

ESG report

Andrew Davies
Chief Executive



Operational (Scope 1 & 2) carbon emissions reduction

9%

Value chain (Scope 3) carbon emissions reduction

13%

Apprentices in Kier's workforce

666

People in training and development programmes¹

12.3%

Spent with SMEs²/VCSEs³

£1.4bn

1. Percentage of Kier's workforce in formal development programmes i.e., an accredited course of more than one year in duration. It includes apprentices and excludes Kier's wider learning and development offering.
2. Small and medium sized enterprises.
3. Voluntary, community and social enterprises.

Kier's purpose is to sustainably deliver infrastructure which is vital to the UK. To achieve this, we are focused on growth that supports a just transition towards a greener, fairer, resilient and inclusive economy. As a 'strategic supplier' to the UK Government, Environmental, Social & Governance ('ESG') is fundamental to our ability to win work and secure positions on long-term frameworks. UK Government contracts with a value of or above £5m per annum require net zero carbon and social value commitments.

Building for a Sustainable World

Last year, we launched our refreshed sustainability framework, Building for a Sustainable World. It covers sustainability from both an environmental and social perspective and focuses on three pillars: Our People, Our Places and Our Planet, alongside relevant metrics to report progress. Our actions during FY24 have been on establishing strong foundations: developing and embedding milestone plans to govern our actions and deliver against each framework topic and pillar.

We believe that to be a responsible business and to play a leading role in our industry, we must both address the impact of climate change and leave a positive lasting legacy in the communities in which we operate.

Health, Safety and Wellbeing

The Group's 12-month rolling Accident Incident Rate ('AIR') in FY24 of 155 represents an increase of 76% compared to the prior year (FY23: 88). The Group's 12-month rolling All Accident Incident Rate ('AAIR') in FY24 of 363 increased by 13.5% from FY23 of 320.



Scan to visit the Sustainability pages on our website

These FY24 figures are an increase on the high performing benchmark that we achieved last year. We are disappointed with these trends given our high standards, but we continue to outperform historic industry league tables. Safety remains our licence to operate. During FY24, we rolled out our culture programme, which complements safety-specific behavioural training across our projects. These programmes have been designed to bring positive health, safety and wellbeing approaches into our operations, and apply to all personnel, including our supply chain. They sit alongside our existing policies and procedures.

Environment

Net Zero Carbon Targets

The Group has set out its pathway to become net zero carbon across all business operations by 2039 (Scope 1 & 2), and in the value chain (Scope 3) by 2045 together with interim targets.

As a Tier 1 supplier, the majority of our carbon emissions relate to the use of fuel, either on our sites or during travel to our sites. The Group continues to reduce our carbon footprint. During the year, we achieved a further 9% reduction in Scope 1 & 2 emissions, and cut Scope 3 emissions by 13%.

Accreditations

In FY24, we received external verification of our approach to delivering our net zero ambitions:

- The Science Based Targets initiative confirmed that our targets are aligned to limiting global warming to 1.5°C and net zero.

Our sustainability journey highlights (2020–2024)

2020¹

- Launched 'Building for a Sustainable World' 10 pillar strategy
- Aligned targets to UN SDGs

2021

- Committed to net zero carbon emissions by 2045
- Committed to £5bn in social value by 2030

2022

- Set target to meet net zero by 2039
- Conducted EFRAG-aligned double materiality assessment

2023

- Launched 'Building for a Sustainable World' three pillar strategy
- Achieved LSE Green Economy Mark
- Achieved £5bn in social value over three years

2024

- Received verification from SBTi
- Received ISO 14064-1 verification for FY23 and FY24 carbon footprints
- Evolved our social value measurement²

Long-term destination

To further enhance our impact as a purpose-driven organisation which sustainably delivers infrastructure that is vital to the UK, including our net zero journey, our legacy in the communities we serve, and our inclusive workplace where everyone fulfils their potential and has their voice heard.

- PAS 2080 accreditation shows that our processes are contributing to reducing lifecycle carbon emissions from our customers' buildings and infrastructure projects.
- The British Standards Institute ('BSI') provided ISO 14064-1 assurance of our FY23 and FY24 carbon footprint.

As well as reducing our own carbon footprint, we continue to work with our clients to design out carbon from UK infrastructure projects, and with our supply chain to reduce their carbon emissions.

