 2024	**229**

24.2 Contract liabilities

	£m
At 1 January 2023	(665)
Currency translation differences	19
Revenue recognised against contract liabilities at the beginning of the year	561
Increase due to cash received, excluding amounts recognised as revenue during the year	(528)
Reclassified to contract assets (Note 24.1)	11
At 31 December 2023	(602)
Currency translation differences	**(6)**
Revenue recognised against contract liabilities at the beginning of the year	**537**
Increase due to cash received, excluding amounts recognised as revenue during the year	**(644)**
Reclassified to contract assets (Note 24.1)	**16**
At 31 December 2024	**(699)**

The amount of revenue recognised in the year from performance obligations satisfied (or partially satisfied) in previous periods amounted to £2m (2023: £4m).

25 Trade and other receivables

	Group 2024 £m	Group 2023 £m	Company 2024 £m	Company 2023 £m
Current				
Trade receivables	**616**	484	**–**	–
Less: provision for impairment of trade receivables	**(2)**	(8)	**–**	–
	614	476	**–**	–
Due from joint ventures and associates	**16**	16	**–**	–
Due from joint operation partners	**5**	4	**–**	–
Contract fulfilment assets	**17**	19	**–**	–
Contract retentions receivable	**242**	227	**–**	–
Accrued income	**12**	13	**–**	–
Prepayments	**65**	57	**–**	–
Other receivables+	**128**	82	**1**	1
	1,099	894	**1**	1
Non-current				
Due from subsidiaries	**–**	–	**367**	279
Due from joint ventures and associates	**123**	111	**1**	1
Contract fulfilment assets	**34**	40	**–**	–
Contract retentions receivable	**102**	150	**–**	–
Other receivables+	**67**	7	**2**	3
	326	308	**370**	283
Total trade and other receivables	**1,425**	1,202	**371**	284
Comprising				
Financial assets (Note 41)	**1,360**	1,145	**371**	284
Non-financial assets – prepayments	**65**	57	**–**	–
	1,425	1,202	**371**	284

\+ Includes insurance recoveries recognised in relation to rectification works on a development in London (Note 10.2.2) and in relation to a claim received for a legacy project completed in 2012 in Texas (Note 10.2.4).

Based on prior experience, an assessment of the current economic environment and a review of the financial circumstances of individual customers, the Directors believe no further credit risk provision is required in respect of the financial assets above.

The Directors consider that the carrying values of current and non-current trade and other receivables approximate their fair values.

Amounts due from subsidiaries of the Company are repayable on demand and have been adjusted for expected credit losses, which are not material.

Maturity profile of impaired trade receivables and trade receivables past due but not impaired

	Impaired		Past due but not impaired	
	Group 2024 £m	Group 2023 £m	Group 2024 £m	Group 2023 £m
Up to three months	**–**	4	**36**	26
Three to six months	**–**	–	**7**	7
Six to nine months	**–**	1	**4**	6
Nine to 12 months	**–**	1	**1**	5
More than 12 months	**2**	2	**28**	10
	2	8	**76**	54

At 31 December 2024, trade receivables of £76m (2023: £54m) were past due but not impaired. These relate to a number of individual customers where there is no reason to believe that the receivable is not recoverable.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

26 Trade and other payables

	Group 2024 £m	Group 2023 £m	Company 2024 £m	Company 2023 £m
Current				
Trade and other payables	**625**	602	**–**	–
Accruals	**813**	788	**3**	3
Contract retentions payable	**230**	213	**–**	–
VAT, payroll taxes and social security	**108**	131	**–**	–
Due to joint ventures and associates	**2**	–	**–**	–
Due to subsidiaries	**–**	–	**655**	588
	1,778	1,734	**658**	591
Non-current				
Accruals	**10**	9	**–**	–
Contract retentions payable	**75**	104	**–**	–
Due to joint ventures and associates	**3**	9	**–**	3
Borrowings from subsidiaries	**–**	–	**274**	271
	88	122	**274**	274
Total trade and other payables	**1,866**	1,856	**932**	865
Comprising				
Financial liabilities (Note 41)	**1,734**	1,708	**932**	865
Non-financial liabilities:				
– accruals not at amortised cost	**24**	17	**–**	–
– VAT, payroll taxes and social security	**108**	131	**–**	–
	1,866	1,856	**932**	865

Borrowings from subsidiaries include a loan to the Company from Balfour Beatty Overseas Investments Limited. The loan matures in December 2033 and bears interest at 1.35% plus SONIA. Amounts due to the Company's subsidiaries are repayable on demand.

Maturity profile of the Group's non-current financial liabilities at 31 December

	2024				2023			
	Accruals £m	Contract retentions payable £m	Due to joint ventures and associates £m	Total £m	Accruals £m	Contract retentions payable £m	Due to joint ventures and associates £m	Total £m
Due within one to two years	**5**	**39**	**1**	**45**	5	81	3	89
Due within two to five years	**5**	**36**	**1**	**42**	4	23	1	28
Due after more than five years	**–**	**–**	**1**	**1**	–	–	5	5
	10	**75**	**3**	**88**	9	104	9	122

The Directors consider that the carrying values of current and non-current trade and other payables and contract retentions payable approximate their fair values. The fair value of non-current trade and other payables and contract retentions payable has been determined by discounting future cash flows using yield curves and exchange rates prevailing at the reporting date.

27 Provisions

	Contract provisions £m	Employee provisions £m	Other provisions £m	Total £m
At 1 January 2023	335	33	33	401
Currency translation differences	(3)	–	(1)	(4)
Charged/(credited) to the income statement:				
– additional provisions	170	9	4	183
– unused amounts reversed	(59)	(2)	–	(61)
Utilised during the year	(91)	(7)	(4)	(102)
At 31 December 2023	352	33	32	417
Currency translation differences	**1**	**–**	**–**	**1**
Reclassified to accruals	**1**	**–**	**1**	**2**
Transfers	**(10)**	**–**	**10**	**–**
Charged/(credited) to the income statement:				
– additional provisions	**365**	**9**	**13**	**387**
– unused amounts reversed	**(54)**	**(3)**	**(7)**	**(64)**
Utilised during the year	**(113)**	**(7)**	**(3)**	**(123)**
Transfer movement in negative investment in joint venture to provisions (Note 20.1)	**–**	**–**	**(3)**	**(3)**
At 31 December 2024	**542**	**32**	**43**	**617**

	2024				2023			
	Contract provisions £m	**Employee provisions £m**	**Other provisions £m**	**Total £m**	Contract provisions £m	Employee provisions £m	Other provisions £m	Total £m
Due within one year	**214**	**7**	**18**	**239**	190	8	18	216
Due within one to two years	**196**	**6**	**5**	**207**	97	4	7	108
Due within two to five years	**105**	**6**	**12**	**123**	49	10	4	63
Due after more than five years	**27**	**13**	**8**	**48**	16	11	3	30
	542	**32**	**43**	**617**	352	33	32	417

Contract provisions include construction insurance liabilities, principally in the Group's self-insurance arrangements, which cover claims relating to contractors all risk, public liability and professional indemnity. Contract provisions also include loss provisions, and defect and warranty provisions on contracts, primarily construction contracts, that have reached practical completion. There is a latent defect period for which the provision is held, but where there are known identified issues then the provision may be required to cover rectification work over a more extended period. Contract provisions also include provisions made for Building Safety Act claims received (refer to Note 10.2.3) and the provision in relation to the claim relating to a legacy project completed in 2012 in Texas (refer to Note 10.2.4). These provisions are also subject to significant estimation uncertainties with regards to quantum and timing (refer to Note 2.28(d)).

Employee provisions are principally liabilities relating to employers' liability insurance retained in the Group's self-insurance arrangements.

Other provisions principally comprise: motor and other insurance liabilities in the Group's self-insurance arrangements; legal claims and costs, where provision is made for the Directors' best estimate of known legal claims, investigations and legal actions in progress; and environmental provisions.

The Group takes actuarial advice when establishing the level of provisions in the Group's self-insurance arrangements and certain other categories of provision. Insurance-related provisions within these categories were £71m (2023: £70m) as follows: Contract provisions £50m (2023: £49m); Employee provisions £15m (2023: £16m); and Other, mainly motor, provisions £6m (2023: £5m).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

28 Cash and cash equivalents and borrowings

28.1 Group

	2024 Current £m	2024 Non-current £m	2024 Total £m	2023 Current £m	2023 Non-current £m	2023 Total £m
Unsecured borrowings at amortised cost						
– bank overdrafts	**(185)**	**–**	**(185)**	(104)	–	(104)
– US private placement (Note 28.2)	**–**	**(165)**	**(165)**	–	(162)	(162)
	(185)	**(165)**	**(350)**	(104)	(162)	(266)
Cash and deposits at amortised cost	**1,084**	**–**	**1,084**	890	–	890
Term deposits at amortised cost	**209**	**–**	**209**	218	–	218
Cash and cash equivalents (excluding infrastructure concessions)	**1,293**	**–**	**1,293**	1,108	–	1,108
	1,108	**(165)**	**943**	1,004	(162)	842
Non-recourse infrastructure concessions project finance loans at amortised cost with final maturity between 2025 and 2072	**(11)**	**(589)**	**(600)**	(9)	(561)	(570)
Infrastructure concessions cash and cash equivalents	**265**	**–**	**265**	306	–	306
	254	**(589)**	**(335)**	297	(561)	(264)
Net cash/(borrowings)	**1,362**	**(754)**	**608**	1,301	(723)	578

The Company, together with certain of its UK and US subsidiaries, operates notional pooling facilities with main relationship UK and US clearing banks where overdraft balances are offset with cash balances and interest is calculated on a net basis. During the year ended 31 December 2024, the Group maintained a net cash position on these pooling facilities, so there was no interest payable to the bank in respect of these bank overdrafts. Overdraft balances and cash held at these banks have been reported gross in the Group balance sheet at 31 December 2024 as there was no legal right of offset and no intention to settle the bank overdrafts at that date.

The loans relating to project finance arise under non-recourse facilities taken out by project-specific subsidiary companies. The loans of each company are secured by a combination of fixed and floating charges over that company's interests in its project's assets and revenues and the shares in the company held by its immediate parent company.

Term deposits are held on a short-term basis and are readily accessible to the Group at any time with insignificant break costs.

Included in cash and cash equivalents is restricted cash of £16m (2023: £12m) held by the Group's self-insurance company, Delphian Insurance Company Ltd, which is subject to Isle of Man insurance solvency regulations.

Cash and cash equivalents also include: £158m (2023: £77m) within construction project bank accounts which is used for project-specific expenditure; £382m (2023: £369m) in relation to the Group's share of cash held by joint operations which is used for expenditure within the joint operation projects; and £265m (2023: £306m) relating to maintenance and other reserve accounts in Infrastructure Investments subsidiaries, of which £234m (2023: £277m) is reserved for the construction of University of Sussex's West Slope student accommodation project.

Maturity profile of the Group's borrowings at 31 December

	2024 Non-recourse project finance £m	2024 Other borrowings £m	2024 Total £m	2023 Non-recourse project finance £m	2023 Other borrowings £m	2023 Total £m
Due on demand or within one year	**(11)**	**(185)**	**(196)**	(9)	(104)	(113)
Due within one to two years	**(56)**	**–**	**(56)**	(10)	(39)	(49)
Due within two to five years	**(166)**	**(91)**	**(257)**	(181)	(27)	(208)
Due after more than five years	**(367)**	**(74)**	**(441)**	(370)	(96)	(466)
	(600)	**(350)**	**(950)**	(570)	(266)	(836)

28 Cash and cash equivalents and borrowings continued

28.1 Group continued

The carrying values of the Group's borrowings are equal to the fair values at the reporting date. The fair values are determined by discounting future cash flows using yield curves and exchange rates prevailing at the reporting date.

Undrawn Group committed borrowing facilities at 31 December in respect of which all conditions precedent were satisfied

	2024			2023		
	Non-recourse project finance £m	Other borrowings £m	Total £m	Non-recourse project finance £m	Other borrowings £m	Total £m
Expiring in one year or less	–	–	–	–	30	30
Expiring in more than one year but not more than two years	–	–	–	–	–	–
Expiring in more than two years	–	480	480	–	475	475
	–	480	480	–	505	505

In June 2024, the Group extended its core Revolving Credit Facility (RCF) by one year, to June 2028, with the support of the lending bank group. The facility was reduced from £475m to £450m in the extension process. The RCF remains a Sustainability Linked Loan (SLL) and, subsequent to the extension in July 2024, revised SLL metrics and targets were agreed with the lending bank group. The Group continues to be incentivised to deliver annual measurable performance improvement in three key areas: carbon emissions, social value generation and an independent Environment, Social and Governance (ESG) rating score.

The Group retains an additional £30m bilateral committed facility that has materially the same terms and conditions as the RCF. The facility is also a SLL, including metrics that mirror the RCF. In the second half of the year, the Group triggered its extension option in respect of the bilateral facility, to extend the maturity to December 2027.

The RCF and the £30m bilateral committed facility were both undrawn at 31 December 2024.

28.2 US private placement

In June 2022, the Group raised US$158m (£130m) of debt in the form of new US private placement (USPP) notes on terms and conditions materially the same as the existing USPP notes. This debt comprises US$35m of notes maturing in June 2027 at a fixed coupon of 6.31%, US$80m of notes maturing in June 2029 at a fixed coupon of 6.39% and US$43m of notes maturing in June 2032 at a fixed coupon of 6.45%.

In May 2024, the Group completed the early refinancing of US$50m of USPP notes that were set to mature in March 2025 and were the final notes from the 2013 tranche of notes. The Group raised US$50m of new USPP notes, on terms and conditions that mirror existing debt facilities, and used this new funding to complete the early repayment of its existing US$50m USPP notes which were due to expire in March 2025. The new debt is comprised of US$25m maturing in May 2031 at a fixed coupon of 6.71%, and US$25m maturing in May 2036 at a fixed coupon of 6.96%. The refinancing exercise has extended the debt maturity profile of the Group until 2036, with the next debt maturity now in June 2027 for US$35m.

At 31 December 2024, the US$208m USPP notes have an average coupon of 6.5% per annum and a remaining average maturity of 5.8 years.

28.3 Company

	2024			2023		
	Current £m	Non-current £m	Total £m	Current £m	Non-current £m	Total £m
Cash	218	–	218	150	–	150
Term deposits	200	–	200	218	–	218
Bank overdrafts	(171)	–	(171)	(58)	–	(58)
US private placement (Note 28.2)	–	(165)	(165)	–	(162)	(162)
Net cash/(borrowings)	247	(165)	82	310	(162)	148

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

29 Lease liabilities

29.1 Movements

	Land and buildings £m	Plant and equipment £m	Motor vehicles £m	Total £m
At 1 January 2023	58	27	47	132
Currency translation differences	(2)	–	–	(2)
Additions	11	17	47	75
Lease modification	–	–	(1)	(1)
Payments made for lease liabilities+	(20)	(13)	(30)	(63)
Disposals	(1)	(1)	(2)	(4)
Interest on lease liabilities	3	1	2	6
At 31 December 2023	49	31	63	143
Additions	**15**	**19**	**47**	**81**
Payments made for lease liabilities+	**(17)**	**(14)**	**(35)**	**(66)**
Transfers	**–**	**5**	**(5)**	**–**
Disposals	**–**	**(1)**	**(2)**	**(3)**
Interest on lease liabilities	**2**	**2**	**3**	**7**
At 31 December 2024	**49**	**42**	**71**	**162**

\+ Payments made for lease liabilities include an interest element of £7m (2023: £6m).

29.2 Maturity analysis – contractual undiscounted cash flows

	2024				2023			
	Land and buildings £m	**Plant and equipment £m**	**Motor vehicles £m**	**Total £m**	Land and buildings £m	Plant and equipment £m	Motor vehicles £m	Total £m
Due within one year	**(15)**	**(13)**	**(29)**	**(57)**	13	10	27	50
Due within one to two years	**(11)**	**(10)**	**(24)**	**(45)**	10	7	19	36
Due within two to five years	**(19)**	**(19)**	**(21)**	**(59)**	17	14	20	51
Due after more than five years	**(12)**	**(3)**	**–**	**(15)**	13	4	–	17
Total undiscounted cash flows	**(57)**	**(45)**	**(74)**	**(176)**	53	35	66	154

29.3 Amounts recognised in the income statement

	2024 £m	2023 £m
Interest on lease liabilities	**7**	6
Expenses relating to short-term leases	**125**	123

30 Deferred tax

30.1 Group

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same tax authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Net deferred tax position at 31 December

	Group 2024 £m	Group 2023 £m
Deferred tax assets	**200**	188
Deferred tax liabilities	**(153)**	(160)
	47	28

Movement for the year in the net deferred tax position

	Group £m
At 1 January 2023	24
Currency translation differences	9
Charged to income statement	(48)
Credited to other comprehensive income	48
Charged to equity	(2)
Research and development tax credits	(3)
At 31 December 2023	28
Currency translation differences	**(1)**
Charged to income statement	**(8)**
Credited to other comprehensive income	**26**
Credited to equity	**2**
At 31 December 2024	**47**

The table below shows the deferred tax assets and liabilities before being offset where they relate to income taxes levied by the same tax authority.

Net deferred tax position

	Depreciation in excess of capital allowances £m	Retirement benefits £m	Unrelieved trading losses £m	Share-based payments £m	Provisions £m	Fair value adjustments £m	Other GAAP differences £m	Research and development credits £m	Total £m
At 1 January 2023	26	(60)	199	7	51	(104)	(98)	3	24
Currency translation differences	1	–	–	–	(3)	6	5	–	9
(Charged)/credited to income statement	(24)	(11)	6	1	(24)	–	4	–	(48)
Credited/(charged) to other comprehensive income	–	49	–	–	–	(1)	–	–	48
Charged to equity	–	–	–	(2)	–	–	–	–	(2)
Research and development tax credits	–	–	–	–	–	–	–	(3)	(3)
At 31 December 2023	3	(22)	205	6	24	(99)	(89)	–	28
Currency translation differences	**–**	**–**	**–**	**–**	**–**	**(1)**	**–**	**–**	**(1)**
(Charged)/credited to income statement	**(4)**	**(8)**	**(12)**	**(1)**	**10**	**–**	**7**	**–**	**(8)**
Credited to other comprehensive income	**–**	**26**	**–**	**–**	**–**	**–**	**–**	**–**	**26**
Credited to equity	**–**	**–**	**–**	**2**	**–**	**–**	**–**	**–**	**2**
At 31 December 2024	**(1)**	**(4)**	**193**	**7**	**34**	**(100)**	**(82)**	**–**	**47**

As a result of the adoption of the amendment to IAS 12 in relation to Deferred Tax related to Assets and Liabilities arising from a Single Transaction, the Group has provided further disclosure below to show the assets and liabilities to which the depreciation in excess of capital allowances relate.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

30 Deferred tax continued

30.1 Group continued

Net deferred tax position continued

	Property, plant and equipment £m	Right-of-use assets £m	Lease liabilities £m	Depreciation in excess of capital allowances £m
At 1 January 2023	25	(8)	9	26
Currency translation differences	1	–	–	1
(Charged)/credited to income statement	(25)	3	(2)	(24)
At 31 December 2023	1	(5)	7	3
(Charged)/credited to income statement	**(4)**	**2**	**(2)**	**(4)**
At 31 December 2024	**(3)**	**(3)**	**5**	**(1)**

At the balance sheet date, the Group had unused trading tax losses of £1,136m (2023: £1,207m) available for offset against future profits, of which £807m (2023: £828m) arose in the UK, £5m (2023: £37m) in the US and £324m (2023: £342m) in other jurisdictions.

A deferred tax asset has been recognised in respect of £767m (2023: £821m) of such losses, of which £763m (2023: £786m) have been recognised in the UK and £4m (2023: £35m) in the US. In considering the amount of deferred tax asset to be recognised for UK and US tax losses, the potential use of those losses based on the latest current and forecast business performance was assessed, and losses were recognised where it is probable that they will be utilised. No deferred tax asset has been recognised in respect of the losses of £369m (2023: £386m) where it is considered that it is not probable that they will be utilised due to restrictions in use and unpredictability of future profitability.

