

Delivering value through our differentiators

Our resources and opportunities

Financial strength

Investment

Strong, resilient and flexible balance sheet following the capital raise, sale of Kier Living and extension of borrowing facilities, providing capacity to invest.

See page 4 for more information



Human capital

Workforce

Competent and skilled people at all levels of the organisation. Senior management with substantial knowledge of, and experience in, the industries in which we operate. Long-standing client relationships and knowledge of the business and operations.

See page 9 for more information



Market opportunities

UK National Infrastructure spending

In the National Infrastructure Strategy, published in November 2020, the UK Government has committed to address the historical under-investment in critical infrastructure. It recently published a pipeline of £650bn infrastructure projects, focusing on roads, railways, communications, schools, hospitals and power networks.

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COVID-19 recovery

In light of COVID-19, the UK Government committed to accelerate £5bn of capital investment projects.

Net zero

Infrastructure investment is fundamental to delivering the UK Government's net zero emissions by 2050, a target set out in the Prime Minister's Ten Point Plan for a Green Industrial Revolution.

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How we create value



Attractive market positions

- › **Attractive positions** – attractive positions in our markets where we operate with scale, operational capability at both national and regional levels as well as project delivery including processes and expertise
- › **Long-established** – UK infrastructure services and construction with approximately 100 years of experience
- › **Strategic partner to UK Government** – focused on areas which are aligned to the UK Government's investment priorities. Strategic partner to the UK Government for schools, hospitals and prisons.



Project management

- › **Integrator** – significant experience as a 'systems integrator', increasingly required on complex projects, such as Crossrail and HS2
- › **Project control** – qualified commercial and procurement employees providing control of projects and contracts from inception to completion with cost certainty and value-added expertise to customers
- › **Quality** – quality assurance through our qualified quality control team.



Customer relationships

- › **Customers** – Focused on UK Government, regulated or blue-chip client base
- › **Model** – operating in business to business markets
- › **Frameworks** – contracting through long-term framework agreements creating visibility. Awarded places on long-term frameworks worth up to £11.2bn, across a number of sectors including, health, education and justice, providing the business with steady revenue streams.



Performance Excellence

- › **Operating framework** – embedded a culture of 'Performance Excellence' and operational improvement. Introduced an Operating Framework focused on people, processes, projects and costs, underpinned by a 'Back to basics' approach. Resulting in the delivery of high-quality projects on time and to budget consistently across the business
- › **Safety** – Performance Excellence is also fundamental to safety, with the aim of continuing to improve the overall safety performance as the Group has done over the past five years.

See page 11 for more information



Design and engineering capability

- › **Technical** – preparing technical designs and undertaking supporting work for capital projects, through our team of designers
- › **Modern Methods of Construction ('MMC')** – utilising MMC to maximise efficiency in timing and labour costs
- › **Build** – design support ranging from initial scheme feasibility to building phase
- › **Support** – structural and civil engineering designers providing technical advice and support across our network of UK offices.



Sustainability

- › **Environmental** – committed to achieving net zero carbon across its own operations and supply chain by 2045. Focused on achieving carbon, waste and water targets
- › **Social** – social framework commitment to improving employee equality, diversity and inclusion as well as a focus on employee health and wellbeing
- › **Governance** – focus on areas such as modern slavery, anti-bribery and corruption, data protection and whistle blowing. Continuous improvement on project lifecycle management, operational standards and training.

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The value we create for our stakeholders



Shareholders

- › **Shareholder returns** – we aim to generate long-term sustainable shareholder returns through the execution of our strategy
- › **Dividend** – our dividend policy targets dividend cover of around 3 x cover across the cycle.



Customers

- › **Delivering work** – we aim to deliver projects on time and to budget using our workforce, design and project management skills. We aim to meet our clients' and customers' expectations including pricing and scope of work with a risk-disciplined approach
- › **Support** – as a strategic supplier to UK Government, our ESG activities support our customer on their path to achieving net zero emissions by 2050.



Employees

- › **Human capital** – we seek to ensure that our workforce of 10,800 people located across the UK is skilled, motivated and competitively compensated
- › **Safety** – safety, health and wellbeing of all our employees is our number one priority, and it remains of paramount importance as the Group continues to work in line with UK Government guidance in light of COVID-19
- › **Equality, diversity and inclusion** – we have policies and programmes in place to provide an inclusive work environment.
- › We are committed to developing a Group Equality, Diversity and Inclusion strategy to be driven by our recently appointed Group Head of Equality, Diversity and Inclusion. We are focused on social purpose that aims to tackle inequality.



Supply chain partners

- › **Collaboration** – we work to build strong, collaborative relationships with our suppliers including co-operative design and development activities
- › **High standards** – we support our suppliers to meet high standards of compliance expected by us and our customers
- › **Integrity** – aim to operate with integrity with our suppliers.



Communities/society

- › **Communities** – we are focused on social sustainability by ensuring our actions directly and positively impact the communities we serve, and this in turn generates wider value for society. We benefit many communities through the creation of employment and advancement opportunities, for example:
 - › **Graduates** – graduate intake comprising 25% women in FY21
 - › **Apprentices** – 649 apprentices participating on an apprenticeship programme during FY21
 - › **Training** – training 900 mental health first aiders
- › **All abilities** – our Highways business and our HS2 joint venture are both Disability Confident employers, enabling people of all abilities to come into the workplace
- › **SMEs** – 41% expenditure on a number of public sector frameworks with SMEs in FY21.



Environmental

- › **Carbon** – 27% decrease in our carbon intensity for business operations compared with FY20 (24% decrease against our FY19 baseline)
- › **Waste** – 22% year-over-year reduction in the volume of non-hazardous construction waste per £100k revenue in FY21
- › **Water** – Transitional year with baseline re-set using FY21 data. FY21 baseline for cost of water as a percentage of operational spend was 0.03%.

Turn to pages 30 and 31 for more information on our key performance indicators