In February 2024, Kier was provided with the London Stock Exchange Green Economy Mark demonstrating that 69% of our FY24 revenue was derived from green products and services.

We continue to progressively enhance our Task Force on Climate-Related Financial Disclosures ('TCFD') assessment and disclosure, taking on board recommendations from the Financial Reporting Council ('FRC') in our disclosure. You can find this from page 58.

Social

Delivering a legacy of social value continues to be a key priority for our customers and for Kier. This year, we delivered £583m² of added social value through our workforce, supply chain and positive impact in our local communities.

1. In 2020, we revised existing sustainability goals to reflect our refreshed strategy. In this timeline, and up to 2023, we report on our 2020–2023 10 pillar strategy; from 2023 onwards, we report on our 2023–2028 3 pillar strategy.
2. We now measure our added social value, which excludes the economic value gained from subcontracted spend if not with an SME or VCSE.

Emerging Talent

We continue to offer apprenticeships as a key means of upskilling employees and bringing in diverse emerging talent to reduce the industry skills gap.

Kier is a people-based business, and our performance depends upon our ability to attract and retain a dedicated workforce.

In FY24, we had over 660 apprentices participating in programmes, representing c.6.5% of our workforce, and we welcomed c.60 future graduates on work experience placements and c.100 graduates onto our graduate programme, c.36% of which comprised women.

We contribute to a variety of educational engagement activities, including playing a leading role in Open Doors Week to introduce young people to the construction industry.

Making Ground programme

As part of our drive to recruit diverse talent, Kier operates a prison engagement and employment programme (Making Ground). We have provided employability training to over 35 candidates in custody, offered 41 prison leavers employment and over 25 Released on Temporary Licence ('ROTL') opportunities to people in custody within our business or our supply chain in FY24.

Kier also remains committed to offering employment opportunities to those who have served in our armed forces and have offered employment to 67 veterans and 11 reservists during the year.

Governance

Governance is a core component of the Group's approach to operations. Governance is delivered within Kier's Operating Framework. The laws, policies and procedures underpinning the Operating Framework are regularly reviewed and updates implemented as necessary. Within the Operating Framework is Kier's Code of Conduct which sets the corporate compliance agenda.

Integral to this is our management of risk. We ensure that risk management is adopted at every stage of the project lifecycle to ensure that the delivery of the Group's order backlog remains profitable and cash generative in line with our long-term sustainable growth plan.

Built by Brilliant People™

Kier is Built by Brilliant People™. We have therefore invested in the rewards and benefits that we offer to our employees and their families. We are a proud Real Living Wage employer, and c.1,000 employees received a Real Living Wage increase of, on average, 7.3% in January 2024. All our employees receive life assurance and access to a range of wellbeing support including a virtual GP, confidential advice and counselling services. Focus has also been made on wellbeing including such initiatives as Your Voice, a survey which enables employee engagement. This is an important measure to ensure our approach to employees is successful. The current surveys show a 67% employee engagement score for FY24, an increase from the previous year (FY23: 65%).

Our approach to sustainability safeguards our business and builds a resilient environment, community, and profits over the long term.

Andrew Davies
Chief Executive

Building for a Sustainable World

As a responsible business, Kier understands that we must adapt our ways of working to be successful in a changing world, and to ensure that the impacts of our business in that world are positive.

To support our adaptation, we developed our sustainability framework around three pillars – Our People, Our Places and Our Planet – which guides our enduring commitments in these areas. Kier is Built by Brilliant People™ and our sustainability framework is no different, its successful delivery is underpinned by core functions in its strategic foundations, namely Diversity & Inclusion, Emerging Talent, Health, Safety & Wellbeing and Talent & Organisational Development.

We explore these foundations in more detail in the Built by Brilliant People™ section from page 48. We are implementing this strategy within Kier’s robust governance framework, and we track our progress against detailed milestone plans.

Each pillar has several clearly defined non-financial measures, chosen to help demonstrate continual improvement and aligned with our key stakeholders’ own priorities. These are a mixture of qualitative and quantitative targets and measures to reflect our approach, as well as the maturity of our framework.

We continue to report our added social value using the Impact Evaluation Standard measurement framework. The Standard is fully aligned with the UK Government’s Social Value Model (PPN 06/20) and is guided by an independent steering committee of social impact experts. Our definition of added social value excludes the economic value gained from subcontracted spend if not with a small or medium enterprise or social enterprise.