Of the Group's tax losses, £6m (2023: £7m) will expire within 20 years after the year in which they arose, using losses incurred in earlier years before those incurred in later years. Other losses will be carried forward indefinitely.

In addition to the losses referred to above, at 31 December 2024 the Group had UK capital losses available to carry forward of £1.4bn (2023: £1.4bn). No deferred tax assets have been recognised in respect of these losses as there are no capital profits forecast against which these losses can be utilised.

Deferred tax liabilities on fair value adjustments of £100m (2023: £99m) relate to temporary differences arising on goodwill and intangibles. Deferred tax liabilities on other GAAP differences of £82m (2023: £89m) relate to temporary differences on joint ventures.

At the reporting date, undistributed reserves of non-UK subsidiaries, joint ventures and associates for which deferred tax liabilities have not been recognised were £637m (2023: £607m) in respect of subsidiaries and £41m (2023: £42m) in respect of joint ventures and associates. No liability has been recognised in respect of these differences because either no temporary difference arises or the timing of any distribution is under the Group's control and no distribution which gives rise to taxation is contemplated.

Deferred tax asset of £5m (2023: £12m) on other temporary differences has not been recognised.

30.2 Company

The table below shows the deferred tax assets and liabilities before being offset where they relate to income taxes levied by the same tax authority.

	Unrelieved trading losses £m	Share-based payments £m	Total deferred tax assets £m
At 1 January 2023	1	1	2
Credited to income statement	3	–	3
At 31 December 2023	4	1	5
Credited to income statement	**3**	**–**	**3**
At 31 December 2024	**7**	**1**	**8**

31 Retirement benefit assets and liabilities

31.1 Introduction

The Group, through trustees, operates a number of defined contribution and defined benefit pension schemes.

Defined contribution schemes are those where the Group's obligation is limited to the amount that it contributes to the scheme and the scheme members bear the investment and actuarial risks.

Defined benefit schemes are schemes other than defined contribution schemes where the Group's obligation is to provide specified benefits on retirement.

IAS 19 Employee Benefits (IAS 19) prescribes the accounting for defined benefit schemes in the Group's financial statements. Obligations are calculated using the projected unit credit method and discounted to a net present value using the market yield on high-quality corporate bonds. The pension expense relating to current service cost is charged to contracts or overheads based on the function of scheme members and is included in cost of sales and net operating expenses. The net finance income arising from the expected interest income on plan assets and interest cost on scheme obligations is included in investment income. Actuarial gains and losses are reported in the statement of comprehensive income. The IAS 19 accounting valuations are set out in Note 31.2.

A different calculation is used for the formal triennial funding valuations undertaken by the scheme trustees to determine the future Company contribution level necessary so that over time the scheme assets will meet the scheme obligations. The principal difference between the two methods is that under the funding basis the obligations are discounted using a rate of return reflecting the composition of the assets in the scheme, rather than the rate of return on high-quality corporate bonds as required by IAS 19 for the financial statements. Details of the latest formal triennial funding valuations are set out in Note 31.3.

The assets of the schemes do not include any direct holdings of the Group's financial instruments, nor any property occupied by, or other assets of, the Group.

Principal schemes

The Group's principal schemes are the Balfour Beatty Pension Fund (BBPF), which includes defined contribution and defined benefit sections, and the Balfour Beatty Shared Cost Section of the Railways Pension Scheme (RPS). The defined benefit sections of both schemes are funded and closed to new members with the exception of employees where employment has transferred to the Group under certain agreed arrangements. Pension benefits for defined benefit schemes are based on employees' pensionable service and their pensionable salary.

The schemes operate under trust law and are managed and administered by trustees on behalf of the members in accordance with the terms of the trust deed and rules and relevant legislation. Defined benefit contributions are determined in consultation with the trustees, after taking actuarial advice. The trustees are responsible for establishing the investment strategy and ensuring that there are sufficient assets to meet the cost of current and future benefits.

These schemes expose the Group to investment and actuarial risks where additional contributions may be required if assets are not sufficient to pay future pension benefits:

- investment risk: the investment portfolio is subject to a range of risks typical of the investments held, for example, credit risk on corporate bond holdings; and
- actuarial risk: the ultimate cost of providing pension benefits is affected by inflation rates and members' life expectancy. The net present value of the obligations is affected by the market yield on high-quality corporate bonds used to discount the obligations.

Changes in the principal actuarial assumptions based on market data, such as inflation and the discount rate, and experience, such as life expectancy, expose the Group to fluctuations in the net IAS 19 liability and the net finance cost.

Balfour Beatty Pension Fund

The investment strategy of the BBPF is to hold assets of appropriate liquidity and marketability to generate income and capital growth. The BBPF invests partly in a diversified range of assets including corporate bonds, equities and hedge funds in anticipation that, over the longer term, they will grow in value faster than the scheme's obligations. The BBPF has been undertaking a phased withdrawal from equities and hedge funds. The only residual equities held are a very small amount of emerging market equities held via pooled funds. The remaining BBPF assets are principally fixed and index-linked bonds and derivatives, providing protection against movements in inflation and interest rates and hence enhancing the resilience of the funding level of the scheme. The performance of the assets is measured against market indices.

The BBPF's defined benefit section is exposed to a number of liability related risks, namely changes in gilt yields, inflation and the longevity of the scheme's members.

With respect to interest rate and inflation risks, the trustee seeks to mitigate the majority of these risks through its liability hedging portfolio. This is a segregated portfolio of hedging assets which includes physical gilts, gilt repurchase agreements and interest rate and inflation swaps. The current objective of the portfolio is to hedge 100% of the impact that changes in interest rates and inflation can have on the funding position.

The BBPF's Fiduciary Manager and Investment Committee closely monitor the collateral being held within the liability hedging portfolio to ensure that the scheme holds sufficient collateral to support its liability hedging programme.

With respect to longevity risk the BBPF has a longevity swap contract as part of the investment portfolio which will provide income in the event that pensions are paid out for longer. The fair value of the longevity swap has been included as part of the fair value of plan assets.

The Group operates a Scottish Limited Partnership (SLP) structure which holds the Group's 40% interest in the Birmingham Hospital PFI investment and the Group's 15% share of the Connect Plus (M25) asset. The BBPF is a partner in the SLP and is entitled to a share of the income of the SLP. In accordance with IFRS 10 Consolidated Financial Statements, the SLP is deemed to be controlled by the Group, which retains the ability to substitute the investment in the Birmingham Hospital PFI investment and the Connect Plus (M25) asset for other investments from time to time.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

31 Retirement benefit assets and liabilities continued

31.1 Introduction continued

Balfour Beatty Pension Fund continued

Under IAS 19, the investment held by the BBPF in the SLP does not constitute a plan asset and therefore the pension surplus presented in these financial statements does not reflect the BBPF's interest in the SLP. Distributions from the SLP to the BBPF will be reflected in the Group's financial statements as pension contributions on a cash basis. In 2024, the BBPF received distributions of £2m from the SLP (2023: £2m).

Balfour Beatty and the trustees of the BBPF have reconfirmed their commitment to a journey plan approach to managing the BBPF with the aim of reaching self-sufficiency by 2027. The Company and trustees have agreed the 31 March 2022 formal valuation and as a result Balfour Beatty made deficit contributions to the BBPF of £22m in 2024 (2023: £19m) and has agreed to pay deficit contributions to the BBPF of £6m in 2025. The next formal triennial funding valuation is due with effect from 31 March 2025.

This agreement constitutes a minimum funding requirement (MFR) under IFRIC 14 IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. The Group has not recognised any liabilities in relation to this MFR as any surplus of deficit contributions to the BBPF would be recoverable by way of a refund and the Group has the unconditional right to the surplus and controls the run-off of the benefit obligations once all other obligations of the BBPF have been settled.

Railways Pension Scheme

The RPS is a shared cost scheme. The legal responsibility of the Group in the RPS is approximately 60% of the scheme's assets and liabilities based on the relevant provisions of the trust deed and rules and trustee guidelines regarding future surplus apportionments and deficit financing.

The assumed cost of providing future service benefits is split between the Group and the members in the ratio 60:40.

Because of a declining population of active members, it has become less likely that the Group's costs of meeting any deficits would be capped in line with its strict legal obligation of 60% as members might only be able to afford to fund a small proportion of the scheme deficit. It has therefore been assumed that the Group will be responsible for 100% of any deficit and the balance sheet assets and obligations disclosed, therefore, are equal to 100% of the total scheme assets and obligations.

The RPS invests in a range of pooled investment funds intended to generate a combination of capital growth and income and, as determined by the trustee, taking account of the characteristics of the obligations and the trustee's attitude to risk. The majority of the RPS's assets that are intended to generate additional returns, over the rate at which the obligations are expected to grow, are invested in a single pooled growth fund. This fund is invested in a wide range of asset classes and the fund manager Railpen has the discretion to vary the asset allocation to reflect its views on the relative attractiveness of different asset classes at any time. The remaining assets in the RPS are principally fixed and index-linked bonds.

The RPS is exposed to a number of liability related risks, namely changes in gilt yields, inflation and the longevity of the scheme's members. With respect to interest rate and inflation risks, the strategic asset allocation was reviewed and amended in 2023 to mitigate these risks by increasing the allocation to fixed and index-linked bond pooled funds. The current objective of the portfolio is to hedge around 100% of the impact that changes in interest rates and inflation can have on the funding position.

The formal triennial funding valuation of the RPS as at 31 December 2022 was completed in March 2024, with the Company agreeing to continue to make fixed deficit contributions of £6m per annum until February 2025. This agreement constitutes a MFR under IFRIC 14 IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. The Company has not recognised any liabilities in relation to this MFR as any surplus of deficit contributions to the RPS would be recoverable by way of a refund and the Group has the unconditional right to the surplus and controls the run-off of the benefit obligations once all other obligations of the RPS have been settled. The next formal triennial funding valuation is due with effect from 31 December 2025.

Other schemes

Other schemes comprise unfunded post-retirement benefit obligations in Europe, the majority of which are closed to new entrants, and deferred compensation schemes in North America, where an element of employees' compensation is deferred and invested in investments in mutual funds (as disclosed in Note 21.1) in a trust, the assets of which are for the ultimate benefit of the employees but are available to the Group's creditors in the event of insolvency.

The Group also participates in The Plumbing & Mechanical Services Industry Pension Scheme (Plumbers Scheme), which is an industry-wide non-associated multi-employer defined benefit scheme. As the Plumbers Scheme does not segregate assets and liabilities between the different participating employers, the Group's only obligation to the Plumbers Scheme is to pay the contributions requested by the scheme trustees as they fall due. In accordance with IAS 19, this obligation has been accounted for on a defined contribution basis and any employer contributions paid are charged to the income statement. To confirm, there have been no such contributions over 2024.

31 Retirement benefit assets and liabilities continued

31.1 Introduction continued

Membership of the principal schemes

	Balfour Beatty Pension Fund 2024			Railways Pension Scheme 2024			Balfour Beatty Pension Fund 2023			Railways Pension Scheme 2023		
	Number of members	Defined benefit obligations £m	Average duration Years	Number of members	Defined benefit obligations £m	Average duration Years	Number of members	Defined benefit obligations £m	Average duration Years	Number of members	Defined benefit obligations £m	Average duration Years
Defined benefit												
– active members	**1**	**1**	**11**	**61**	**25**	**15**	1	1	12	70	26	17
– deferred pensioners	**8,223**	**912**	**16**	**896**	**80**	**15**	8,770	1,007	18	972	90	16
– pensioners, widow(er)s and dependants	**16,656**	**1,335**	**8**	**1,948**	**182**	**10**	16,764	1,493	9	1,904	204	10
Defined contribution	**16,619**	**–**	**–**	**–**	**–**	**–**	15,512	–	–	–	–	–
Total	**41,499**	**2,248**	**11**	**2,905**	**287**	**12**	41,047	2,501	12	2,946	320	12

31.2 IAS 19 accounting valuations

Principal actuarial assumptions for the IAS 19 accounting valuations of the Group's principal schemes

	2024		2023	
	Balfour Beatty Pension Fund %	Railways Pension Scheme %	Balfour Beatty Pension Fund %	Railways Pension Scheme %
Discount rate	**5.55**	**5.55**	4.65	4.65
Inflation rate – RPI	**3.25**	**3.25**	3.15	3.15
– CPI	**2.75**	**2.90**	2.60	2.75
Future increases in pensionable salary	**2.75**	**2.90**	2.60	2.75
Rate of increase in pensions in payment (or such other rate as is guaranteed)	**3.05**	**2.95**	2.95	2.85

The BBPF actuary undertakes regular mortality investigations as part of the formal triennial valuation (the last such valuation being in 31 March 2022) based on the experience exhibited by pensioners of the BBPF and due to the size of the membership of the BBPF is able to make comparisons of this experience with the mortality rates set out in the various published mortality tables. The actuary is also able to monitor changes in the exhibited mortality over time. This research is taken into account in the BBPF's mortality assumptions. The mortality assumptions as at 31 December 2024 are consistent with those adopted at the previous year end, which reflect the experience of BBPF pensioners for the period to 30 September 2021, with the exception that the future improvements assumptions have been updated to reflect the most recent model available, with the Group setting future improvements in line with the Continuous Mortality Investigation (CMI) 2023 core projections model.

Similarly, the RPS actuary also undertakes regular mortality investigations as part of the formal triennial valuation based on the experience exhibited by pensioners of the RPS, with the last such analysis being completed as part of the 31 December 2022 valuation, which was used in updating the mortality assumption at the previous year end. Similar to the BBPF, the mortality assumptions as at 31 December 2024 are consistent with whose adopted at the previous year end, with the exception that the future improvements assumptions has been updated to reflect the most recent model available.

Following the completion of the BBPF's 31 March 2022 triennial valuation, the future improvements assumption adopted for the BBPF and RPS has also been updated for 2024 to reflect the most recent model available, with the Group setting future improvements in line with the Continuous Mortality Investigation (CMI) 2023 core projections model.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

31 Retirement benefit assets and liabilities continued

31.2 IAS 19 accounting valuations continued

BBPF life expectancies

	2024 Average life expectancy at 65 years of age		2023 Average life expectancy at 65 years of age	
	Male	Female	Male	Female
Members in receipt of a pension	21.3	23.0	21.3	23.0
Members not yet in receipt of a pension (current age 50)	22.2	23.9	22.2	23.9

RPS life expectancies

	2024 Average life expectancy at 65 years of age		2023 Average life expectancy at 65 years of age	
RPS life expectancies	Male	Female	Male	Female
Members in receipt of a pension	20.8	22.7	20.8	22.7
Members not yet in receipt of a pension (current age 50)	21.6	23.6	21.6	23.6

Amounts recognised in the income statement

The BBPF defined contribution employer contributions paid and charged to the income statement have been separately identified in the table below and the defined contribution section assets and liabilities amounting to £803m (2023: £710m) have been excluded from the tables on pages 241 to 244. Defined contribution charges for other schemes include contributions to multi-employer pension schemes.

	2024				2023			
	Balfour Beatty Pension Fund £m	Railways Pension Scheme £m	Other schemes £m	Total £m	Balfour Beatty Pension Fund £m	Railways Pension Scheme £m	Other schemes £m	Total £m
Group								
Current service cost	(1)	(1)	(1)	(3)	(2)	(1)	(1)	(4)
Defined contribution charge	(50)	–	(6)	(56)	(48)	–	(6)	(54)
Included in employee costs (Note 7)	(51)	(1)	(7)	(59)	(50)	(1)	(7)	(58)
Interest income	118	15	–	133	130	16	–	146
Interest cost	(113)	(15)	(1)	(129)	(118)	(14)	(2)	(134)
Net finance income/(cost) (Note 8)	5	–	(1)	4	12	2	(2)	12
Total (charged)/credited to income statement	(46)	(1)	(8)	(55)	(38)	1	(9)	(46)

31 Retirement benefit assets and liabilities continued

31.2 IAS 19 accounting valuations continued

Amounts recognised in the statement of comprehensive income

	2024				2023			
	Balfour Beatty Pension Fund £m	Railways Pension Scheme £m	Other schemes £m	Total £m	Balfour Beatty Pension Fund £m	Railways Pension Scheme £m	Other schemes £m	Total £m
Actuarial movements on pension scheme obligations	207	29	(1)	235	(70)	(21)	–	(91)
Actuarial movements on pension scheme assets	(292)	(45)	–	(337)	(85)	(21)	–	(106)
Total actuarial movements recognised in the statement of comprehensive income (Note 33.1)	(85)	(16)	(1)	(102)	(155)	(42)	–	(197)
Cumulative actuarial movements recognised in the statement of comprehensive income	(421)	(34)	(23)	(478)	(336)	(18)	(22)	(376)

The actual return on plan assets was a loss of £204m (2023: £40m gain).

Amounts recognised in the balance sheet

	2024				2023			
	Balfour Beatty Pension Fund £m	Railways Pension Scheme £m	Other schemes† £m	Total £m	Balfour Beatty Pension Fund £m	Railways Pension Scheme £m	Other schemes† £m	Total £m
Present value of obligations	(2,248)	(287)	(34)	(2,569)	(2,501)	(320)	(35)	(2,856)
Fair value of plan assets	2,291	280	–	2,571	2,602	323	–	2,925
Asset/(liabilities) in the balance sheet	43	(7)	(34)	2	101	3	(35)	69

† Investments in mutual funds of £20m (2023: £19m) are held to satisfy the Group's deferred compensation obligations (Note 21.1).

The defined benefit obligations comprise £34m (2023: £35m) arising from wholly unfunded plans and £2,535m (2023: £2,821m) arising from plans that are wholly or partly funded.

The BBPF saw a significant increase in corporate bond yields over 2024, which led to a corresponding increase in the IAS 19 discount rate. Whilst this has been offset in part by a small increase in future inflationary expectations, this has led to an overall decrease in the present value of obligations from 31 December 2023 to 31 December 2024. The BBPF has also seen a similar reduction of the scheme's assets (excluding the value of the longevity hedge) due to changes in market conditions over the year, which is to be expected given the level of hedging in place. However, as the BBPF hedges against a different funding basis, it is expected that there may be some differences in the movement of the assets and liabilities during significant market movements, with assets decreasing by a greater amount than the liabilities due to market conditions in this case.