Materiality and aligning our targets

To guide our approach to developing not only our sustainability framework, but also how we report on our progress, we conducted a European Financial Reporting Authority Group (‘EFRAG’)-aligned double materiality assessment in 2022.

As part of our double materiality assessment and the development of milestone plans, we have improved our alignment to the United Nation’s Sustainable Development Goals (‘UN SDGs’), identifying 11 SDGs and 35 associated targets.



Further details can be found in our statement on materiality and UN SDG alignment, available on our website



Building for a Sustainable World continued

Our People



Building a workforce and supply chain for the future



Our people are at the heart of our business and Kier's success depends upon our ability to attract and retain a dedicated workforce. This includes those working within our supply chain.

As a business, we are committed to shaping a safe, collaborative and high-performing culture where our people feel they can belong, contribute and want to do their best work. We do this by prioritising our people and sourcing labour ethically.

Find out more about how we prioritise our people in Built by Brilliant People™ on pages 48–57

Prioritising all our people

At Kier, we build for sustainable growth, recognising that a well-trained, forward-focused workforce is essential to meeting our strategic and sustainability objectives. We are committed to providing training and development opportunities to equip our people and our business for a changing world. In 2024, we were awarded gold at the European Foundation for Management Development's Excellence in Practice awards for our leadership development programmes, which is explored in detail on page 54.

Apprentices in Kier's workforce

666

People in training and development programmes¹

12.3%

Added social value for this pillar

£31m



1. Percentage of Kier's workforce in formal development programmes i.e., an accredited course of more than one year in duration. It includes apprentices and excludes Kier's wider learning and development offering.

Building for a Sustainable World: Our People continued

Our people use their knowledge and creativity to provide solutions to our clients and customers and, to support with their personal and professional development, Kier provides them with skills and experience to best serve the communities in which we work.

The 5% Club is an employer collective committed to offering training and development opportunities to their workforce. Following an audit by the 5% Club, we were awarded gold membership once again, demonstrating our commitment to attract and develop future talent.

For the workforce of tomorrow, we offer graduate and apprenticeship opportunities, encouraging a new generation of talent to join the construction industry. Such opportunities are explored on page 53. Kier also supports local colleges in their delivery of T-Levels with content that meets our needs as a business and helps students to be ready for work or further training. During the year, we have supported more than 50 students on industry placements across our divisions. We run a variety of upskilling activities in our local communities.

At The Forum in Gloucester, we developed an on-site Learning Hub for members of the local community to access training, career development and wellbeing support, in partnership with local social enterprises and over 2,500 individuals have been supported to date.

 Read more in Built by Brilliant People™ on pages 48–57

Sustainucation®: Promoting sustainability literacy

Part of our strategy for sustainable growth is to upskill our people to understand how their roles contribute to Kier’s sustainability journey. In a recent survey, 92% of our people were aware of the impact their role has on the environment and communities. We aim to provide knowledge and skills, and foster sustainability mindsets, both at work and at home, to support informed and effective decision making for a sustainable future. This is part of our commitment to prioritise our people.

In the spirit of this commitment, and as part of our online and in-person sustainability literacy programme, our Natural Resources, Nuclear & Networks (‘NRNN’) division have developed *Sustainucation*®, a programme designed to educate, engage, empower and drive ownership of sustainability in our teams. In May 2024, NRNN brought together 84 divisional leaders in the inaugural *Sustainucation*® event, an opportunity to engage in, commit to and learn about Kier’s sustainability journey, as well as that of individuals in the team. NRNN reflected on positive changes and steps that can be taken in our professional and personal lives, from procurement practices to supermarket choices, diverse and inclusive recruitment to volunteering in our communities, from Kier’s carbon reduction goals to understanding our personal carbon footprint.

By maturing sustainability literacy across our business, we aim to nurture innovation to support our sustainability goals and our journey of sustainable growth. The programme continues.

Ethical labour

According to the Unseen Modern Slavery Helpline, slavery experts estimate the number of people in modern slavery in the United Kingdom to be more than 100,000. As a strategic supplier to the UK Government, we support the aims in PPN 02/23 to tackle modern slavery in government supply chains. At Kier, we are committed to following best practice and collaborating with our peers to combat modern slavery in our industry. We implement policies to establish our approach and set out our position on modern slavery. We report on the effectiveness and progress against our targets in our modern slavery statement. In FY24, we worked with specialist companies to identify good practice and to develop opportunities to strengthen our approach. Furthermore, we trained more than 4,000 employees and people in our supply chain on our approach, as well as to recognise the signs of modern slavery and encourage action.

Our supply chain partners are a key part of our workforce, essential to delivering our projects and to the Group’s overall success. We are committed to ensuring that our supply chain is fair and ethical, sustainable and resilient, and that we protect the human rights of everyone we encounter in our business operations and in the wider communities where we operate. Our supplier due diligence process supports our aim to work with UK Real Living Wage employers with a public commitment to preventing modern slavery.

Furthermore, our Ethical Labour working group meets regularly to strengthen our procedures and to enable us to develop campaigns to raise awareness of this important issue. The group is working with a modern slavery social enterprise to review our understanding of and response to modern slavery and labour exploitation risks within our business. This is allowing us to develop a focused plan that centres around education, audit and mitigation. We share our experiences in the Supply Chain Sustainability School’s Modern Slavery Working Group to drive industry-wide change. With our supply chain comprising 3,425 small and medium sized enterprises, it is important that we approach this collaboratively.



- Scan for more on our:
- Modern Slavery statement
 - Anti-slavery and human trafficking policy
 - Real living wage policy
 - Sustainability policy

People trained on recognising and reporting modern slavery in FY24

4,186

Building for a Sustainable World: continued

Our Places



Making a positive impact in our local communities



Spent with SMEs¹ & VCSEs²

£1.4bn

Raised for UK charities through The Kier Foundation

£225k

At Kier, we focus on ensuring our business directly and positively impacts the communities we serve, and in turn, benefits wider society. Furthermore, by creating employment opportunities and supporting our workforce, we deliver positive social impact and drive social mobility to make a difference where we work. To ensure we meet our objectives and leave a lasting legacy, we engage with communities local to our projects. Doing so is part of our commitment to the Considerate Constructors Scheme ('CCS'). As part of our engagement, we provide an openly accessible helpline for our projects to allow the public to raise a concern, as well as provide a dedicated stakeholder liaison to maintain dialogue. In FY24, 36 of our projects received recognition in the CCS National Site Awards, and our average score through monitor visits is 43/45.



Prison leavers offered employment

41

Added social value for this pillar

£552m

Veterans and reservists offered employment

78

1. Small and medium-sized enterprises.
2. Voluntary, community and social enterprises.

Building for a Sustainable World: Our Places continued

Social impact

Social impact is intrinsically linked to sustainable growth: the long-term effect on people and local communities resulting from actions or activities to support development. At Kier, we make a positive social impact by providing support that addresses needs in local communities, focusing on the most vulnerable and disadvantaged, according to the indices of deprivation in the areas where we operate.

We generate positive social impact by delivering places that offer new green spaces, reduced carbon emissions, and which sit at the heart of the local community; by using local goods and labour; providing school children with hands-on learning experiences; and making donations of much needed items to the community.

Furthermore, as part of our commitment to our people and our communities, Kier employees are encouraged to take two paid volunteering days per year and have completed more than 850 days during the period. In FY25, we will simplify our processes to boost uptake of the volunteering day allowance.

By supporting small and medium enterprises ('SMEs') as well as voluntary, community and social enterprises ('VCSEs') across our contracts and projects, we create positive social impact as we generate revenue within our local economies.

In the last financial year, we spent c.61% of our subcontracted spend with SMEs and £7.4m with VCSEs.

Kier Construction Careers Hub

Kier Construction Careers Hub is a seven-month programme, piloted in London, delivering key workshops to students to provide wider awareness of Kier's work and of future career paths available. In FY24, sessions were delivered to c.50 students, which included career education from senior leaders from across the business. Further cohorts are now taking place in the South-East of England and in Scotland.

No. of students to whom we delivered career path sessions
c.50



Supporting the Crumbs Project

Our Natural Resources, Nuclear & Networks team supports 'The Crumbs Project', a local social enterprise in Bournemouth providing hospitality-based professional training programmes for neurodiverse adults. Kier's team procures their catering services, as well as regularly spending time volunteering on pro-bono projects.