In June 2023, the High Court handed down a decision in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes due to the lack of actuarial confirmation required by law. In July 2024, the Court of Appeal dismissed the appeal brought by Virgin Media Ltd against aspects of the June 2023 decision. This case may have implications for other UK defined benefit plans. The Company and pension trustees are considering the implications of the case for the Balfour Beatty Pension Fund and the Balfour Beatty section of the Railways Pension Scheme. Legal advice provided confirms that all relevant confirmations are in place for the Balfour Beatty section of the Railways Pension Scheme. For the Balfour Beatty Pension Fund, legal advice provided confirms the vast majority of relevant confirmations are in place. Additional work is needed to investigate more historic pension changes where it is not known at this stage whether the relevant confirmations had been provided at the time and to investigate the position in respect of previous merges or bulk transfers into the Balfour Beatty Pension Fund. The defined benefit obligations for both schemes have been calculated on the basis of the pension benefits currently being administered, and at this stage we do not consider it necessary to make any adjustments as a result of the Virgin Media case. The Group will continue to monitor this position.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

31 Retirement benefit assets and liabilities continued

31.2 IAS 19 accounting valuations continued

Movement in the present value of obligations

	2024				2023			
	Balfour Beatty Pension Fund £m	Railways Pension Scheme £m	Other schemes £m	Total £m	Balfour Beatty Pension Fund £m	Railways Pension Scheme £m	Other schemes £m	Total £m
At 1 January	(2,501)	(320)	(35)	(2,856)	(2,464)	(300)	(39)	(2,803)
Currency translation differences	–	–	1	1	–	–	2	2
Current service cost	(1)	(1)	(1)	(3)	(2)	(1)	(1)	(4)
Interest cost	(113)	(15)	(1)	(129)	(118)	(14)	(2)	(134)
Actuarial movements from reassessing the difference between RPI and CPI	(2)	–	–	(2)	(2)	(2)	–	(4)
Actuarial movements from changes in demographic assumptions	3	1	–	4	17	(1)	–	16
Other financial actuarial movements	214	28	(1)	241	(85)	(16)	–	(101)
Experience losses	(8)	–	–	(8)	–	(2)	–	(2)
Total actuarial movements	207	29	(1)	235	(70)	(21)	–	(91)
Benefits paid	160	20	3	183	153	16	5	174
At 31 December	(2,248)	(287)	(34)	(2,569)	(2,501)	(320)	(35)	(2,856)

Movement in the fair value of plan assets

	2024			2023		
	Balfour Beatty Pension Fund £m	Railways Pension Scheme £m	Total 2024 £m	Balfour Beatty Pension Fund £m	Railways Pension Scheme £m	Total £m
At 1 January	2,602	323	2,925	2,689	337	3,026
Interest income	118	15	133	130	16	146
Actuarial movements	(292)	(45)	(337)	(85)	(21)	(106)
Contributions from employer						
– regular funding	1	1	2	2	1	3
– ongoing deficit funding	22	6	28	19	6	25
Benefits paid	(160)	(20)	(180)	(153)	(16)	(169)
At 31 December	2,291	280	2,571	2,602	323	2,925

31 Retirement benefit assets and liabilities continued

31.2 IAS 19 accounting valuations continued

Fair value of the assets held by the schemes at 31 December

	2024			2023		
	Balfour Beatty Pension Fund £m	Railways Pension Scheme† £m	Total £m	Balfour Beatty Pension Fund £m	Railways Pension Scheme† £m	Total £m
Return-seeking	285	105	390	276	110	386
– Developed nation equities#	95	–	95	92	–	92
– Hedge funds#	101	–	101	168	–	168
– Return-seeking growth pooled funds$	–	105	105	–	110	110
– Other return-seeking assets#@	89	–	89	16	–	16
Liability-matching bond-type assets	1,740	172	1,912	1,822	212	2,034
– Corporate bonds	954	–	954	776	–	776
– Fixed interest gilts^	844	–	844	496	–	496
– Index-linked gilts^	6	113	119	554	137	691
– Currency hedging	(18)	–	(18)	15	–	15
– Liability-matching pooled funds~	–	59	59	–	75	75
– Interest and inflation rate swaps	(46)	–	(46)	(19)	–	(19)
Property#	29	–	29	40	–	40
Secure income assets#%	100	–	100	153	–	153
Fair value longevity swap&	(25)	–	(25)	1	–	1
Cash and other	162	3	165	310	1	311
Total	**2,291**	**280**	**2,571**	2,602	323	2,925

† The amounts represent 100% of the scheme's assets.
^ Fixed interest gilts and index-linked gilts totalling £113m (2023: £137m) are assets held in pooled investment vehicles with underlying securities that have quoted prices in active markets. The remaining assets that are neither quoted nor traded on an active market are stated at fair value estimates provided by the manager of the investment or fund.
# Level 3 assets with valuations based on unobservable inputs held by the BBPF include hedge funds, property funds, developed nation equities, secure income assets, other return-seeking assets and £172m of corporate bonds, and total £527m (2023: £610m). These are pooled investments stated at fair value provided by the fund managers, of which £170m (2023: £130m) have been valued on September 2024 valuations and £13m (2023: £181m) on November 2024 valuations, for which valuations were adjusted for cash movements that occurred in the last quarter of the year as a result of December 2024 valuations not being available as at the reporting date. The Directors consider these values to be a fair approximation for these assets at 31 December 2024.
@ Other return-seeking assets are alternative beta assets, which provide exposure to a range of risk premia that are intended to diversify portfolio returns from traditional equity and credit markets.
% Secure income assets reflect more illiquid investments that offer long term contractual cash flows that can be used for the payment of pensions.
$ The RPS return-seeking growth pooled funds assets are the Growth Pooled Fund, Illiquid Growth Pooled Fund and the Private Equity Pooled Fund which are HMRC-approved pooled funds.
~ The RPS liability-matching pooled funds are Long-Term Income Pooled Funds which are HMRC-approved pooled funds.
& The fair market value of the longevity swap is calculated by taking the present value of the expected cashflows from the floating leg using a market-related discount rate and current best-estimates of market mortality assumptions and risk fees, less the corresponding present value of the fixed leg cashflows that are required under the contract. As at 31 December 2024, the fair value has been calculated using the cashflows from the experience collateral calculations performed by Zurich Assurance Limited as at 1 October 2024 (with the floating leg reflecting member mortality experience up to this date), rolled forward and adjusted to allow for the relevant assumptions at 31 December 2024.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

31 Retirement benefit assets and liabilities continued

31.2 IAS 19 accounting valuations continued

Estimated contributions expected to be paid to the Group's principal defined benefit schemes during 2025

	Balfour Beatty Pension Fund 2025 £m	Railways Pension Scheme 2025 £m	Total 2025 £m
Regular funding*	4	1	5
Ongoing deficit funding	5	1	6
Total contributions	9	2	11
Estimated BBPF running costs to be funded from deficit contributions	–	–	–
Estimated total cash contributions	**9**	**2**	**11**

* Includes company contribution toward investment management expenses from April 2025.

The sensitivity analysis below has been determined based on reasonably possible changes in key assumptions occurring at the end of the reporting period. In each case the relevant change in assumption occurs in isolation from potential changes in other assumptions. In practice more than one variable is likely to change at the same time. The sensitivities have been calculated using the projected unit credit method.

Sensitivity of the Group's retirement benefit obligations at 31 December 2024 to different actuarial assumptions

	Sensitivity to increase in assumption			Sensitivity to decrease in assumption		
Assumptions	Percentage points/years	(Decrease)/ increase in obligations %	(Decrease)/ increase in obligations £m	Percentage points/years	Increase/ (decrease) in obligations %	Increase/ (decrease) in obligations £m
Discount rate	0.5%	(5.2)%	(132)	(0.5)%	5.7%	145
Market expectation of RPI inflation	0.5%	3.6%	90	(0.5)%	(3.7)%	(94)
Salary growth	0.5%	<0.1%	–	(0.5)%	<(0.1)%	–
Life expectancy	1 year	3.7%	95	(1 year)	(3.8)%	(96)

Sensitivity of the Group's retirement benefit assets at 31 December 2024 to changes in market conditions

	Percentage points	(Decrease)/ increase in assets %	(Decrease)/ increase in assets £m
Increase in interest rates	0.5%	(5.0)%	(127)
Increase in market expectation of RPI inflation	0.5%	3.4%	88

The asset sensitivities only take into account the impact of the changes in market conditions on bond-type assets. The value of the schemes' return-seeking assets is not directly correlated with movements in interest rates or RPI inflation.

31 Retirement benefit assets and liabilities continued

31.2 IAS 19 accounting valuations continued

Year end historical information for the Group's retirement defined benefit schemes

	2024 £m	2023 £m	2022 £m	2021 £m	2020 £m
Present value of obligations	**(2,569)**	(2,856)	(2,803)	(4,201)	(4,317)
Fair value of assets	**2,571**	2,925	3,026	4,432	4,406
Surplus	**2**	69	223	231	89
Experience adjustment for obligations	**(8)**	(2)	21	1	5
Experience adjustment for assets	**(337)**	(106)	(1,368)	87	392
Total deficit funding	**28**	25	41	39	15

31.3 Latest formal triennial funding valuations

	Balfour Beatty Pension Fund £m	Railways Pension Scheme £m
Date of last formal triennial funding valuation	31/03/2022	31/12/2022
Scheme deficit		
Market value of assets	4,426	342
Present value of obligations	(4,414)	(342)
Surplus in defined benefit scheme	12	–
Funding level	100.3%	100.0%

32 Share capital

	2024		2023	
	Million	**£m**	Million	£m
Called-up share capital in issue	**517**	**259**	544	272

All issued ordinary shares are fully paid. Ordinary shares have a nominal value of £0.50 each and carry no right to fixed income but each share carries the right to one vote at general meetings of the Company. No ordinary shares were issued during the current or prior year.

In 2024 the Company commenced the fourth phase of its share buyback programme, which completed on 20 September 2024. The Company purchased 27.1m (2023: 43.3m) shares for a total consideration of £100m (2023: £150m) and held those shares in treasury with no voting rights. The purchase of those shares, together with associated fees and stamp duty amounting to £1m (2023: £1m), utilised £101m (2023: £151m) of the Company's distributable profits.

On 31 October 2024, the Company cancelled the 27.1m treasury shares purchased through the 2024 phase of its share buyback programme (2023: 43.3m). This cancellation resulted in a decrease in called-up share capital in issue of £13m (2023: £22m) and a corresponding increase in the capital redemption reserve.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

33 Movements in equity

33.1 Group

	Called-up share capital 2024 £m	Share premium account 2024 £m	Capital redemption reserve 2024 £m	Share of joint ventures' and associates' reserves (Note 20.6) 2024 £m	Other reserves: Hedging reserves 2024 £m	Other reserves: PPP financial assets 2024 £m	Other reserves: Currency translation reserve 2024 £m	Other reserves: Other[µ] 2024 £m	Retained profits 2024 £m	Non-controlling interests 2024 £m	Total 2024 £m
At 1 January 2024	272	176	74	(27)	(5)	1	115	46	546	10	1,208
Profit for the year	–	–	–	59	–	–	–	–	119	–	178
Currency translation differences	–	–	–	3	–	–	6	–	–	–	9
Actuarial movements on retirement benefit assets/liabilities	–	–	–	–	–	–	–	–	(102)	–	(102)
Fair value revaluations											
– PPP financial assets	–	–	–	(48)	–	(2)	–	–	–	–	(50)
– cash flow hedges	–	–	–	10	1	–	–	–	–	–	11
– investments in mutual funds measured at fair value through OCI	–	–	–	–	–	–	–	2	–	–	2
Tax on items recognised in other comprehensive income	–	–	–	10	–	–	–	–	26	–	36
Total comprehensive income/(loss) for the year	–	–	–	34	1	(2)	6	2	43	–	84
Ordinary dividends	–	–	–	–	–	–	–	–	(61)	(1)	(62)
Joint ventures' and associates' dividends	–	–	–	(71)	–	–	–	–	71	–	–
Purchase of treasury shares	–	–	–	–	–	–	–	–	(101)	–	(101)
Cancellation of ordinary shares	(13)	–	13	–	–	–	–	–	–	–	–
Movements relating to share-based payments[+]	–	–	–	–	–	–	–	(2)	3	–	1
At 31 December 2024	259	176	87	(64)	(4)	(1)	121	46	501	9	1,130

µ Other reserves include £22m of special reserve.
\+ Movements relating to share-based payments include a £4m tax credit recognised directly within retained profits.

33 Movements in equity continued

33.1 Group continued

	Called-up share capital 2023 £m	Share premium account 2023 £m	Capital redemption reserve 2023 £m	Share of joint ventures' and associates' reserves (Note 20.6) 2023 £m	Other reserves: Hedging reserves 2023 £m	Other reserves: PPP financial assets 2023 £m	Other reserves: Currency translation reserve 2023 £m	Other reserves: Other[µ] 2023 £m	Retained profits 2023 £m	Non-controlling interests 2023 £m	Total 2023 £m
At 1 January 2023	294	176	52	(20)	(4)	1	132	41	706	5	1,383
Profit/(loss) for the year	–	–	–	53	–	–	–	–	144	(3)	194
Currency translation differences	–	–	–	(13)	–	–	(17)	–	–	–	(30)
Actuarial movements on retirement benefit assets/liabilities	–	–	–	(1)	–	–	–	–	(197)	–	(198)
Fair value revaluations											
– PPP financial assets	–	–	–	20	–	–	–	–	–	–	20
– cash flow hedges	–	–	–	2	–	–	–	–	–	–	2
– investments in mutual funds measured at fair value through OCI	–	–	–	–	–	–	–	1	–	–	1
Recycling of revaluation reserves to the income statement on disposal[@]	–	–	–	(3)	–	–	–	–	–	–	(3)
Tax on items recognised in other comprehensive income	–	–	–	(5)	(1)	–	–	–	49	–	43
Total comprehensive income/(loss) for the year	–	–	–	53	(1)	–	(17)	1	(4)	(3)	29
Ordinary dividends	–	–	–	–	–	–	–	–	(58)	–	(58)
Joint ventures' and associates' dividends	–	–	–	(60)	–	–	–	–	60	–	–
Purchase of treasury shares	–	–	–	–	–	–	–	–	(151)	–	(151)
Cancellation of ordinary shares	(22)	–	22	–	–	–	–	–	–	–	–
Movements relating to share-based payments[+]	–	–	–	–	–	–	–	4	(7)	–	(3)
Capital contribution	–	–	–	–	–	–	–	–	–	8	8
At 31 December 2023	272	176	74	(27)	(5)	1	115	46	546	10	1,208

µ Other reserves include £22m of special reserve.
+ Movements relating to share-based payments include £nil tax charge recognised directly within retained profits.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

33 Movements in equity continued

33.2 Company

	Called-up share capital £m	Share premium account £m	Capital redemption reserve £m	Other reserves: Special reserve £m	Other reserves: Other £m	Retained profits £m	Total £m
At 1 January 2023	294	176	52	22	114	618	1,276
Profit for the year	–	–	–	–	1	261	262
Currency translation differences	–	–	–	–	–	4	4
Total comprehensive profit for the year	–	–	–	–	1	265	266
Ordinary dividends	–	–	–	–	–	(58)	(58)
Purchase of treasury shares	–	–	–	–	–	(151)	(151)
Cancellation of ordinary shares	(22)	–	22	–	–	–	–
Movements relating to share-based payments+	–	–	–	–	12	(15)	(3)
At 31 December 2023	272	176	74	22	127	659	1,330
Profit for the year	**–**	**–**	**–**	**–**	**–**	**135**	**135**
Currency translation differences	**–**	**–**	**–**	**–**	**–**	**2**	**2**
Total comprehensive profit for the year	**–**	**–**	**–**	**–**	**–**	**137**	**137**
Ordinary dividends	**–**	**–**	**–**	**–**	**–**	**(61)**	**(61)**
Purchase of treasury shares	**–**	**–**	**–**	**–**	**–**	**(101)**	**(101)**
Cancellation of ordinary shares	**(13)**	**–**	**13**	**–**	**–**	**–**	**–**
Movements relating to share-based payments+	**–**	**–**	**–**	**–**	**8**	**(11)**	**(3)**
At 31 December 2024	**259**	**176**	**87**	**22**	**135**	**623**	**1,302**

\+ Movements relating to share-based payments include £nil tax credit (2023: £nil) recognised directly within retained profits.

As permitted under Section 408 of the Companies Act 2006, the Company has elected not to present its statement of comprehensive income (including the profit and loss account) for the year. Balfour Beatty plc reported a profit for the financial year ended 31 December 2024 of £135m (2023: £262m).

During the year, £101m of the Company's distributable profits were utilised for the purchase of shares into treasury (2023: £151m) and 27.1m (2023: 43.3m) treasury shares were cancelled. See Note 32.

The majority of the retained profits of Balfour Beatty plc are distributable. By special resolution on 13 May 2004, confirmed by the court on 16 June 2004, the share premium account was reduced by £181m and the £4m capital redemption reserve was cancelled, effective on 25 June 2004, and a special reserve of £185m was created. This reserve becomes distributable to the extent of future increases in share capital and share premium account, of which £nil occurred in 2024 (2023: £nil).

33 Movements in equity continued

33.3 Balfour Beatty Employee Share Ownership Trust

The retained profits in the Group and the retained profits of the Company are stated net of investments in Balfour Beatty plc ordinary shares acquired by the Group's employee discretionary trust, the Balfour Beatty Employee Share Ownership Trust, to satisfy awards under the Performance Share Plan, the Deferred Bonus Plan and the Restricted Share Plan. In 2024, 2.9m (2023: 5.1m) shares were purchased at a cost of £12m (2023: £18m). The market value of the 5.9m (2023: 7.5m) shares held by the trust at 31 December 2024 was £26.8m (2023: £25.0m). The carrying value of these shares was £21.2m (2023: £23.1m).

Following confirmation of the performance criteria at the end of the performance period in the case of the Performance Share Plan, and at the end of the vesting period in the case of the Deferred Bonus Plan and the Restricted Share Plan, the appropriate number of shares will be unconditionally transferred to participants. In 2024, 2.5m shares were transferred to participants in relation to the March 2021 and June 2021 awards under the Performance Share Plan (2023: 3.2m shares were transferred to participants in relation to the March 2020 and June 2020 awards under the Performance Share Plan), 0.5m shares were transferred to participants in relation to awards under the Deferred Bonus Plan (2023: 1.0m shares) and 1.2m shares were transferred to participants in relation to awards under the Restricted Share Plan (2023: 0.9m).

The trustees have waived the rights to dividends on shares held by the trust. Participants in the schemes receive an award of shares to represent the dividends which would have been payable on the shares since the date of grant.

Other reserves in the Group and Company include £10.2m (2023: £12.2m) relating to unvested Performance Share Plan awards, £3.8m (2023: £4.4m) relating to unvested Restricted Share Plan awards and £3.3m (2023: £2.7m) relating to unvested Deferred Bonus Plan awards.

34 Notes to the statement of cash flows

34.1 Cash from/(used in) operations

		2024			
	Notes	Underlying items[1] £m	Non-underlying items £m	£m	2023 £m
Profit/(loss) from operations		**248**	**(75)**	**173**	211
Share of results of joint ventures and associates	20	**(59)**	**–**	**(59)**	(53)
Depreciation of property, plant and equipment	17	**31**	**–**	**31**	28
Depreciation of right-of-use assets	18	**60**	**–**	**60**	57
Depreciation of investment properties	19	**1**	**–**	**1**	2
Amortisation of other intangible assets	15	**6**	**4**	**10**	12
Amortisation of contract fulfilment assets		**27**	**–**	**27**	15
Pension deficit payments, including regular funding	31.2	**(30)**	**–**	**(30)**	(28)
Movements relating to equity-settled share-based payments		**10**	**–**	**10**	15
Gain on disposal of interests in investments	35.2/ 35.3	**(43)**	**–**	**(43)**	(24)
Profit on disposal of property, plant and equipment		**(2)**	**–**	**(2)**	(2)
Other non-cash items		**–**	**–**	**–**	(3)
Operating cash flows before movements in working capital		**249**	**(71)**	**178**	230
Decrease in operating working capital				**99**	63
Inventories				**(34)**	(11)
Contract assets				**74**	(4)
Trade and other receivables				**(225)**	(73)
Contract liabilities				**91**	(44)
Trade and other payables				**(6)**	177
Provisions				**199**	18
Cash from operations				**277**	293

1 Before non-underlying items (Notes 2.10 and 10).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

34 Notes to the statement of cash flows continued

34.2 Cash and cash equivalents

	2024 Group £m	2024 Company £m	2023 Group £m	2023 Company £m
Cash and deposits	**1,084**	**218**	890	150
Term deposits	**209**	**200**	218	218
Cash balances within infrastructure concessions	**265**	**–**	306	–
Bank overdrafts	**(185)**	**(171)**	(104)	(58)
	1,373	**247**	1,310	310

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term, highly liquid investments with original maturities of less than three months.

34.3 Analysis of movements in borrowings

	Infrastructure concessions non-recourse project finance £m	US private placement £m	Bilateral committed facility £m	Bank overdrafts £m	Total £m
At 1 January 2023	(261)	(345)	–	–	(606)
Currency translation differences	–	14	–	–	14
Proceeds of loans	(336)	–	(28)	(104)	(468)
Repayments of loans	8	169	28	–	205
Fair value adjustment to loan	19	–	–	–	19
At 31 December 2023	(570)	(162)	–	(104)	(836)
Currency translation differences	**(1)**	**(4)**	**–**	**–**	**(5)**
Proceeds of loans	**(36)**	**(39)**	**–**	**(185)**	**(260)**
Repayments of loans	**9**	**40**	**–**	**104**	**153**
Arrangement fees	**3**	**–**	**–**	**–**	**3**
Amortisation of fair value adjustment on loan	**(5)**	**–**	**–**	**–**	**(5)**
At 31 December 2024	**(600)**	**(165)**	**–**	**(185)**	**(950)**

In June 2024, the Group extended its core Revolving Credit Facility (RCF) by one year, to June 2028, with the support of the lending bank group. The facility was reduced from £475m to £450m in the extension process. The RCF remains a Sustainability Linked Loan (SLL) and subsequent to the extension in July 2024, new SLL metrics and targets were agreed with the lending bank group. The Group continues to be incentivised to deliver annual measurable performance improvement in three key areas: carbon emissions, social value generation and an independent Environment, Social and Governance (ESG) rating score. The RCF remained undrawn at 31 December 2024.

The Group retains an additional £30m bilateral committed facility that has materially the same terms and conditions as the RCF. The facility is also a SLL, including metrics that mirror the RCF. In the second half of the year, the Group triggered its extension option in respect of the bilateral facility, to extend the maturity to December 2027. As of 31 December 2024, the facility remained undrawn.

In May 2024, the Group completed the early refinancing of US$50m of US private placement (USPP) notes that were set to mature in March 2025. The Group raised US$50m of new USPP notes, on terms and conditions that mirror existing notes, and used this new funding to complete the early repayment of US$50m USPP notes that were due to expire in March 2025. The new debt is comprised of US$25m of 7-year notes, maturing in May 2031 and US$25m of 12-year notes, maturing in May 2036. The refinancing exercise extended the debt maturity profile of the Group until 2036, with the next debt maturity of US$35m now in June 2027.

35 Acquisitions and disposals

35.1 Current and prior year acquisitions

On 9 December 2024, the Group acquired an additional 17% of Denver Transit Operators LLC (DTO), an existing joint venture of the Group, for a purchase price of £6m, which increased the Group's holding in this joint venture to 50%. The Group continues to apply equity-method accounting for DTO and has recognised a customer contract intangible asset of £9m as a result of this acquisition. Refer to Note 20.2.

There were no other acquisitions in 2024 (2023: £nil).

35.2 Current year disposals

During the year, the Group partially disposed of one of its portfolio of Infrastructure Investments assets as detailed below. The gain recognised from the disposal is recorded within the Group's gain on disposal of interests in investments.

Notes	Disposal date	Entity/asset	Structure of sale	Percentage disposed %	Cash consideration £m	Net assets disposed £m	Amount recycled from reserves £m	Underlying gain £m
35.2.1	16 December 2024	Northside at UTD Phases 1 – 4#	Equity interest sale	5% – 65%	43	–	–	43
					43	**–**	**–**	**43**

\# Disposal of joint venture.

35.2.1 On 16 December 2024, the Group disposed of 5%, 5%, 65% and 60% of its interests respectively in the four phases of its Northside at UTD portfolio, which is located in Richardson (Dallas), Texas, for a cash consideration of £43m. The Group retains a 5% interest in all the entities within this portfolio. The disposal resulted in an underlying gain of £43m.

35.3 Prior year disposals

During 2023, the Group disposed of several Infrastructure Investments assets as detailed below. The gain recognised from the disposal of assets that were held within joint venture entities of the Group was recognised within the Group's share of results of joint ventures and associates.

Notes	Disposal date	Entity/asset	Structure of sale	Percentage disposed %	Cash consideration £m	Net assets disposed £m	Amount recycled from reserves £m	Underlying gain £m
35.3.1	28 September 2023	Moretti Apartments^	Asset sale	n/a	5	(3)	–	2
35.3.2	8 November 2023	Gloucester Waste	Equity interest sale	49.5	56	(35)	3	24
					61	(38)	3	26

^ Disposal of asset within a joint venture entity.

35.3.1 On 28 September 2023, the Group disposed of its Moretti Apartments multifamily property asset located in Homewood, Alabama, and received total cash consideration of £5m. The asset disposal resulted in an underlying gain of £2m being recognised in the Group's share of joint ventures and associates.

35.3.2 On 8 November 2023, the Group disposed of its entire 49.5% interest in UBB Waste (Gloucestershire) Holdings Limited (Gloucester Waste) for a cash consideration of £56m. The disposal included the Group's share of joint venture net assets of £31m and £4m of accrued interest receivable and resulted in a net gain of £24m being recognised in underlying operating profit, including a loss of £6m in respect of PPP financial asset reserves and a gain of £9m in respect of hedging reserves recycled to the income statement on disposal.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

36 Share-based payments

The Company operates three equity-settled share-based payment arrangements, namely the Performance Share Plan (PSP), the Deferred Bonus Plan (DBP) and the Restricted Share Plan (RSP). The Group recognised total expenses relating to equity-settled share-based payment transactions of £10m (2023: £15m). Refer to the Remuneration report for details of the PSP and DBP schemes.

The Company also operates three cash-settled share-based payment arrangements, namely the Shadow PSP (SPSP), the Shadow RSP (SRSP) and the Shadow Deferred Bonus Plan (SDBP). These share-based payment arrangements mirror the conditions of the equity-settled PSP, RSP and DBP plans, the only difference being they are settled in cash. The Group recognised total expenses relating to cash-settled share-based payment transactions of £16m (2023: £9m).

Movements in share plans

Equity-settled share-based payment awards

Number of awards	2024 PSP conditional awards	2024 DBP conditional awards	2024 RSP conditional awards	2023 PSP conditional awards	2023 DBP conditional awards	2023 RSP conditional awards
Outstanding at 1 January	**8,224,917**	**2,053,723**	**3,379,603**	9,616,845	2,301,915	3,600,926
Granted during the year	**2,467,740**	**595,706**	**743,784**	2,625,626	752,862	839,532
Awards in lieu of dividends	**–**	**62,168**	**87,033**	–	65,684	79,471
Forfeited during the year	**(626,202)**	**(124,033)**	**(230,607)**	(776,896)	(108,696)	(279,134)
Exercised during the year	**(2,522,453)**	**(547,502)**	**(1,232,730)**	(3,240,658)	(958,042)	(861,192)
Outstanding at 31 December	**7,544,002**	**2,040,062**	**2,747,083**	8,224,917	2,053,723	3,379,603
Exercisable at 31 December	**–**	**–**	**–**	–	–	–
Weighted average remaining contractual life (years)	**1.1**	**1.1**	**1.4**	1.2	1.4	1.4
Weighted average share price at the date of exercise for awards exercised in the year	**376.8**	**370.1**	**396.9**	370.4	371.2	340.5

The principal assumptions, including expected volatility determined from the historical weekly share price movements over the three-year period immediately preceding the award date, used by the consultants in the stochastic model for the 33.3% of the PSP awards granted in 2024 subject to market conditions, were:

Award date	Name of award	Number of awards	Closing share price on award date Pence	Expected volatility of shares %	Expected term of awards Years	Risk-free interest rate %	Calculated fair value of an award Pence
26 March 2024	PSP award	**2,467,740**	**378.0**	**25.78%**	**3.0**	**4.13**	**257.0**

For the 66.7% of the PSP awards granted in 2024 subject to non-market conditions and for the DBP and RSP awards granted in 2024, the fair value of the awards is the closing share price on the date of grant.

36 Share-based payments continued

Movements in share plans continued

Cash-settled share-based payment awards

Number of awards	2024 SPSP conditional awards	2024 SDBP conditional awards	2024 SRSP conditional awards	2023 SPSP conditional awards	2023 SDBP conditional awards	2023 SRSP conditional awards
Outstanding at 1 January	**6,488,988**	**1,250,240**	**1,235,902**	8,383,533	1,598,936	1,346,825
Granted during the year	**2,203,042**	**259,366**	**365,500**	2,278,123	308,417	435,869
Awards in lieu of dividends	**–**	**35,778**	**36,404**	–	38,015	31,159
Forfeited during the year	**(13,483)**	**–**	**(90,617)**	(875,764)	(94,174)	(160,708)
Exercised during the year	**(2,070,826)**	**(327,486)**	**(342,956)**	(3,296,904)	(600,954)	(417,243)
Outstanding at 31 December	**6,607,721**	**1,217,898**	**1,204,233**	6,488,988	1,250,240	1,235,902
Exercisable at 31 December	**–**	**–**	**–**	–	–	–
Weighted average remaining contractual life (years)	**1.18**	**0.94**	**1.59**	1.2	1.3	1.7
Weighted average share price at the date of exercise for awards exercised in the year	**380.9**	**382.9**	**367.44**	341.0	341.2	320.9

As at 31 December 2024, the Group's liability in respect of outstanding cash-settled share-based payment awards amounted to £21m (2023: £21m). This liability has been recorded within accruals.

37 Commitments

Capital expenditure authorised and contracted for which has not been provided for in the financial statements amounted to £11m (2023: £12m) in the Group and £nil (2023: £nil) in the Company.

The Group has committed to provide its share of further equity funding and subordinated debt in Infrastructure Investments projects which have reached financial close. Refer to Note 42(f).

38 Contingent liabilities

The Company and certain subsidiary undertakings have, in the normal course of business, given guarantees and entered into counter-indemnities in respect of bonds relating to the Group's own contracts and given guarantees in respect of their share of certain contractual obligations of joint ventures and associates and certain retirement benefit liabilities of the Balfour Beatty Pension Fund and the Railways Pension Scheme. Guarantees are treated as contingent liabilities until such time as it becomes probable payment will be required under the terms of the guarantee.

Provision has been made for the Directors' best estimate of known legal claims, investigations and legal actions in progress. This includes, but is not limited to, any new claims that may arise relating to fire safety regulations under the Building Safety Act. The Group assesses the likelihood of success of claims, actions or ongoing investigations, taking into consideration any legal advice received. No provision is made where the Directors consider that the action is unlikely to succeed, or that the Group cannot make a sufficiently reliable estimate of the potential obligation. However, in certain cases where assessments are ongoing and the Group cannot yet conclude whether it is probable the claim is valid, a possible obligation may exist at 31 December 2024. In respect of these cases, it is not practicable to estimate the financial effect based on the current status of the assessments.

39 Events after the reporting date

In the period from 1 January 2025 to 10 March 2025 (the latest practicable date prior to the date of this Annual Report and Accounts), the Company purchased 5.5m ordinary shares, which are held in treasury with no voting rights, for a total consideration of £25m (including stamp duty and fees).

On 17 January 2025, the Group reached agreement to dispose of Omnicom Balfour Beatty, its specialist rail measurement hardware and intelligent software business, for a consideration of £24m (subject to adjustment for working capital) to Hitachi Rail. The disposal is subject to various conditions and completion is anticipated to be in the first half of 2025. The carrying value of Omnicom Balfour Beatty at 31 December 2024 was £(2)m. Profit on disposal, net of disposal costs, will be recognised once completion is achieved within the Group's non-underlying results.

There were no other material post balance sheet events arising after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

40 Related party transactions

Joint ventures and associates

The Group has contracted with, provided services to, and received management fees from, certain joint ventures and associates amounting to £438m (2023: £445m). These transactions occurred in the normal course of business at market rates and terms. In addition, the Group procured equipment and labour on behalf of certain joint ventures and associates which were recharged at cost with no mark-up. The amounts due from or to joint ventures and associates at the reporting date are disclosed in Notes 25 and 26 respectively.

Transactions with non-Group members

The Group also entered into transactions and had amounts outstanding with related parties which are not members of the Group as set out below. This company was a related party as it was controlled, jointly controlled or under significant influence by a Director of Balfour Beatty plc.

	2024 £m	2023 £m
Site Assist Software Limited		
Purchase of services	1	1

All transactions with this related party were conducted on normal commercial terms, equivalent to those conducted with external parties. No guarantees have been given or received. No expense has been recognised in the year for bad or doubtful debts in respect of amounts owed by this related party.

Compensation of key management personnel of the Company

	2024 £m	2023 £m
Short-term benefits	3.409	3.103
Share-based payments	2.420	3.866
	5.829	6.969

Key management personnel comprise the executive Directors who are directly responsible for the Group's activities and the non-executive Directors. The compensation included above is in respect of the period of the year during which the individuals were Directors. Further details of Directors' emoluments, post-employment benefits and interests are set out in the Remuneration report on pages 153 to 174.

During 2024, a member of the Group's staff was seconded on a full-time basis to The 5% Club, a charity which is a dynamic movement of employer-members working to create a shared prosperity across the UK by driving 'earn and learn' skills training. The expense for the salary cost was borne by the Group and no consideration was received in return.

41 Financial instruments

Capital risk management

The Group manages its capital to ensure its ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital. The components of capital are as follows: equity attributable to equity holders of the Company comprising issued ordinary share capital, reserves and retained earnings as disclosed in Notes 32 and 33; US private placement as disclosed in Note 28; and cash and cash equivalents and borrowings as disclosed in Note 28.

The Group maintains or adjusts its capital structure through the payment of dividends to equity holders, issue of new shares and buyback of existing shares, and drawdown of new borrowings and repayment of existing borrowings. The policy of the Group is to ensure an appropriate balance between cash, borrowings (other than the non-recourse borrowings of companies engaged in Infrastructure Investments projects), working capital and the value in the Infrastructure Investments investment portfolio.

The overall capital risk management strategy of the Group remains unchanged from 2023.

In 2024 the Company commenced the fourth phase of its share buyback programme, which completed on 20 September 2024. The Company purchased 27.1m (2023: 43.3m) shares for a total consideration of £100m (2023: £150m) and held these shares in treasury with no voting rights. The purchase of these shares, together with associated fees and stamp duty amounting to £1m (2023: £1m), utilised £101m (2023: £151m) of the Company's distributable profits.

On 31 October 2024, the Company cancelled the 27.1m treasury shares purchased through the 2024 phase of its share buyback programme (2023: 43.3m). This cancellation resulted in a decrease in called-up share capital in issue of £13m (2023: £22m) and a corresponding increase in the capital redemption reserve.

Categories of financial instruments

	2024					2023					
	Loans and receivables at amortised cost, cash and deposit £m	Financial liabilities at amortised cost £m	Financial assets at fair value through OCI £m	Financial assets at fair value through P&L £m	Derivatives £m	Loans and receivables at amortised cost, cash and deposits £m	Financial liabilities at amortised cost £m	Financial assets at fair value through OCI £m	Financial assets at amortised cost £m	Financial assets at fair value through P&L £m	Derivatives £m
Financial assets											
Mutual funds	–	–	20	–	–	–	–	19	–	–	–
Other investment assets	–	–	–	4	–	–	–	–	2	7	–
PPP financial assets	–	–	21	–	–	–	–	24	–	–	–
Cash and deposits	1,558	–	–	–	–	1,414	–	–	–	–	–
Trade and other receivables	1,360	–	–	–	–	1,145	–	–	–	–	–
Derivatives	–	–	–	–	–	–	–	–	–	–	1
Total	2,918	–	41	4	–	2,559	–	43	2	7	1
Financial liabilities											
Trade and other payables	–	(1,734)	–	–	–	–	(1,708)	–	–	–	–
Unsecured borrowings	–	(350)	–	–	–	–	(266)	–	–	–	–
Infrastructure concessions non-recourse term loans	–	(600)	–	–	–	–	(570)	–	–	–	–
Derivatives	–	–	–	–	(1)	–	–	–	–	–	(2)
Total	–	(2,684)	–	–	(1)	–	(2,544)	–	–	–	(2)
Net	2,918	(2,684)	41	4	(1)	2,559	(2,544)	43	2	7	(1)
Current year comprehensive income/(loss) excluding share of joint ventures and associates	63	(29)	2	(2)	1	63	(33)	4	–	(1)	–

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

41 Financial instruments continued

Derivatives

	Financial liabilities 2024 Current £m	Financial liabilities 2024 Non-current £m	Financial liabilities 2024 Total £m	Financial assets/(liabilities) 2023 Current £m	Financial assets/(liabilities) 2023 Non-current £m	Financial assets/(liabilities) 2023 Total £m
Fuel hedges						
Held for trading at fair value through income statement	–	–	–	1	–	1
Forward exchange contracts						
Held for trading at fair value through income statement	–	(1)	(1)	–	(1)	(1)
Interest rate swaps						
Designated as cash flow hedges	–	–	–	–	(1)	(1)
	–	(1)	(1)	1	(2)	(1)

Non-derivative financial liabilities gross maturity

The following table details the remaining contractual maturity for the Group's non-derivative financial liabilities. The table reflects the undiscounted contractual maturities of the financial liabilities including interest that will accrue on those liabilities except where the Group is entitled to and intends to repay the liability before its maturity. The discount column represents the possible future cash flows included in the maturity analysis, such as future interest, that are not included in the carrying value of the financial liability.

Maturity profile of the Group's non-derivative financial liabilities at 31 December

	2024 Non-recourse project finance £m	2024 Other borrowings £m	2024 Other financial liabilities £m	2024 Total non-derivative financial liabilities £m	2024 Discount £m	2024 Carrying value £m	2023 Non-recourse project finance £m	2023 Other borrowings £m	2023 Other financial liabilities £m	2023 Total non-derivative financial liabilities £m	2023 Discount £m	2023 Carrying value £m
Due on demand or within one year	(19)	(185)	(1,655)	(1,859)	8	(1,851)	(15)	(104)	(1,593)	(1,712)	6	(1,706)
Due within one to two years	(65)	–	(36)	(101)	9	(92)	(18)	(39)	(82)	(139)	8	(131)
Due within two to five years	(197)	(91)	(42)	(330)	31	(299)	(221)	(27)	(28)	(276)	40	(236)
Due after more than five years	(921)	(74)	(1)	(996)	554	(442)	(934)	(96)	(5)	(1,035)	564	(471)
	(1,202)	(350)	(1,734)	(3,286)	602	(2,684)	(1,188)	(266)	(1,708)	(3,162)	618	(2,544)
Discount	602	–	–	602			618	–	–	618		
Carrying value	(600)	(350)	(1,734)	(2,684)			(570)	(266)	(1,708)	(2,544)		

41 Financial instruments continued

Derivative financial liabilities gross maturity

The following table details the Group's expected maturity for its derivative financial liabilities. The table reflects the undiscounted net cash inflows/(outflows) on the derivative instruments that settle on a net basis (interest rate swaps) and undiscounted gross inflows/(outflows) for those derivatives that are settled on a gross basis (foreign exchange contracts). When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates, using the yield curves at the reporting date.

Maturity profile of the Group's derivatives at 31 December

	2024			2023		
	Payable £m	Receivable £m	Net payable £m	Payable £m	Receivable £m	Net payable £m
Due on demand or within one year	(37)	36	(1)	(14)	15	1
Due within one to two years	(7)	6	(1)	(31)	30	(1)
Due within two to five years	–	–	–	(7)	6	(1)
Total	(44)	42	(2)	(52)	51	(1)

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk; credit risk; and liquidity risk. The Group's financial risk management strategy seeks to minimise the potential adverse effect of these risks on the Group's financial performance.

Financial risk management is carried out centrally by Group Treasury under policies approved by the Board. Group Treasury liaises with the Group's business units to identify, evaluate and hedge financial risks. The Board provides written principles for overall financial risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is monitored through the Group's internal audit and risk management procedures. The Group uses derivative financial instruments to hedge certain risk exposures. The Group does not trade in financial instruments, including derivative financial instruments, for speculative purposes.

(a) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:

- forward foreign exchange contracts to hedge the exchange rate risk arising on trading activities transacted in a currency that is not the functional currency of the business unit; and
- interest rate swaps to mitigate the cash flow variability in non-recourse project finance loans arising from variable interest rates on borrowings.