Raising money through The Kier Foundation

Kier's own independently registered charity, The Kier Foundation, manages the Group charity partnership, which is currently with the Trussell Trust for FY24 – FY25. Since the beginning of this partnership, we have raised over £125k to support their work fighting UK poverty and our employees have volunteered their time at food banks across the UK.

The Foundation also supports other charities across the UK, and during the period has donated c.£100k in much-needed funds.

Moving through May is our annual fundraising activity that encourages teams to move more through May, completing a distance by walking, running or swimming. Employees covered c.180,000km to raise c.£80k in Moving Through May's 2024 edition.



For Kier, this activity is also a drive to boost employee wellbeing and mental health through exercise, teambuilding and getting outdoors. Kier takes an integrated approach to sustainability and by combining our health and wellbeing objectives with our social sustainability initiatives, we demonstrate how physical activity can support multiple outcomes for people, communities and our business. Find out more about how we integrate health and wellbeing into our performance on page 50.

Kierriculum

Grassroots engagement with communities is fundamental to improving the long-term social impact of our projects. Recognising this, and to continue delivering value in local communities, we developed our educational engagement offering. In FY24, Kier's people developed and launched an educational programme to inspire the next generation: Kierriculum.

Kierriculum's resources and activities are linked to the national curriculum and are designed to introduce students of all ages to the construction industry, by connecting what they're learning at school or college to real jobs and workplace scenarios.



Find out more about Kierriculum on our website

Building for a Sustainable World: Our Places continued

To get Kierriculum into as many schools and colleges as possible, we have also boosted the number of Kier colleagues who volunteer their time as STEM Ambassadors. We now have 113 ambassadors across the Kier Group who can engage young people in careers in construction.

Enabling social mobility

Kier believes that we should all have the opportunity to be successful, regardless of where we make our start in life, or what happens along the way.

Externally, a member of our executive committee is part of the UK Government's Social Mobility Commission employer advisory group, put in place to drive social mobility in the UK workplace and to support the Commission's employer-focused programme of work. Internally, we were inspired to establish a working group to begin addressing such inequalities within our business. As an important first step, we are establishing a socioeconomic diversity baseline for our workforce. This will provide a benchmark to set meaningful targets and identify where we need to focus our efforts. Representatives from our Social Value, Emerging Talent, and Equality, Diversity & Inclusion teams sit on this working group.

In parallel, Kier drives several schemes aimed at supporting individuals from disadvantaged backgrounds both into employment, and to develop their career.

Making ground – Prison engagement and employment programme

Kier is an industry leader in the recruitment of people with convictions. In FY24, we have provided employability training to over 35 candidates in custody, offered 41 prison leavers employment and over 25 ROTL¹ opportunities to people in custody within our business or our supply chain.

For Kier, this initiative brings diverse new skills into our business, and supports us to deliver on social value commitments. We believe that providing opportunities to all is a primary opportunity to sustainably strengthen our business and our societies. We share our experiences within our supply chain, amongst our clients and with local and national governments to drive continued positive change. In FY24, Making Ground won the Diversity and Inclusion Initiative of the Year award at the Water Industry Awards.

Armed forces recruitment

Kier aims to support Armed Forces veterans with their return to the civilian job market, and recognises the value and skills veterans bring to our business. In FY24, we offered employment to 67 veterans and 11 reservists (50 overall in FY23). We also expanded our recruitment offering to actively target military spouses and family members.



Open Doors

We partner with Build UK's Open Doors programme. The event goes 'behind the site hoardings' to showcase the range of careers available in the construction industry. Each year, we open sites across the country, and welcome hundreds of visitors from local schools, colleges and communities. Open Doors is an important opportunity to break down some of the stereotypes associated with the construction industry and encourage people into a possible career. Whilst the events are open to anyone, we target schools, colleges and underrepresented groups to inspire the next generation of apprentices and graduates, in line with the Our People pillar of our sustainability framework and our ambition to grow our business sustainably.

For a week in March 2024, we opened doors to 47 of our sites, depots and offices across the UK and welcomed over 900 visitors. Visitors included local schools, colleges, universities, prisons, charities, Job Centres and members of the public.

1. Released on Temporary Licence.

Building for a Sustainable World continued

Our Planet



Improving the environment now and for future generations

Our planet does a lot for us: it cleans the air we breathe, protects us from flooding, and provides us with food and natural resources. All essential elements for our everyday lives. However, climate change and human activity are putting increasing pressure on our planet and its ability to provide these services, causing more extreme weather, loss of biodiversity, erosion of soil, and increased pollution.