There has been no material change to the Group's exposure to market risks and there has been no change in how the Group manages those risks since 2023.

(i) Foreign currency risk management

The Group operates internationally and is exposed to foreign exchange risk arising from exposure to various currencies, primarily to US dollars, euros and Hong Kong dollars. Foreign exchange risk arises from future trading transactions, assets and liabilities and net investments in foreign operations.

Group policy requires business units to manage their transactional foreign exchange risk against their functional currency. Whenever a current or future foreign currency exposure is identified with sufficient reliability, Group Treasury enters into forward contracts on behalf of business units to cover 100% of foreign exchange risk above materiality levels determined by the Chief Financial Officer.

As at 31 December 2024, the notional principal amounts of foreign exchange contracts in respect of foreign currency transactions where hedge accounting is not applied was £42m (2023: £51m) receivable and £44m (2023: £52m) payable with related cash flows expected to occur within two years (2023: three years). The foreign exchange gains or losses resulting from fair valuing these unhedged foreign exchange contracts will affect the income statement throughout the same periods.

The Group has not designated any forward exchange contracts as cash flow hedges in 2023 and 2024.

The Group's investments in foreign operations are exposed to foreign currency translation risks. The Group does not enter into forward foreign exchange or other derivative contracts to hedge foreign currency denominated net assets.

At 31 December 2024, the Group held US$208m of debt in the form of US private placement (USPP) notes. The USPP notes are designated as a net investment hedge against changes in the value of the Group's US net assets due to exchange movements. The Group reassessed the US$208m hedge at 31 December 2024 and concluded that the hedge continued to be effective. Exchange movements in the year led to a £4m increase in the carrying amount of the liability on the Group's balance sheet (2023: £14m decrease). A 5% increase/decrease in the US dollar to sterling exchange rate would lead to a £8m decrease (2023: £8m)/£9m increase (2023: £9m) in the carrying amount of the liability on the Group's balance sheet, with the movement recognised in other comprehensive income.

The hedging policy is reviewed periodically. At the reporting date there had been no change to the hedging policy since 2023.

(ii) Interest rate risk management

Interest rate risk arises in the Group's non-recourse project companies which borrow funds at both floating and fixed interest rates and hold financial assets measured at fair value through OCI. Floating rate borrowings expose the Group to cash flow interest rate risk. The Group's policy to manage this risk is to swap floating rate interest to fixed rate, using interest rate swap contracts.

In an interest rate swap, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. The net effect of a movement in interest rates on income would be immaterial. The fair value of interest rate swaps is determined by discounting the future cash flows using the yield curve at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

41 Financial instruments continued

Financial risk factors continued

(a) Market risk continued

(ii) Interest rate risk management continued
During 2024 and 2023, the Group's non-recourse project subsidiaries' borrowings at variable rates of interest were denominated in sterling. The notional principal amounts of the subsidiaries' interest rate swaps outstanding at 31 December 2024 totalled £17m (2022: £17m) with maturities that match the maturity of the underlying borrowings of seven years. At 31 December 2024, the fixed interest rate was 5.1% (2023: 5.1%) and the principal floating rates are SONIA plus a fixed margin. A 50 basis point increase/decrease in the interest rate on floating rate borrowings for interest rate swaps would lead to a £nil increase (2023: £nil)/£nil decrease (2023: £nil) in amounts taken directly to other comprehensive income by the Group in relation to the Group's exposure to interest rates on the PPP financial assets and cash flow hedges of its Infrastructure Investments subsidiaries.

Interest rate risk also arises on the Group's cash and cash equivalents, term deposits and other borrowings. Other than the non-recourse project subsidiaries' borrowings at variable rates of interest, all the debt of the Group is held at fixed interest rates. A 50 basis point increase/decrease in the interest rate of each currency in which these financial instruments are held would lead to a £7m decrease (2023: £5m)/£7m increase (2023: £5m) in the Group's net finance cost.

(iii) Price risk management
The Group's principal price risk exposure arises in its Infrastructure Investments concessions. At the commencement of the concession, an element of the unitary payment by the customer is indexed to offset the effect of inflation on the concession's costs. The Group is exposed to price risk to the extent that inflation differs from the index used.

(b) Credit risk
Credit risk is the risk that a counterparty will default on its contractual obligations, resulting in financial loss. Credit risk arises from cash and deposits, derivative financial instruments, loans provided to joint ventures and associates and credit exposures to customers, including outstanding receivables and committed transactions. The Group has a policy of assessing the creditworthiness of potential customers before entering into transactions set by the Board for the Group.

For cash and deposits and derivative financial instruments, the Group has a policy of only using counterparties that are independently rated with a minimum long-term credit rating of BBB- and at 31 December 2024 this criterion was met (2023: BBB-). The credit rating of a financial institution will determine the amount and duration for which funds may be deposited under individual risk limits set by the Board for the Group and subsidiary companies. Management monitors the utilisation of these credit limits regularly.

For trade and other receivables, credit evaluation is performed on the financial condition of accounts receivable using independent ratings where available or by assessment of the customer's credit quality based on its financial position, past experience and other factors. The Group's most significant customers are public or regulated industry entities which generally have high credit ratings or are of a high credit quality due to the nature of the customer. As such, the Group does not expect material credit losses to occur on balances owed to the Group by its public or regulated customers. This is in line with the Group's experience in the past of recovering balances owed by these customers.

The Group is exposed to credit risk on loans provided to joint ventures and associates and accrued interest on those loans, as the repayment of these amounts is contingent on the performance of the underlying concession or operation. In the Infrastructure Investments segment the concessions are typically financed by a combination of non-recourse external borrowings and subordinated loans provided by the joint venture partners. The Group assesses any expected credit losses on its loans provided to joint ventures and associates by comparing the carrying value of the relevant investment in joint venture or associate balance (which includes the loans provided and any accrued interest) to future cash flows expected to be received from the joint venture or associate, discounted where appropriate.

The maximum exposure to credit risk in respect of the above at the reporting date is the carrying value of financial assets recorded in the financial statements, net of any allowance for losses.

There has been no material change to the Group's exposure to credit risks and there has been no change in how the Group manages those risks since 2023.

(c) Liquidity risk
The Group manages liquidity risk by maintaining adequate cash balances and banking facilities, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Details of undrawn committed borrowing facilities are set out in Note 28.1. The maturity profile of the Group's financial liabilities is set out on page 256.

There has been no material change to the Group's exposure to liquidity risks and there has been no change in how the Group manages those risks since 2023.

Fair value estimation
The Group holds certain financial instruments on the balance sheet at their fair values. The following hierarchy classifies each class of financial asset or liability in accordance with the valuation technique applied in determining its fair value.

There have been no transfers between these categories during 2024 or 2023.

Level 1 – The fair value is calculated based on quoted prices traded in active markets for identical assets or liabilities.

The Group holds investments in mutual funds measured at fair value through OCI which are traded in active markets and valued at the closing market price at the reporting date.

Level 2 – The fair value is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows utilising yield curves at the reporting date and taking into account own credit risk. Own credit risk for Infrastructure Investments' swaps is not material and is calculated using the following credit valuation adjustment (CVA) calculation: loss given default multiplied by exposure multiplied by probability of default.

41 Financial instruments continued

Financial risk factors continued

(c) Liquidity risk continued

Fair value estimation continued

The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the reporting date and yield curves derived from quoted interest rates matching the maturities of the foreign exchange contracts. Own credit risk for the other derivative liabilities is not material and is calculated by applying a relevant credit default swap (CDS) rate obtained from a third party.

Level 3 – The fair value is based on unobservable inputs.

The fair value of the Group's PPP financial assets is determined in the construction phase by applying an attributable profit margin by reference to the construction margin on non-PPP projects reflecting the construction risks retained by the construction contractor, and fair value of construction services performed. In the operational phase it is determined by discounting the future cash flows allocated to the financial asset at a discount rate which is based on long-term gilt rates adjusted for the risk levels associated with the assets, with market-related movements in fair value recognised in other comprehensive income and other movements recognised in the income statement. Amounts originally recognised in other comprehensive income are transferred to the income statement upon disposal of the asset.

A change in the discount rate would have a significant effect on the value of the asset and a 50 basis point increase/decrease, which represents management's assessment of a reasonably possible change in the risk-adjusted discount rate, would lead to a £nil decrease (2023: £1m)/£nil increase (2023:£1m) in the fair value of the assets taken through equity. Refer to Note 22 for a reconciliation of the movement from the opening balance to the closing balance.

For PPP financial assets held in joint ventures and associates, a change in the discount rate by a 50 basis point increase/decrease, which represents management's assessment of a reasonably possible change in the risk-adjusted discount rate, would lead to a £21m decrease (2023: £25m)/£21m increase (2023: £26m) in the fair value of the assets taken through equity within the share of joint ventures' and associates' reserves.

	2024				2023			
Financial instruments at fair value	**Level 1 £m**	**Level 2 £m**	**Level 3 £m**	**Total £m**	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Investments in mutual fund financial assets	**20**	**–**	**–**	**20**	19	–	–	19
PPP financial assets	**–**	**–**	**21**	**21**	–	–	24	24
Other investment assets	**–**	**–**	**4**	**4**	–	–	7	7
Financial assets – fuel hedges	**–**	**–**	**–**	**–**	–	1	–	1
Total assets measured at fair value	**20**	**–**	**25**	**45**	19	1	31	51
Financial liabilities – infrastructure concessions interest rate swaps	**–**	**–**	**–**	**–**	–	(1)	–	(1)
Financial liabilities – forward exchange contracts	**–**	**(1)**	**–**	**(1)**	–	(1)	–	(1)
Total liabilities measured at fair value	**–**	**(1)**	**–**	**(1)**	–	(2)	–	(2)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

42 Principal subsidiaries, joint ventures and associates

(a) Principal subsidiaries

	Country of incorporation or registration
Construction and support services	
Balfour Beatty Group Ltd	
Balfour Beatty Construction Group Inc	US
Balfour Beatty Infrastructure Inc	US
Infrastructure Investments	
Balfour Beatty Communities LLC	US
Balfour Beatty Infrastructure Investments Ltd*	
Balfour Beatty Investments Inc	US
Balfour Beatty Campus Solutions LLC	US
Balfour Beatty Developments Inc	US
Other	
Balfour Beatty Holdings Inc	US

(b) Principal joint ventures and associates

	Country of incorporation or registration	Ownership interest %
Construction and support services		
Gammon China Ltd	Hong Kong	50.0
Infrastructure Investments		
Connect Plus (M25) Ltd		15.0

(c) Principal joint operations

The Group carries out a number of its larger contracts in joint arrangements with other contractors so as to share resources and risk. The principal joint projects in progress during the year are shown below.

	Country of incorporation or registration	Ownership interest %
M25 Maintenance		52.5
HS2 – Area North		50.0
Central Rail Systems Alliance		80.0
Old Oak Common		42.0
Gilbane/Balfour Beatty Eccles 1951	US	50.0
Skanska/Balfour Beatty	US	50.0
Driscoll/Balfour Beatty	US	35.0
Andres/Balfour Beatty	US	55.0
Kjellstrom+Lee/Balfour Beatty	US	50.0
LAX Integrated Express Solutions	US	30.0
LBJ East	US	45.0

Notes

(i) Subsidiaries, joint ventures and associates whose results did not, in the opinion of the Directors, materially affect the results or net assets of the Group are not shown.

(ii) Unless otherwise stated, 100% of the equity capital is owned and companies are registered in England and Wales and the principal operations of each company are conducted in the country of incorporation.

* Indicates held directly by Balfour Beatty plc.

A full list of the Group's related undertakings is included in Note 44.

42 Principal subsidiaries, joint ventures and associates continued

(d) Balfour Beatty Investments UK

Roads

Balfour Beatty is a promoter, developer and investor in 12 road and street lighting projects to construct new roads, to upgrade and maintain existing roads and to replace and maintain street lighting. The principal contract is the project agreement with the governmental highway authority. All assets transfer to the customer at the end of the concession.

Concession company(i)	Project	Total debt and equity funding £m	Shareholding	Method of accounting	Financial close	Duration years	Construction completion
Connect M1-A1 Ltd(ii)	30km road	290	20%	JV	March 1996	30	1999
Connect A50 Ltd(ii)	57km road	42	25%	JV	May 1996	30	1998
Connect A30/A35 Ltd(ii)	102km road	127	20%	JV	July 1996	30	2000
Connect M77/GSO plc(ii)	25km road	167	85%	JV	May 2003	32	2005
Connect Roads Sunderland Ltd(ii)	Streetlighting	27	20%	JV	August 2003	25	2008
Connect Roads South Tyneside Ltd(ii)	Streetlighting	28	20%	JV	December 2005	25	2010
Connect Roads Derby Ltd	Streetlighting	36	100%	Subsidiary	April 2007	25	2012
Connect Plus (M25) Ltd(ii)	J16 – J23, J27 – J30 and A1(M) Hatfield Tunnel	1,309	15%	JV	May 2009	30	2012
Connect CNDR Ltd(ii)	Carlisle Northern Development Route	176	25%	JV	July 2009	30	2012
Connect Roads Coventry Ltd(ii)	Streetlighting	56	20%	JV	August 2010	25	2015
Connect Roads Cambridgeshire Ltd(ii)	Streetlighting	51	20%	JV	April 2011	25	2016
Connect Roads Northamptonshire Ltd(ii)	Streetlighting	64	20%	JV	August 2011	25	2016

Notes

(i) Registered in England and Wales and the principal operations of each company are in England and Wales, except Connect M77/GSO plc which is registered, and conducts their principal operations, in Scotland.

(ii) Due to the shareholders' agreement between Balfour Beatty and the other shareholder requiring unanimity of agreement in respect of significant matters related to the financial and operating policies of this company, the Directors have accounted for its interest in this company as a joint venture.

Healthcare

Balfour Beatty is a promoter, developer and investor in two healthcare projects to build hospital accommodation and to provide certain non-medical facilities management services over the concession period. The principal contract for Birmingham is the project agreement between the concession company and the NHS Trust and for the Irish primary care centres, the project agreement is with the Irish Government. All assets transfer to the customer at the end of the concession.

Concession company(i)(ii)	Project	Total debt and equity funding £m	Shareholding	Method of accounting	Financial close	Duration years	Construction completion
Consort Healthcare (Birmingham) Ltd	Teaching hospital and mental health hospital	553	40%	JV	June 2006	40	2011
Healthcare Centres PPP Ltd	Primary health care centres	158	40%	JV	May 2016	26	2019

Notes

(i) Registered in England and Wales and the principal operations of each company are in England and Wales, except Healthcare Centres PPP Ltd which is registered, and conducts its principal operations, in Ireland.

(ii) Due to the shareholders' agreement between Balfour Beatty and the other shareholder requiring unanimity of agreement in respect of significant matters related to the financial and operating policies of this company, the Directors have accounted for its interest in this company as a joint venture.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

42 Principal subsidiaries, joint ventures and associates continued

(d) Balfour Beatty Investments UK continued

Student accommodation

Balfour Beatty is a promoter, developer and investor in five student accommodation projects. On Holyrood, Aberystwyth and two Sussex projects, the principal agreement is between the concession company and the university and the assets transfer to the customer at the end of the concession. On Glasgow Residences the building is owned outright by Balfour Beatty and rooms are let to individual students.

Concession company(i)	Project	Total debt and equity funding £m	Shareholding	Method of accounting	Financial close	Duration years	Construction completion
Holyrood Student Accommodation SPV Ltd(ii)	Edinburgh	82	20%	JV	July 2013	50	2016
Aberystwyth Student Accommodation Ltd	Aberystwyth	51	100%	Subsidiary	July 2013	35	2015
Glasgow Residences (Kennedy Street) LLP	Glasgow	40	100%	Subsidiary	April 2016	n/a	2017
East Slope Residencies Student Accommodation LLP	Sussex	218	80%	Subsidiary	March 2017	50	2020
West Slope Residencies LLP	Sussex	343	81%	Subsidiary	December 2023	50	2028

Notes

(i) Registered in England and Wales and the principal operations of each company are in England and Wales, except Holyrood Student Accommodation SPV Ltd and Glasgow Residences (Kennedy Street) LLP which are registered, and conduct their principal operations, in Scotland.

(ii) Due to the shareholders' agreement between Balfour Beatty and the other shareholder requiring unanimity of agreement in respect of significant matters related to the financial and operating policies of this company, the Directors have accounted for its interest in this company as a joint venture.

Other concessions

Pevensey Coastal Defence Ltd (PCDL) has a 25-year contract with the Environment Agency to maintain a shingle bank sea defence in East Sussex. Thanet involves the operation of transmission assets for the 300MW offshore wind farm project located off the Kent coast. Gwynt y Môr involves the operation of transmission assets for the 576MW offshore wind farm in the Irish Sea. Humber involves the operation of transmission assets for the 219MW offshore wind farm in the North Sea. Thanet, Gwynt y Môr and Humber operate and maintain the transmission assets under the terms of perpetual licences granted by Ofgem which contain the right to be paid a revenue stream over a 20-year period on an availability basis. Welland Bio Power involves the design, construction, financing, operation and maintenance of a 10.4MW waste wood gasifier located at Pebble Hall Farm, Thredingworth. The East Wick and Sweetwater development is a London Legacy Development Corporation project, being carried out in phases, which will result in the creation of two communities, East Wick and Sweetwater, at the Queen Elizabeth Olympic Park in London. With the exception of the Welland Bio Power plant and the Eastwick and Sweetwater project, all assets transfer to the customer at the end of the relevant concession.

Concession company(i)(ii)	Project	Total debt and equity funding £m	Shareholding	Method of accounting	Financial close	Duration years	Construction completion
Pevensey Coastal Defence Ltd	Sea defences	3	25%	JV	July 2000	25	n/a
East Wick and Sweetwater Projects (Phase 1) Ltd	Property development	99	50%	JV	January 2019	6	2021
East Wick and Sweetwater Projects (Phase 2) Ltd	Property development	76	50%	JV	August 2023	3	2026
Thanet OFTO Ltd	Offshore transmission	197	20%	JV	December 2014	20	n/a
Gwynt y Môr OFTO plc	Offshore transmission	256	60%	JV	February 2015	20	n/a
Welland Bio Power Ltd	Waste wood gasifier	17	29.2%	JV	March 2015	n/a	2018
Humber Gateway OFTO Ltd	Offshore transmission	187	20%	JV	September 2016	20	n/a

Notes

(i) Registered in England and Wales and the principal operations of each company are in England and Wales.

(ii) Due to the shareholders' agreement between Balfour Beatty and the other shareholder requiring unanimity of agreement in respect of significant matters related to the financial and operating policies of this company, the Directors have accounted for its interest in these companies as a joint venture.

42 Principal subsidiaries, joint ventures and associates continued

(e) Balfour Beatty Investments North America

Military housing

Summary Balfour Beatty through its subsidiary Balfour Beatty Communities LLC is a manager, developer, and investor in a number of US military privatisation projects associated with a total of 55 US Government military bases which include 55 military family housing communities and one unaccompanied personnel housing community that are expected to contain approximately 43,000 housing units once development, construction and renovation are complete.

The projects comprise 11 military family housing privatisation projects with the United States Department of the Army (Army), seven projects with the United States Department of the Air Force (Air Force) and two projects with the United States Department of the Navy (Navy). In addition, there is one unaccompanied personnel housing (UPH) project with the Army at Fort Stewart.

Contractual arrangements The first phase of the project, known as the initial development period, covers the period of initial construction or renovation of military housing on a base, typically lasting three to eight years. With respect to Army and Navy projects, the Government becomes a member or partner of the project entity (Project LLC); the Air Force is not a named partner or member in Balfour Beatty Communities' Project LLCs, however it contributes a commitment to provide a Government direct loan to the Project LLC and has similar rights to share in distributions and cash flows of the Project LLC. On each project, the Project LLC enters into a ground lease with the Government, which provides the Project LLC with a leasehold interest in the land and title to the improvements on the land for a period of 50 years. Each of these military housing privatisation projects includes agreements covering the management, renovation, and development of existing housing units, as well as the development, construction, renovation and management of new units during the term of the project, which, in the case of the Army, could potentially extend for up to an additional 25 years. The 50-year duration of each project calls for continuous renovation, rehabilitation, demolition and reconstruction of housing units. At the end of the ground lease term the Project LLC's leasehold interest terminates and all project improvements on the land generally transfer to the Government.

Preferred returns The projects will typically receive, to the extent that adequate funds are available, an annual minimum preferred return. On most existing projects, this annual minimum preferred return ranges from 9% to 12% of Balfour Beatty Communities' initial equity contribution to the project.

Allocation of remaining operating cash flow Operating cash flow remaining after the annual minimum preferred return is paid is shared between Balfour Beatty Communities and the reinvestment account held by the project for the benefit of the Government. On most of the existing projects, the total amount that Balfour Beatty Communities is entitled to receive (inclusive of the preferred return) is generally capped at an annual modified rate of return, or cash-on-cash return, on its initial equity contribution to the project. Historically, these caps have ranged between approximately 9% to 18% depending on the particular project and the type of return (annual modified rates of return or cash-on-cash). However, in some of the more recent projects, there are either no annual caps or lower projected annual rates of return. The total capped return generally will include the annual minimum preferred return. The reinvestment account is an account established for the benefit of the military, but funds may be withdrawn for construction, development and renovation costs during the remaining life of a privatisation project upon approval by the applicable military service.

Return of equity Generally, at the end of a project term, any monies remaining in the reinvestment account are distributed to Balfour Beatty Communities and the Army, Navy or Air Force, in a predetermined order of priority. Typically these distributions will have the effect of providing the parties with sufficient funds to provide a minimum annual return over the life of the project and a complete return of the initial capital contribution. After payment of the minimum annual return and the return of a party's initial contribution, all remaining funds will typically be distributed to the applicable military service.

Military concession company[i]	Projects	Total project funding US$m	Financial close	Duration years	Construction completion
Military family housing					
Fort Carson Family Housing LLC	Army base	176	November 2003	46	2004
– Fort Carson expansion		130	November 2006	43	2010
– Fort Carson GTA expansion		99	April 2010	39	2013
– Fort Carson GTA II expansion		68	June 2015	34	2018
Stewart Hunter Housing LLC	Two Army bases	374	November 2003	50	2012
Fort Hamilton Housing LLC	Army base	61	June 2004	50	2009
Fort Detrick/Walter Reed Army Medical Center Housing LLC	Two Army bases	112	July 2004	50	2008
Northeast Housing LLC	Seven Navy bases	496	November 2004	50	2010

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

42 Principal subsidiaries, joint ventures and associates continued

(e) Balfour Beatty Investments North America continued

Military housing continued

Military concession company[i]	Projects	Total project funding US$m	Financial close	Duration years	Construction completion
Fort Eustis/Fort Story Housing LLC	Two Army bases	175	March 2005	50	2011
– Fort Eustis expansion		8	July 2010	45	2011
– Fort Eustis – Marseilles Village		26	March 2013	42	2015
Fort Bliss/White Sands Missile Range Housing LP	Two Army bases	427	July 2005	50	2011
– Fort Bliss expansion		46	December 2009	46	2011
– Fort Bliss GTA expansion phase I		156	July 2011	44	2014
– Fort Bliss GTA expansion phase II		146	November 2012	43	2016
Fort Eisenhower Housing LLC	Army base	159	May 2006	50	2012
Carlisle/Picatinny Family Housing LP	Two Army bases	84	July 2006	50	2011
– Carlisle Heritage Heights phase II		21	October 2012	44	2014
AETC Housing LP	Four Air Force bases	359	February 2007	50	2012
Southeast Housing LLC	11 Navy bases	558	November 2007	50	2013
Vandenberg Housing LP	Air Force base	155	November 2007	50	2012
Leonard Wood Family Communities LLC	Army base	231	Acquired June 2008	47	2014
AMC West Housing LP	Three Air Force bases	428	July 2008	50	2015
West Point Housing LLC	Army base	220	August 2008	50	2016
Fort Jackson Housing LLC	Army base	181	October 2008	50	2013
Lackland Family Housing LLC	Air Force base	105	Acquired December 2008	50	2013
Western Group Housing LP	Four Air Force bases	328	March 2012	50	2017
Northern Group Housing LLC	Six Air Force bases	427	August 2013	50	2019
ACC Group Housing LLC	Two Air Force bases	56	June 2014	50	2018
Military unaccompanied personnel housing					
Stewart Hunter Housing LLC		36	January 2008	50	2010

Note

(i) Registered in the US and the principal operations of each project are conducted in the US.

The Group evaluated each of its interests in the military housing projects to determine if the entities should be consolidated. This analysis included, but was not limited to, identifying the activities that most significantly impact an entity's economic performance, which party or parties control those activities and the risks associated with these entities. Decision-making power over key facets of the contracts was evaluated when determining which party or parties had control over the activities that most significantly impacted a project's economics. Based on this review, the Directors consider that the Group does not have the power to direct these activities and does not have control and therefore the Group does not consolidate the military housing projects and accounts for these projects as investments in associates.

42 Principal subsidiaries, joint ventures and associates continued

(e) Balfour Beatty Investments North America continued

Aviation

Summary Balfour Beatty is a developer, operator and investor in an automated people mover at Los Angeles International Airport. The people mover will be a 2.25-mile above ground airport transport system.

Contractual arrangements The principal contract is the project agreement between the concession partnership and the airport authority. All assets transfer to the authority at the end of the concession.

Concession company	Project	Total project funding US$m	Shareholding	Method of accounting	Financial close	Duration years	Construction completion
LAX Integrated Express Solutions LLC(i)(ii)	LINXS	2,828	27%	JV	June 2018	30	2024

Notes
(i) Registered in the US and the principal operations of the project are conducted in the US.
(ii) Due to the shareholders' agreement between Balfour Beatty and the other shareholder requiring unanimity of agreement in respect of significant matters related to the financial and operating policies of this company, the Directors have accounted for its interest in this company as a joint venture.

Residential investments

Summary Balfour Beatty is a developer, operator and investor in nine multifamily residential projects.

Contractual arrangements Balfour Beatty has acquired residential apartment buildings for nine multifamily residential projects. For all residential projects, the entities have entered into agreements with Balfour Beatty Communities LLC to perform the operations and renovation work.

Residential investments(i)(ii)	Total project funding US$m	Shareholding	Method of accounting	Financial close	Renovation completion
Carolina Cove (Wilmington) Owner LLC (North Carolina)	48	50%	JV	December 2017	2022
Lexington (Ridgeland) Owner, LLC (Jackson, Mississippi)	27	50%	JV	August 2018	2025
Landings (Jacksonville) Owner, LLC (Florida)	48	50%	JV	August 2019	2025
Retreat at Schillinger (Mobile) Owner, LLC (Alabama)	33	50%	JV	December 2019	2026
Paces Brook (Columbia) Owner, LLC (South Carolina)	27	50%	JV	December 2019	2026
Chenal Pointe (Little Rock) Owner, LLC (Arkansas)	34	50%	JV	October 2020	2027
San Mateo (Kissimmee) Owner, LLC (Florida)	81	50%	JV	August 2021	2027
View SA LLC (San Antonio, Texas)	76	87%	JV	June 2022	2025
Mt Laurel, LLC (New Jersey)	80	31%	JV	June 2024	2025

Notes
(i) Registered in the US and the principal operations of each project are conducted in the US.
(ii) Due to the shareholders'/partnership agreement between Balfour Beatty and the other shareholder/partner requiring unanimity of agreement in respect of significant matters related to the financial and operating policies of this undertaking, the Directors have accounted for its interests in these undertakings as a joint venture.

Student accommodation

Summary Balfour Beatty is also a developer and owner of seven student accommodation projects.

Contractual arrangements The principal contracts in the student accommodation projects are the ground leases, development leases and operating agreements with the state universities setting out the obligations for the construction, operation and maintenance of the student accommodation including lifecycle replacement during the concession period. The Tallahassee and Denton projects are investments in existing off-campus student housing communities which are structured as subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

42 Principal subsidiaries, joint ventures and associates continued

(e) Balfour Beatty Investments North America continued

Student accommodation continued

Concession company[(i)(ii)]	Total project funding US$m	Shareholding	Method of accounting	Financial close	Duration years	Construction/ renovation completion
Northside Campus Partners LP (Texas Dallas)	54	5%	JV	March 2015	61	2016
Northside Campus Partners 2, LP (Texas Dallas)	67	5%	JV	February 2017	61	2018
Northside Campus Partners 3, LP (Texas Dallas)	36	5%	JV	June 2019	61	2020
Northside Campus Partners 4, LP (Texas Dallas)	70	5%	JV	December 2019	61	2021
Swiftsure Housing Partners, LLC (Vanderbilt)	154	23%	JV	April 2021	45	2023
Oktiv (Tallahassee) Owner, LLC (Florida)	53	100%	Subsidiary	June 2023		2025
Leonard (Denton) Owner, LLC (Texas)	45	100%	Subsidiary	December 2024		2026

Notes
(i) Registered in the US and the principal operations of each project are conducted in the US.
(ii) Due to the shareholders'/partnership agreement between Balfour Beatty and the other shareholder/partner requiring unanimity of agreement in respect of significant matters related to the financial and operating policies of this undertaking, the Directors have accounted for its interests in these undertakings as a joint venture.

(f) Balfour Beatty Investments UK and North America

Total future committed equity and debt funding for Infrastructure Investments' project companies

Concessions	2025 £m	2026 £m	2027 £m	2028 onwards £m	Total £m
UK					
Student accommodation	–	–	19	13	32
Other concessions	5	–	–	–	5
	5	–	19	13	37
North America					
Aviation	21	–	–	–	21
Residential investments	16	–	–	–	16
	37	–	–	–	37
	42	–	19	13	74
Projects at financial close	21	–	19	13	53
Projects at preferred bidder stage	21	–	–	–	21
Total	42	–	19	13	74

43 Audit exemptions taken for subsidiaries

The following subsidiaries are exempt from the requirements under the Companies Act 2006 relating to the audit of individual financial statements by virtue of Section 479A of the Act.

	Company registration number
Education Investments Holdings Ltd	6863458
Consort Healthcare Infrastructure Investments Ltd	6859623
Manchester Residences (New Cross) Ltd	11201596
South Cambridgeshire Investments Holdings Limited	12843704

44 Details of related undertakings of Balfour Beatty plc as at 31 December 2024

In accordance with Section 409 of the Companies Act 2006 a full list of subsidiaries, partnerships, associates and joint ventures, including the principal activity, the country of incorporation and the effective percentage of equity owned as at 31 December 2024 is disclosed below. Unless otherwise stated, all interests are in the ordinary share capital or shares of common stock in the entity and are held indirectly by the Company, and all entities operate principally in their country of incorporation. All subsidiaries had a reporting period ended 31 December 2024 and are wholly owned and consolidated into the Group's results, except where indicated.

Subsidiary undertakings incorporated in the United Kingdom

Entity	Principal activity
Q14 Quorum Business Park, Benton Lane, Newcastle upon Tyne NE12 8BU	
Aberystwyth Student Accommodation Ltd	Infrastructure Concession
Balfour Beatty Infrastructure Investments Ltd(i)	Investment Holding Company
Balfour Beatty Infrastructure Partners Member Ltd	Dormant
Balfour Beatty Infrastructure Projects Investments Ltd	Investment Holding Company
Balfour Beatty Investments Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty OFTO Holdings Ltd	Investment Holding Company
Balfour Beatty Rail Corporate Services Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty WorkSmart Ltd	Agent of Balfour Beatty Group Ltd
BBI Holdings Australia Ltd	Dormant
BBPF LLP(iii)	Investment Partnership
Connect Roads Derby Holdings Ltd	Investment Holding Company
Connect Roads Derby Ltd	Infrastructure Concession
Connect Roads Infrastructure Investments Ltd	Investment Holding Company
Consort Healthcare Infrastructure Investments Ltd	Investment Holding Company
East Slope Residencies Facilities Management Ltd	Infrastructure Concession
East Slope Residencies Holdings Ltd	Investment Holding Company
East Slope Residencies Partner Ltd	Investment Holding Company
East Slope Residencies plc(ii)	Infrastructure Concession
East Slope Residencies Student Accommodation LLP(ii)(iii)	Infrastructure Concession
Education Investments Holdings Ltd	Investment Holding Company
Initial GP1 Ltd	Investment Holding Company
Manchester Residences (New Cross) Ltd	Infrastructure Concession
South Cambridgeshire Investments Holdings Ltd	Investment Holding Company
Urban Fox Networks (UK) Ltd(vi)	Infrastructure Concession
West Slope Residencies Facilities Management Ltd	Infrastructure Concession
West Slope Residencies Finance Ltd	Infrastructure Concession
West Slope Residencies Holdings Ltd(v)	Investment Holding Company
West Slope Residencies LLP(iii)(v)	Infrastructure Concession
West Slope Residencies Partner Ltd	Investment Holding Company
West Stratford Developments Ltd(iv)	Investment Holding Company
5 Churchill Place, Canary Wharf, London E14 5HU	
Avatar Ltd	Dormant
Balfour Beatty Build Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Building Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty CE Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Civil Engineering (SW) Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Civil Engineering Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Civils Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Const Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Construction (SW) Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Construction International Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Construction Northern Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Engineering Services (HY) Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Engineering Ltd	Dormant
Balfour Beatty Group Employment Ltd	Employer For UK Workforce
Balfour Beatty Group Ltd	Construction & Support Services
Balfour Beatty Homes Ltd	Agent of Manring Homes Ltd
Balfour Beatty International Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Investment Holdings Ltd(i)	Investment Holding Company
Balfour Beatty Management Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Nominees Ltd	Nominee Company
Balfour Beatty Overseas Investments Ltd	Investment Holding Company
Balfour Beatty Overseas Ltd	Investment Holding Company
Balfour Beatty Property Ltd(i)	Agent of Balfour Beatty plc
Balfour Beatty Rail Infrastructure Services Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Rail Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Rail Projects Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Rail Technologies Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Rail Track Systems Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Refurbishment Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Regional Construction Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Utility Solutions Ltd	Agent of Balfour Beatty Group Ltd
Balfour Kilpatrick Ltd	Dormant
BB Indonesia Ltd	Support Services
Balvac Ltd	Agent of Balfour Beatty Group Ltd
Bical Construction Ltd	Agent of Balfour Beatty Group Ltd
Bignell & Associates Ltd	Agent of Balfour Beatty Group Ltd

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

44 Details of related undertakings of Balfour Beatty plc as at 31 December 2024 continued

Subsidiary undertakings incorporated in the United Kingdom continued

Entity	Principal activity
Birse Group Ltd	Investment Holding Company
Birse Metro Ltd	Dormant
Bnoms Ltd(i)	Nominee Company
BPH Equipment Ltd	Agent of Balfour Beatty Group Ltd
Cowlin Group Ltd	Dormant
Devonshire House Dormant Three Ltd	Dormant
Guinea Investments Ltd	Investment Holding Company
G. N. Haden & Sons Ltd	Dormant
Haden Building Services Ltd	Dormant
Haden Young Ltd(i)	Dormant
Hall & Tawse Western Ltd	Dormant
Laser Rail Ltd	Agent of Balfour Beatty Group Ltd
Lounsdale Electric Ltd	Dormant
Manring Homes Ltd(i)	Property Investment
Multibuild (Construction & Interiors) Ltd	Agent of Balfour Beatty Group Ltd
Office Projects (Interiors) Ltd	Agent of Balfour Beatty Group Ltd
Raynesway Construction Ltd	Agent of Balfour Beatty Group Ltd
Strata Construction Ltd	Dormant
Hereford Steel Works, Holmer Road, Hereford HR4 9SW	
Painter Brothers Ltd	Agent of Balfour Beatty Group Ltd
Kings Business Park, Kings Drive, Prescot, Merseyside L34 1PJ	
Balfour Beatty Pension Trust Ltd(i)	Pension Fund Trustee
C/O Mc Griggors LLP, Arnott House, 12–16 Bridge Street, Belfast BT1 1LS, Northern Ireland	
Balfour Kilpatrick Northern Ireland Ltd	Dormant
The Curve Building, Axis Business Park, Hurricane Way, Langley, Berkshire SL3 8AG	
Balfour Beatty Ground Engineering Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Infrastructure Services Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Living Places Ltd	Agent of Balfour Beatty Group Ltd
Sunderland Streetlighting Ltd	Agent of Balfour Beatty Group Ltd
Testing and Analysis Ltd	Agent of Balfour Beatty Group Ltd

Entity	Principal activity
Maxim 7, Maxim Office Park, Parklands Avenue, Eurocentral, Holytown ML1 4WQ	
Balfour Beatty Construction Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Construction Scottish & Southern Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Kilpatrick Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Rail Residuary Ltd	Agent of Balfour Beatty Group Ltd
Balfour Beatty Regional Civil Engineering Ltd	Agent of Balfour Beatty Group Ltd
BBPFS LP(iii)	Investment Partnership
Glasgow Residences (Kennedy Street) Holdings Ltd	Investment Holding Company
Glasgow Residences (Kennedy Street) LLP(iii)	Infrastructure Concession
Glasgow Residences (Kennedy Street) SPV Ltd	Infrastructure Concession
Hall & Tawse Ltd	Dormant
Initial Founder Partner GP1 Ltd	Investment Holding Company
Midmill Business Park, Tumulus Way, Kintore, Aberdeenshire AB51 0TG	
Balfour Beatty Engineering Services (CL) Ltd	Agent of Balfour Beatty Group Ltd
Tower Bridge House, St Katharine's Way, London E1W 1DD	
Balfour Beatty Power Construction Ltd	Dormant
Balfour Beatty Power Networks (Distribution Services) Ltd	Dormant
Branlow Ltd	Dormant – In liquidation
Mansell Maintenance Ltd	Dormant
30 Old Bailey, London EC4M 7AU	
Birse Construction Ltd	Investment Holding Company – In Liquidation
Edgar Allen Engineering Ltd	Dormant – In Liquidation
Mansell plc	Investment Holding Company – In Liquidation
West Service Road, Raynesway, Derby DE21 7BG	
Balfour Beatty Plant & Fleet Services Ltd	Agent of Balfour Beatty Group Ltd

Entity	Principal activity
C/O Mazars LLP, 100 Queen Street, Glasgow G1 3DN Scotland	
Balfour Beatty Engineering Services (LEL) Ltd	Dormant – In liquidation
Lumina Building, 40 Ainslie Road, Hillington Park, Glasgow G52 4RU	
Shaw-Petrie Ltd	Dormant
42-44 Clarendon Road, Watford, Hertfordshire WD17 1DR	
Barlow & Young, Ltd	Dormant
Haden International Ltd	Dormant
Fourth Floor, 130 Wilton Road, London SW1V 1LQ	
00158345 Ltd	Dormant
01198171 Ltd	Dormant
BICC Dormant One Ltd	Dormant
Devonshire House Dormant One Ltd	Dormant
Third Floor Devonshire House, Mayfair Place, London W1X 5FH	
BICC Thermoheat Ltd	Dormant

Notes
(i) Held directly by Balfour Beatty plc.
(ii) 80% owned.
(iii) Partnership interests held.
(iv) 31 March year end.
(v) 81% owned.
(vi) The Group holds a 77.8% direct interest in Urban Fox Networks (UK) Ltd and an indirect interest of 5.6% through the Group interest in Urban Electric Networks Ltd.

44 Details of related undertakings of Balfour Beatty plc as at 31 December 2024

Subsidiary undertakings incorporated outside the United Kingdom

Entity	Principal activity
Australia	
Level 12, 680 George Street, Sydney, NSW 2000	
Balfour Beatty Australian Limited Partnership(ii)	Holding company
Level 12, 680 George Street, Sydney, NSW 2000	
Balfour Beatty Australia Pty Ltd	Construction & Support Services
Bahamas	
The Alexander Corporate Group Limited, One Millars Court, P.O. Box N-7117, Nassau	
Balfour Beatty Bahamas Ltd	Dormant – In liquidation
Canada	
Borden Ladner Gervais LLP, 22 Adelaide Street West, Suite 3400, Toronto, ON, M5H 4E3	
BB Group Canada Inc	Investment Holding Company
Taylor McCaffrey LLP, 900-400 St. Mary Avenue, Winnipeg, MB, R3C 4K5	
Balfour Beatty Communities GP, Inc	Infrastructure Investment
Balfour Beatty Communities, LP (ii)	Infrastructure Investment
Balfour Beatty Construction, LP (ii)	Construction Services
Balfour Beatty Construction GP, Inc	Construction Services
Balfour Beatty Investments GP, Inc	Infrastructure Investment
Balfour Beatty Investments, LP (ii)	Infrastructure Investment
Germany	
Garmischer Strasse 35, 81373 Munich	
Balfour Beatty Rail GmbH	Dormant
BICC Holdings GmbH	Dormant
Schreck-Mieves GmbH	Dormant
Hong Kong	
5/F, Manulife Place348 Kwun Tong Road Kowloon Hong Kong	
Balfour Beatty Hong Kong Ltd	Construction & Support Services
India	
6th Floor, N-1 Balsa Block, Manyata Embassy Business Park, Nagavara, Rachenahalli Village, Bangalore – 560045, India	
Balfour Beatty Infrastructure India Pvt. Ltd	Engineering Design Consultancy
Ireland	
3 Dublin Landings, North Wall Quay, Dublin 1, D01 C4E0	
Balfour Beatty Ireland Ltd	Support Services
Isle of Man	
Tower House, Loch Promenade, Douglas IM1 2LZ, Isle of Man	
Delphian Insurance Company Ltd(i)	Insurance Company
Jersey	
12 Castle Street, St. Helier, Jersey	
Balfour Beatty Employees Trustees Ltd(i)	Employee Trust
Malaysia	
12th Floor, Menara symphony, No 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor	
Balfour Beatty Rail Design International Sdn Bhd	Support Services
Netherlands	
Rapenburgerstraat 177/B, 1011 VM Amsterdam	
Balfour Beatty Netherlands B.V.	Investment Holding Company
Romania	
23 General Ernest Brosteanu Street, 1st District, 010527, Bucharest	
S.C. Balfour Beatty Rail S.R.L.	Dormant - In Liquidation
Sri Lanka	
Phase 3 Investment Promotion Zone, Katunayake, Colombo, Western Province	
Balfour Beatty Ceylon (Private) Ltd	Support Services
Thailand	
9 Soi Santisuk, Sithisarn Road, Huay Kwang, Bangkok	
Asia Trade Development Co Ltd	Dormant
Balfour Beatty Construction (Thailand) Co Ltd	Dormant
Balfour Beatty Holdings (Thailand) Co Ltd	Dormant
Balfour Beatty Thai Ltd	Dormant
Linwood Co Ltd	Dormant
United States	
1011 Centre Road, Suite 310, Wilmington DE 19805	
Balfour Beatty Holdings Inc	Investment Holding Company
Balfour Beatty LLC	Investment Holding Company
300 Galleria Parkway, Suite 2050, Atlanta, GA 30339	
National Engineering & Contracting Company	Construction Services
Balfour Beatty Infrastructure, Inc	Construction Services
Corporation Service Company, 1127 Broadway Street NE, Suite 310, Salem OR 97301	
Balfour Beatty Rock Springs, LLC	Construction Services
Corporation Service Company, 1703 Laurel Street, Columbia, SC 29201	
National Casualty and Assurance, Inc	Insurance Company
Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808	
Balfour Beatty Campus Solutions, LLC	Infrastructure Holding Company
Balfour Beatty Communities, LLC	Infrastructure Investment
Balfour Beatty Construction D.C., LLC	Construction Services
Balfour Beatty Construction, LLC	Construction Services
Balfour Beatty Developments Holdo, LLC	Infrastructure Investment
Balfour Beatty Developments, Inc	Construction Services

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

44 Details of related undertakings of Balfour Beatty plc as at 31 December 2024 continued

Subsidiary undertakings incorporated outside the United Kingdom continued

Entity	Principal activity
Balfour Beatty Equipment, LLC	Construction Services
Balfour Beatty Investments, Inc	Investment Company
Balfour Beatty Management Inc	Business Services
Balfour Beatty/Benham Military Communities LLC (v)	Infrastructure Investment
Balfour Beatty/PHELPS Military Communities LLC (iv)	Infrastructure Investment
Balfour Beatty Military Housing Development LLC	Infrastructure Investment
Balfour Beatty Military Housing Investments LLC	Investment Holding Company
Balfour Beatty Military Housing Management LLC	Infrastructure Investment
Balfour Beatty – Worthgroup, LLC	Construction Services
BBC AF Housing Construction LLC	Infrastructure Investment
BBC AF Management/ Development LLC	Infrastructure Investment
BBC Independent Member I, Inc	Infrastructure Investment
BBC Independent Member II, Inc	Infrastructure Investment
BBC Military Housing – ACC Group, LLC	Infrastructure Investment
BBC Military Housing – AETC General Partner LLC (iii)	Infrastructure Investment
BBC Military Housing – AETC Limited Partner LLC (iii)	Infrastructure Investment
BBC Military Housing – AMC General Partner LLC	Infrastructure Investment
BBC Military Housing – AMC Limited Partner LLC	Infrastructure Investment
BBC Military Housing – Bliss/ WSMR General Partner LLC	Infrastructure Investment
BBC Military Housing – Bliss/ WSMR Limited Partner LLC	Infrastructure Investment
BBC Military Housing – Carlisle/ Picatinny General Partner LLC	Infrastructure Investment
BBC Military Housing – Carlisle/ Picatinny Limited Partner LLC	Infrastructure Investment
BBC Military Housing – FDWR LLC (v)	Infrastructure Investment
BBC Military Housing – Fort Carson LLC	Infrastructure Investment
BBC Military Housing – Fort Eisenhower LLC	Infrastructure Investment
BBC Military Housing – Fort Hamilton LLC	Infrastructure Investment
BBC Military Housing – Fort Jackson LLC	Infrastructure Investment
BBC Military Housing – Hampton Roads LLC	Infrastructure Investment
BBC Military Housing – Lackland LLC	Infrastructure Investment
BBC Military Housing – Leonard Wood LLC	Infrastructure Investment
BBC Military Housing – Navy Northeast LLC (v)	Infrastructure Investment
BBC Military Housing – Navy Southeast LLC	Infrastructure Investment
BBC Military Housing – Northern Group, LLC	Infrastructure Investment
BBC Military Housing – Stewart Hunter LLC	Infrastructure Investment
BBC Military Housing – Vandenberg General Partner LLC (v)	Infrastructure Investment
BBC Military Housing – Vandenberg Limited Partner LLC (v)	Infrastructure Investment
BBC Military Housing – West Point LLC	Infrastructure Investment
BBC Military Housing – Western General Partner, LLC	Infrastructure Investment
BBC Military Housing – Western Limited Partner, LLC	Infrastructure Investment
BBC Multifamily Holdings, LLC	Infrastructure Investment
BBCS – Northside Campus LLC	Infrastructure Investment
BBCS Development, LLC	Infrastructure Investment
BB Developments Sub Holdco, LLC	Infrastructure Investment
BICC Cables Corporation	Business Services
Leonard (Denton) Owner, LLC	Infrastructure Investment
Northside Campus Limited Partner, LLC	Infrastructure Concession
River Pointe (Conrow) Owner, LLC	Infrastructure Investment
Oktiv (Tallahassee) Owner, LLC	Infrastructure Investment
Corporation Service Company, 300 Deschutes Way SW, Suite 304, Tumwater WA 98501	
Howard S. Wright Construction Co	Construction Services
HSW, Inc	Construction Services
CSC – Nevada, C/O CSC Services of Nevada, Inc., 502 East John Street Carson City, Nevada 89706	
Balfour Beatty-Golden Construction Company	Construction Services
Balfour Beatty Construction Company, Inc	Construction Services
Balfour Beatty Construction Group, Inc	Construction Services

Notes
(i) Held directly by Balfour Beatty plc.
(ii) Partnership interests held.
(iii) 80% interest held.
(iv) 89% interest held.
(v) 90% interest held.

44 Details of related undertakings of Balfour Beatty plc as at 31 December 2024 continued

Joint ventures incorporated in the United Kingdom

Entity	% held by the Group	Principal activity
Q14 Quorum Business Park, Benton Lane, Newcastle Upon Tyne, England, England, NE12 8BU		
BBDE Orbital Holdings, LLP(iii) (v)	37.5	Investment Holding Company
Connect A30/A35 Holdings Ltd(iv)	20	Investment Holding Company
Connect A30/A35 Ltd(iv)	20	Infrastructure Concession
Connect A50 Ltd(iv)	25	Infrastructure Concession
Connect CNDR Holdings Ltd(iv)	25	Investment Holding Company
Connect CNDR Intermediate Ltd(iv)	25	Infrastructure Concession
Connect CNDR Ltd(iv)	25	Infrastructure Concession
Connect M1-A1 Holdings Ltd(i)(iv)	20	Investment Holding Company
Connect M1-A1 Ltd(iv)	20	Infrastructure Concession
Connect M77/GSO Holdings Ltd(ii)(iv)	85	Investment Holding Company
Connect M77/GSO plc(ii)(iv)	85	Infrastructure Concession
Connect Roads Cambridgeshire Holdings Ltd	20	Investment Holding Company
Connect Roads Cambridgeshire Intermediate Ltd	20	Infrastructure Concession
Connect Roads Cambridgeshire Ltd	20	Infrastructure Concession
Connect Roads Coventry Holdings Ltd	20	Investment Holding Company
Connect Roads Coventry Intermediate Ltd	20	Infrastructure Concession
Connect Roads Coventry Ltd	20	Infrastructure Concession
Connect Roads Ltd(iv)	25	Investment Holding Company
Connect Roads Northamptonshire Holdings Ltd	20	Investment Holding Company
Connect Roads Northamptonshire Intermediate Ltd	20	Infrastructure Concession
Connect Roads Northamptonshire Ltd	20	Infrastructure Concession
Connect Roads South Tyneside Holdings Ltd	20	Investment Holding Company
Connect Roads South Tyneside Ltd	20	Infrastructure Concession
Connect Roads Sunderland Holdings Ltd	20	Investment Holding Company
Connect Roads Sunderland Ltd	20	Infrastructure Concession
East Wick and Sweetwater Projects (Holdings) Ltd(iv)	50	Infrastructure Concession
East Wick and Sweetwater Projects (Phase 1) Ltd(iv)	50	Infrastructure Concession
East Wick and Sweetwater Projects (Phase 2) Ltd(iv)	50	Infrastructure Concession
East Wick and Sweetwater Projects (Phase 3) Ltd(iv)	50	Infrastructure Concession
East Wick and Sweetwater Projects (Phase 4) Ltd(iv)	50	Infrastructure Concession
East Wick and Sweetwater Projects (Phase 5) Ltd(iv)	50	Infrastructure Concession
East Wick and Sweetwater Projects (Phase 7A) Ltd(iv)	50	Infrastructure Concession
East Wick and Sweetwater Projects (Phase 7) Ltd(iv)	50	Infrastructure Concession
East Wick and Sweetwater Finance (Holdings) Ltd(iv)	50	Investment Holding Company
East Wick and Sweetwater Projects (Finance) Ltd(iv)	50	Infrastructure Concession
Gwynt y Môr OFTO Holdings Ltd(ii)(iv)	60	Investment Holding Company
Gwynt y Môr OFTO Intermediate Ltd(ii)(iv)	60	Infrastructure Concession
Gwynt y Môr OFTO plc(ii)(iv)	60	Infrastructure Concession
Humber Gateway OFTO Holdings Ltd(iv)	20	Investment Holding Company
Humber Gateway OFTO Intermediate Ltd(iv)	20	Infrastructure Concession
Humber Gateway OFTO Ltd(iv)	20	Infrastructure Concession
South Cambridgeshire Projects LLP(v)	50	Infrastructure Concession
Thanet OFTO Holdco Ltd(iv)	20	Investment Holding Company
Thanet OFTO Intermediate Ltd(iv)	20	Infrastructure Concession
Thanet OFTO Ltd(iv)	20	Infrastructure Concession
Connect Plus House, St Albans Road, South Mimms, Hertfordshire EN6 3NP		
Connect Plus (M25) Holdings Ltd(iii)(iv)	15	Investment Holding Company
Connect Plus (M25) Intermediate Ltd(iii)(iv)	15	Infrastructure Concession
Connect Plus (M25) Issuer plc(iii)(iv)	15	Infrastructure Concession
Connect Plus (M25) Ltd(iii)(iv)	15	Infrastructure Concession
Maxim 7, Maxim Office Park, Parklands Avenue, Eurocentral, Holytown ML1 4WQ		
Holyrood Holdings Ltd	20	Investment Holding Company
Holyrood Student Accommodation Holdings Ltd	20	Infrastructure Concession
Holyrood Student Accommodation Intermediate Ltd	20	Infrastructure Concession
Holyrood Student Accommodation plc	20	Infrastructure Concession
Holyrood Student Accommodation SPV Ltd	20	Infrastructure Concession

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

44 Details of related undertakings of Balfour Beatty plc as at 31 December 2024 continued

Joint ventures incorporated in the United Kingdom continued

Entity	% held by the Group	Principal activity
Westminster House, Crompton Way, Segensworth West, Fareham, Hampshire PO15 5SS		
Pevensey Coastal Defence Ltd	25	Infrastructure Concession
C/O Pario Ltd, 18 Riversway Business Village, Navigation Way, Preston PR2 2YP		
Consort Healthcare (Birmingham) Funding plc	40	Infrastructure Concession
Consort Healthcare (Birmingham) Holdings Ltd	40	Investment Holding Company
Consort Healthcare (Birmingham) Intermediate Ltd	40	Infrastructure Concession
Consort Healthcare (Birmingham) Ltd	40	Infrastructure Concession
9 Amberside House Wood Lane, Paradise Industrial Estate, Hemel Hempstead, Hertfordshire, England HP2 4TP		
Pebblehall Bio Power Ltd	29.2	Investment Holding Company
Urban Electric Networks Ltd	25	Infrastructure Concession
Welland Bio Power Ltd	29	Infrastructure Concession

Notes

(i) Held directly by Balfour Beatty plc.

(ii) Due to the shareholders' agreement between Balfour Beatty and the other shareholders requiring unanimity of agreement in respect of significant matters related to the financial and operating policies of the company, the Directors consider that the Group does not control the company and it has been accounted as a joint venture.

(iii) The Group owned a 37.5% partnership interest in BBDE Orbital Holdings LLP at 31 December 2022. Connect Plus (M25) Holdings Ltd and its subsidiaries are 40% owned by BBDE Orbital Holdings LLP.

(iv) 31 March year end.

(v) Partnership interests held.

Joint ventures incorporated outside the United Kingdom

Entity	% held by the Group	Principal activity
Bermuda		
Clarendon House, 2 Church Street, Hamilton HM 11		
CP Bay Carry A LP(iii)	20	Infrastructure Concession
CP Bay Carry B LP(iii)	20	Infrastructure Concession
British Virgin Islands		
Vistra Corporate Services Centre, Wickhams Cay II Road Town, Tortola VG1110		
Gammon Asia Ltd	50	Management Company
Gammon Construction Holdings Ltd	50	Investment Holding Company
Canada		
Taylor McCaffrey LLP, 900-400 St. Mary Avenue, Winnipeg, MB, R3C 4K5		
CWH Facilities Management,LP(iii)	50	Infrastructure Concession
CWH FM GP Inc	50	Infrastructure Investment
CWH Design – Build GP(iii)	50	Infrastructure Investment
China		
Hong Kong Avenida da Praia Grande, nº429, 25º andar D, em Macau		
BBE&M (Macau) Ltd	50	Electrical and Mechanical Contracting
Gammon Building Construction (Macau) Ltd	50	Building Construction
No. 457, Shatian Section, Ganggang Avenue, Shatian Town, Dongguan City, Guangdong Province		
Dongguan Pristine Metal Works Ltd	50	Manufacturing Services
25th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong		
Sanfield-Gammon Construction JV Company Ltd	50	Construction Services
22/F, Tower 1, The Quayside, 77 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong		
AsiaBuild Ltd	50	Dormant
Balfour Beatty E&M Ltd	50	Dormant
Digital G Ltd	50	Technology and Innovation
Entasis Ltd	50	General Contractor
Gammon Building Construction Ltd	50	Building Construction
Gammon Capital Ltd	50	Dormant
Gammon Capital Management Ltd	50	Dormant

44 Details of related undertakings of Balfour Beatty plc as at 31 December 2024 continued

Joint ventures incorporated outside the United Kingdom continued

Entity	% held by the Group	Principal activity
Gammon China Ltd	50	Investment Holding Company
Gammon Concrete Services Ltd	50	Dormant
Gammon Construction (China) Ltd	50	Building Construction
Gammon Construction (Vietnam) Holdings Ltd	50	Construction and Project Management
Gammon Construction Consultants (Shenzhen) Ltd	50	
Gammon Construction Ltd(ii)	50	Engineering and Construction
Gammon E&M Ltd	50	Engineering Services
Gammon Engineering & Construction Company Ltd	50	Engineering and Construction
Gammon Engineering Ltd	50	Dormant
Gammon Finance Ltd	50	Finance and Investment
Gammon Interiors Ltd	50	Dormant
Gammon Management Services Ltd	50	Construction Management Services
Gammon Plant Ltd	50	Plant and Equipment Hire and Maintenance
Gold Tactics Investment Ltd	50	Dormant
Into G Ltd	50	Interior Fit-Out and Contracting
Lambeth Associates Ltd	50	Management and Consultancy Services
Pristine Metal Works Ltd	50	Investment Holding Company
7/F & 8/F Tower A, Sunhope E Metro, 7018 Caitian Road, Futian District, Shenzhen, People's Republic of China		
Gammon Construction Consultants (Shenzhen) Ltd	50	Support Services
Ireland		
3 Dublin Landings, North Wall Quay, Dublin 1, D01 C4E0		
Balfour Beatty CLG Ltd	50	Support Services
C/O Pario SPV Management Limited, Suite 54, Morrison Chambers, 32 Nassau St, Dublin 2, D02 AP29		
Healthcare Centres PPP Holdings Ltd	40	Investment Holding Company
Healthcare Centres PPP Ltd	40	Infrastructure Concession
Malaysia		
Unit B-9-7, Level 9, Capital 2, Oasis Square, No.2 Jalan PJU 1A/7A, Ara Damansara, 47301 Petaling Jaya, Selangor, Malaysia		
Gammon Sdn Bhd	50	Dormant
Pesaka Gammon Construction Sdn Bhd	15	Dormant
Philippines		
G/F Makati Stock Exchange, Ayala Avenue, Makati City, Metro Manila, Philippines		
Gammon Philippines, Inc.	40	General Construction
MG Construction Ventures Holdings, Inc.	33	Property Investment
Singapore		
239 Alexandra Road, 159930		
Digital G (Singapore) Pte. Ltd	50	Equipment Services
Gammon Construction and Engineering Pte. Ltd	50	Construction Services
Gammon Construction Holdings (S) Pte. Ltd	50	Investment Holding Company
Gammon Pte. Ltd	50	Engineering and Construction
Lambeth Associates Design & Consultancy Pte Ltd	50	Management and Consultancy Services
Thailand		
21st Floor, Times Square Building, 246 Sukhumvit Road, Klongtoey Sub-District, Klongtoey District, Bangkok 10110, Thailand		
Gammon (Thailand) Ltd	49	Dormant
23rd Floor, Times Square Building, 246 Sukhumvit Road, Klongtoey Sub-District, Klongtoey District, Bangkok 10110, Thailand		
Gammon Construction (Thailand) Ltd	24.5	Dormant
Thai Gammon Ltd	24.5	Dormant
United States		
Corporation Service Company, d/b/a CSC-Lawyers, Incorporating Service Company, 211 E. 7th Street, Suite 620, Austin TX 78701-3218		
Northside Campus Partners, LP(iii)	5	Infrastructure Concession
Northside Campus Partners 2,LP(iii)	5	Infrastructure Investment
Northside Campus Partners 3, LP(i)(iii)	5	Infrastructure Concession
Northside Campus Partners 4, LP(i)(iii)	5	Infrastructure Concession

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

44 Details of related undertakings of Balfour Beatty plc as at 31 December 2024 continued

Joint ventures incorporated outside the United Kingdom continued

Entity	% held by the Group	Principal activity
Northside Campus General Partner, LLC	50	Infrastructure Concession
Corporation Service Company, 251 Little Falls Drive, Wilmington DE19808		
BBC – ApexOne Carolina Cove, LLC	50	Infrastructure Investment
BBC – ApexOne Chenal Pointe, LLC	50	Infrastructure Investment
BBC – ApexOne Landings, LLC	50	Infrastructure Investment
BBC – ApexOne Lexington, LLC	50	Infrastructure Investment
BBC – ApexOne Paces Brook, LLC	50	Infrastructure Investment
BBC – ApexOne Retreat, LLC	50	Infrastructure Investment
BBC – ApexOne San Mateo, LLC	50	Infrastructure Investment
BBC – ApexOne Southwind, LLC	50	Infrastructure Investment
BBC Army Integrated, LLC	10	Infrastructure Investment
Carolina Cove (Wilmington) Owner, LLC	50	Infrastructure Investment
Chenal Pointe (Little Rock) Owner, LLC	50	Infrastructure Investment
LAX Integrated Express Solutions Holdco, LLC	27	Infrastructure Concession
LAX Integrated Express Solutions, LLC	27	Infrastructure Concession
Landings (Jacksonville) Owner, LLC	50	Infrastructure Investment
Lexington (Ridgeland) Owner, LLC	50	Infrastructure Investment
Paces Brook (Columbia) Owner, LLC	50	Infrastructure Investment
San Mateo (Kissimmee) Owner, LLC	50	Infrastructure Investment
Southwind (Memphis) Owner, LLC	20	Infrastructure Investment
Southwind (Memphis) Holdings, LLC	20	Infrastructure Investment
Swiftsure Housing Partners, LLC	23	Infrastructure Concession
View SA Holding Company LP(i)(iii)	87	Infrastructure Investment
View SA LLC(i)	87	Infrastructure Investment
Corporation Service Company, 1900 W Littleton Blvd., Littleton, CO 80120		
Denver Transit Constructors LLC	30	Design and Construction
Denver Transit Operators LLC	50	Operations and Maintenance
Denver Transit Systems LLC	50	Design and Construction

Entity	% held by the Group	Principal activity
National Registered Agents, Inc. 1209 Orange Street Wilmington DE 19801 United States		
CHC RES 20 – Mt. Laurel LLC	31	Infrastructure Investment
Mt. Laurel CHC Equity LLC	31	Infrastructure Investment
CHC Mt. Laurel LLC	31	Infrastructure Investment
Vietnam		
5th Floor, Gemadept Tower, 2Bis–4–6 Le Thanh Ton Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam		
Gammon Construction Vietnam Co. Ltd	50	Building Construction and Management Services

Notes

(i) Due to the shareholders' agreement between Balfour Beatty and the other shareholders requiring unanimity of agreement in respect of significant matters related to the financial and operating policies of the company, the Directors consider that the Group does not control the company and it has been accounted for as a joint venture.

(ii) Preference shares and/or deferred shares also held.

(iii) Partnership interest held.

44 Details of related undertakings of Balfour Beatty plc as at 31 December 2024 continued

Joint ventures incorporated outside the United Kingdom continued

Entity	% held by the Group	Principal activity
United Kingdom		
3 Sidings Court, White Rose Way, Doncaster, England, DN4 5NU		
UBB Waste (Essex) Ltd	30	Dormant
United States		
Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808		
ACC Group Housing, LLC[(i)]	100	Infrastructure Concession
AETC Housing LP[(i)(ii)]	100	Infrastructure Concession
AMC West Housing LP[(i)(ii)]	100	Infrastructure Concession
Carlisle/Picatinny Family Housing LP[(ii)]	10	Infrastructure Concession
FDWR Parent LLC	10	Infrastructure Concession
Fort Bliss/White Sands Missile Range Housing LP[(ii)]	10	Infrastructure Concession
Fort Carson Family Housing LLC	10	Infrastructure Concession
Fort Detrick/Walter Reed Army Medical Center Housing LLC[(i)]	100	Infrastructure Concession
Fort Eustis/Fort Story Housing LLC	10	Infrastructure Concession
Fort Eisenhower Housing LLC	10	Infrastructure Concession
Fort Hamilton Housing LLC	10	Infrastructure Concession
Fort Jackson Housing LLC	10	Infrastructure Concession
Lackland Family Housing, LLC[(i)]	100	Infrastructure Concession
Leonard Wood Family Communities, LLC	10	Infrastructure Concession
Northeast Housing LLC	10	Infrastructure Concession
Northern Group Housing, LLC[(i)]	100	Infrastructure Concession
Southeast Housing LLC[(i)]	100	Infrastructure Concession
Stewart Hunter Housing LLC	10	Infrastructure Concession
Vandenberg Housing LP[(i)(ii)]	90	Infrastructure Concession
Western Group Housing, LP[(i)(ii)]	100	Infrastructure Concession
West Point Housing LLC	10	Infrastructure Concession

Notes

(i) The Group evaluated each of its interests in the military housing projects to determine if the associated entities should be consolidated. This analysis included, but was not limited to, identifying the activities that most significantly impact an entity's economic performance, which party or parties control those activities and the risks associated with these entities. Decision-making power over key facets of the contracts were evaluated when determining which party or parties had control over the activities that most significantly impact a project's economics. Based on this review, the Directors consider that the Group does not have the power to direct these activities and does not control or jointly control them and therefore the entities have been accounted for as associated undertakings.

(ii) Partnership interests held.

UNAUDITED GROUP FIVE-YEAR SUMMARY

	2024 £m	2023 £m	2022 £m	2021 £m	2020 £m
Income					
Revenue including share of joint ventures and associates	**10,015**	9,595	8,931	8,263	8,593
Share of revenue of joint ventures and associates	**(1,781)**	(1,602)	(1,302)	(1,078)	(1,273)
Group revenue	**8,234**	7,993	7,629	7,185	7,320
Underlying profit from operations	**248**	228	279	197	51
Underlying net finance income/(costs)	**41**	33	12	(10)	(15)
Underlying profit before taxation	**289**	261	291	187	36
Amortisation of acquired intangible assets	**(4)**	(5)	(6)	(5)	(6)
Other non-underlying items	**(71)**	(12)	2	(95)	18
Profit before taxation	**214**	244	287	87	48
Taxation	**(36)**	(50)	–	52	(18)
Profit for the year	**178**	194	287	139	30
Profit for the year attributable to equity holders	**178**	197	288	140	30
(Loss)/profit for the year attributable to non-controlling interests	**–**	(3)	(1)	(1)	–
Profit for the year	**178**	194	287	139	30
Capital employed					
Equity holders' equity	**1,121**	1,198	1,378	1,369	1,336
Net non-recourse borrowings – infrastructure concessions	**335**	264	242	243	317
Net cash – other	**(943)**	(842)	(815)	(790)	(581)
	513	620	805	822	1,072

	2024 Pence	2023 Pence	2022 Pence	2021 Pence	2020 Pence
Statistics					
Underlying earnings per ordinary share*	**43.6**	37.3	47.5	29.7	3.7
Basic earnings per ordinary share	**34.2**	35.3	46.9	21.3	4.4
Diluted earnings per ordinary share	**33.7**	34.8	46.3	21.1	4.4
Proposed dividends per ordinary share	**12.5**	11.5	10.5	9.0	1.5
Underlying profit from operations before net finance income/(costs) including share of joint ventures and associates as a percentage of revenue including share of joint ventures and associates	**2.5%**	2.4%	3.1%	2.4%	0.6%

Note

* Underlying earnings per ordinary share have been disclosed to give a clearer understanding of the Group's underlying trading performance.

SHAREHOLDER INFORMATION

Financial calendar 2025

8 May	Annual General Meeting
2 July	Final 2024 dividend payable
13 August*	2025 half year results announcement
3 December*	Interim 2025 dividend payable
4 December*	Trading update

* Dates are subject to change

Registrar

Balfour Beatty's share register is maintained by Equiniti, the Company's Registrar. All administrative enquiries relating to shareholdings and requests to receive corporate documents by email should, in the first instance, be directed to Equiniti, clearly stating your registered address and, if available, your shareholder reference number.

Please visit their website www.shareview.co.uk.

Telephone: +44 (0) 371 384 2703. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom are charged at the applicable international rate. Lines are open between 8.30 am to 5.30 pm, Monday to Friday excluding public holidays in England and Wales.

Share certificates

In order to sell or transfer your shares, you must ensure that you have a valid share certificate. This must be in the name of Balfour Beatty plc. If you lose or misplace your share certificate, you can contact Equiniti customer experience centre and request a replacement certificate. Equiniti will then issue a letter of indemnity to you which you will need to sign and return for a new certificate to be produced. There is a fee charged for this service which includes an administration charge and a counter signature fee (the counter signature fee can vary depending on the value of the shareholding).

Dividends and dividend reinvestment plan

Dividends may be paid directly into your bank or building society account through the Bankers Automated Clearing System (BACS). Equiniti can provide a dividend mandate form. A Dividend Reinvestment Plan (DRIP) is offered which allows holders of shares to reinvest their cash dividends in the Company's shares through a specially arranged share dealing service. Full details of the DRIP and its charges, together with mandate forms, are available at: www.shareview.co.uk.

International payment service

Shareholders outside the UK may elect to receive dividends directly into their overseas bank account, or by currency draft, instead of by sterling cheque. For further information, contact the Company's Registrar, Equiniti using the contact details above.

Electronic shareholder communications

The Company's website www.balfourbeatty.com provides a range of information about the Company, our people and businesses and our policies on corporate governance, sustainability and health and safety. The website should be regarded as your first point of reference for information on any of these matters. The share price can also be found there. You can create a Shareview account, through which you will be able to access the full range of online shareholder services, including the ability to: view your holdings and indicative share price and valuation; view movements on your holdings and your dividend payment history; register a dividend mandate to have your dividends paid directly into your bank account; change your registered address; sign up to receive e-communications to access the online proxy voting facility; and download and print shareholder forms. Shareview is easy to use.

Please visit www.shareview.co.uk.

SHAREHOLDER INFORMATION CONTINUED

Unsolicited telephone calls

In the past, some of our shareholders have received unsolicited telephone calls or correspondence concerning investment matters from organisations or persons claiming or implying that they have some connection with the Company. We advise our shareholders to be wary of any unsolicited telephone calls, advice or correspondence concerning investment matters from organisations or persons claiming or implying that they have some connection with the Company. These are typically from overseas-based 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high-risk shares in UK or overseas investments. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free annual and/or other reports on the Company.

If you receive any unsolicited investment advice:

- Always ensure the firm is authorised by the Financial Conduct Authority (FCA), is on the FCA Register and is allowed to provide financial advice before handing over your money. You can check if a firm is on the FCA's Register via register.fca.org.uk.
- Ask the caller for their name and telephone number and inform them you will call them back. Then check their identity to ensure that they are from the firm they say they are from by calling the firm using the contact number listed on the FCA Register. If there are no contact details on the FCA Register or you are told that they are out of date, or if you have any other doubts, call the FCA Consumer Helpline on 0800 111 6768 (freephone) or 0300 500 8082 from the UK, or +44 207 066 1000 from abroad. Calls using next generation text relay, please call (18001) 0207 066 1000.
- If you are approached about a share scam, please visit the FCA's ScamSmart website at www.fca.org.uk/scamsmart where you can access information about the various types of scam, including share and boiler room fraud, see the FCA's Warning List and reports on firms about whom consumers have expressed concerns. Alternatively, you can call the FCA Consumer Helpline (see above). If you use an unauthorised firm to buy or sell shares or other investments, you will not have access to the Financial Ombudsman Service or be eligible to receive payment under the Financial Services Compensation Scheme if things go wrong.
- You should also report any approach to Action Fraud, which is the UK's national fraud reporting centre, at www.actionfraud.police.uk, or by calling 0300 123 2040.

American Depository Receipts (ADRs)

An American Depository Receipt (ADR) is a negotiable instrument issued by a depositary bank that evidences ownership of shares in a corporation organised outside the US. Each ADR represents a specific number of underlying shares in the non-US company, on deposit with a custodian in the applicable home market.

ADRs are generally treated as US domestic securities. They are quoted and traded in US Dollars and are subject to the trading and settlement procedures of the market in which they trade.

Balfour Beatty's ADR programme details

Symbol: BAFYY

ADR: Ordinary Share Ratio: 1:2

CUSIP: 05845R306

ADR ISIN: US05845R3066

Underlying ISIN: GB0000961622

Depositary Bank: JP Morgan Chase Bank N.A.

Country: United Kingdom

Balfour Beatty's ADR Depositary Bank is JP Morgan Chase N.A. For all ADR-related enquiries, investors can contact JP Morgan via telephone, in writing or email as follows:

Telephone:
Toll free within the United States at: 1-800-990-1135 or locally at 651-306-4383.

JP Morgan representatives are available from 7.00 am to 7.00 pm Central Time, Monday to Friday.

In writing:

Mail
JP Morgan Shareholder Services
P.O Box 64504
St. Paul, Minnesota 55164-0504

Overnight Mail
JP Morgan Chase Bank N.A.

1110 Centre Pointe Curve, Suite 101
Mendota Heights MN 55120-4100

Contact Online
jpmorgan.adr@eq-us.com

Gifting shares to your family or to charity
To transfer shares to another member of your family as a gift, please ask the Registrar for a Balfour Beatty gift transfer form. Alternatively, if you only have a small number of shares whose value makes it uneconomic to sell them, you may wish to consider donating them to the share donation charity ShareGift (registered charity no. 1052686), whose work Balfour Beatty supports. Any shares you donate to ShareGift will be aggregated and sold when possible, and the proceeds will be donated to a wide range of other UK charities. Since ShareGift was launched, over £47m has been given to more than 3,650 charities. The relevant share transfer form may be obtained from the Registrar. For more information visit www.sharegift.org.

Share dealing services
In addition to share dealing services provided by UK banks and brokers, Equiniti provide a telephone and online share dealing service for UK resident shareholders. To use this service, telephone 023456 037037 from within the UK. Calls are charged at the standard geographic rate and will vary by provider. Lines are open Monday to Friday 8.00 am to 4.30 pm, UK time, excluding public holidays in England and Wales. Alternatively, you can log on to www.equiniti.com. Equiniti Limited is authorised and regulated by the Financial Conduct Authority.

London Stock Exchange Codes
The London Stock Exchange Daily Official List (SEDOL) code is: 0096162.

The London Stock Exchange ticker code is: BBY.

Capital gains tax (CGT)
For CGT purposes the market value on 31 March 1982 of Balfour Beatty plc's ordinary shares of 50p each was 267.6p per share. This has been adjusted for the 1 for 5 rights issue in June 1992, the 2 for 11 rights issue in September 1996 and the 3 for 7 rights issue in October 2009 and assumes that all rights have been taken up.

Consolidated tax vouchers
Balfour Beatty issues a consolidated tax voucher annually to all shareholders who have their dividends paid direct to their bank accounts. If you would prefer to receive a tax voucher at each dividend payment date rather than annually, please contact the Registrar. A copy of the consolidated tax voucher may be downloaded from the Share Portal at www.shareview.co.uk.

Enquiries
Enquiries relating to Balfour Beatty's results, business and financial position should be made in writing to the Corporate Communications Department at the address shown below or by email to info@balfourbeatty.com.

Balfour Beatty Registered Office: 5 Churchill Place, Canary Wharf, London E14 5HU

Registered in England and Wales, registered number 395826

Forward-looking statements
This report, including information included or incorporated by reference in it, may include statements that are or may be forward-looking statements, beliefs or opinions, including statements with respect to Balfour Beatty's business, financial condition, operations and prospects. These forward-looking statements may be identified by the use of forward-looking terminology or the negative thereof such as "expects" or "does not expect", "anticipates" or "does not anticipate", "targets", "aims", "continues", "is subject to", "assumes", "budget", "scheduled", "estimates", "risks", "positioned", "forecasts" "intends", "hopes", "believes" or variations of such words or comparable terminology and phrases or statements that certain actions, events or results "may", "could", "should", "shall", "would", "might" or "will" be taken, occur or be achieved. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Forward-looking statements are not based on historical facts, but rather on current predictions, expectations, beliefs, opinions, plans, objectives, goals, intentions and projections about future events, results of operations, prospects, financial condition and discussions of strategy.

By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. These events and circumstances include changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates, future business combinations or disposals, and any epidemic, pandemic or disease outbreak. If any one or more of these risks or uncertainties materialises or if any one or more of the assumptions prove incorrect, actual results may differ materially from those expected, estimated or projected. Such forward-looking statements should therefore be construed in the light of such factors. As a result, you are cautioned not to place any undue reliance on such forward-looking statements.

No representation or warranty is made that any of these statements or forecasts will come to pass or that any forecast results will be achieved, and projections are not guarantees of future performance. Forward-looking statements speak only as at the date of this report and, other than in accordance with its legal or regulatory obligations, Balfour Beatty expressly disclaims any obligations or undertaking to update, or revise, any forward-looking statements in this report.

No statement in this report is intended as a profit forecast or profit estimate and no statement in this presentation should be interpreted to mean that Balfour Beatty's earnings per share for the current or future financial years would necessarily match or exceed the historical published earnings per share for Balfour Beatty.

This report does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for any securities. The making of this presentation does not constitute any advice or recommendation regarding any securities.

MORE INFORMATION

Online annual report

For a summary of our 2024 Annual Report and Accounts visit:

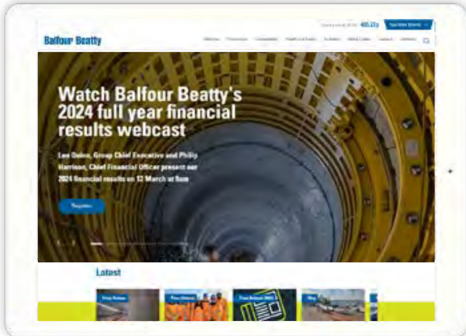
ar24.balfourbeatty.com

SCAN TO VIEW THE ONLINE SUMMARY REPORT

Investor website

For more information about investor relations visit:

balfourbeatty.com/investors



SCAN TO VIEW BALFOUR BEATTY'S WEBSITE

Follow us on

X
twitter.com/balfourbeatty

LinkedIn
linkedin.com/company/balfour-beatty-plc

Facebook
facebook.com/balfourbeatty

YouTube
youtube.com/BalfourBeattyPlc

Instagram
instagram.com/balfourbeatty

FSC
www.fsc.org
MIX
Paper | Supporting responsible forestry
FSC® C001785

CARBON BALANCED PAPER
www.carbonbalancedpaper.com
CBP029911

Balfour Beatty plc's commitment to environmental issues is reflected in this Annual Report, which has been printed on Symbol Freelife Satin and Arena Smooth Extra White, an FSC® certified material.

This document was printed by Park Communications using its environmental print technology, which minimises the impact of printing on the environment, with 99% of dry waste diverted from landfill. Both the printer and the paper mill are registered to ISO 14001.

Produced by
designportfolio

Balfour Beatty
5 Churchill Place
Canary Wharf
London E14 5HU
Telephone: +44(0) 20 7216 6800

www.balfourbeatty.com