As a business, we are committed to accelerating our action and maintaining a healthy and safe environment for nature and our communities; using resources efficiently and playing our part to address the climate and nature emergencies.

Key achievements under the Our Planet pillar this year include:

- Receiving validation from the Science Based Targets initiative that our carbon targets are aligned to limiting global warming to 1.5°C and achieving net zero operations, as well as reasonable assurance of our FY23 and FY24 carbon footprint to ISO 14064-1 standards
- Undertaking an initial nature materiality exercise that is aligned to the Taskforce on Nature-related Financial Disclosures ('TNFD') LEAP methodology. Following this assessment, we are setting long-term nature-related metrics and targets
- Enhancing our water data quality, with a focus on disclosing defined metrics in FY25



CDP Climate Change 2023 Score

B



We've had our **NET-ZERO TARGETS** approved

Project to be aligned with the SBTi Net-Zero Standard

#NetZeroStandard



LSE green economy mark of revenue from projects delivering a net environmental benefit

69%



Building for a Sustainable World: Our Planet continued

Climate Action

Our climate is changing. Across the world, as well as in the UK, our weather is less predictable and increasingly extreme. We are committed to taking climate action, reducing carbon emissions and working with clients to deliver infrastructure and buildings which are resilient to the effects of climate change.

Target

Net zero operational carbon (Scope 1 & 2) by 2039

Net zero carbon across our value chain by 2045 (Scope 3)

Performance

Operational (Scope 1 & 2) carbon emissions reduction

9%

Value chain (Scope 3) carbon emissions reduction

13%

Project revenue supporting climate resilience¹

69%

- Classified using the FTSE Russell's Green Revenues Classification System ('GRCS').
- Reasonable assurance is a high level of assurance ensuring reported historical data and information is materially correct.

Recognition

In order to provide our stakeholders with confidence and to play our part in mitigating climate change, this year we received external recognition of our approach to delivering our net zero ambitions, with the Science Based Targets initiative validating our Scope 1, 2 & 3 net zero targets. To demonstrate the accuracy of our reported carbon footprint, BSI provided reasonable assurance², using the ISO 14064-1 standard, of our Scope 1, 2 & 3 carbon footprint for FY23 and FY24. Additionally, our Construction and Infrastructure Services businesses achieved PAS2080 accreditation, showing that our processes are contributing to reducing lifecycle carbon emissions from our buildings and infrastructure projects.



Supporting best practice HVO procurement guidance

Petrol and diesel use accounted for 95% of our Scope 1 & 2 emissions in FY24. A focus on fuel efficiency has reduced our petrol and diesel emissions by 11% (from 30,659 tonnes in FY23 to 27,425 tonnes in FY24). In the context of our growth, this reduction demonstrates our efforts to decouple business development and emissions

We recognise that, over the next decade, sustainable biofuels, such as Hydrotreated Vegetable Oil ('HVO'), will be a key action for our transition to a low carbon future.

Therefore, working collaboratively with our peers, we have co-funded the development of HVO procurement guidance to mitigate nature, modern slavery and climate risks.

Improving supply chain carbon data quality

This year, our Scope 3 emissions decreased by 13%. This is associated with our Purchased Goods and Services ('PGS'), where we employ a spend-based calculation methodology, applying UK Government carbon factors. Updated carbon factors and a c.9% reduction in applicable spend has driven the reduction. We are working to evolve our approach to use a more accurate supplier-specific inventory methodology.

Reliable supply chain data is essential to understanding our impact and identifying reduction opportunities. Our PGS emissions account for 89% (697,937 tonnes) of our Scope 3 emissions, down from 790,384 tonnes in FY23 (16% reduction against 2022 baseline). In collaboration with our peers, we are supporting the development of tools to accurately and consistently capture carbon data and improve performance

Delivering climate resilient projects

As well as reducing the climate impact of our operations, we deliver buildings and infrastructure that support a climate transition. This includes buildings which are net zero in operation, and infrastructure resilient to our changing climate. Our capabilities to deliver these projects continue to grow. Over the last year 69% of project revenue supported climate resilience, an increase from 64% in FY23.

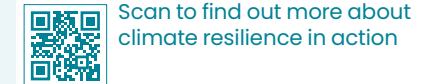
Climate resilience and adaptation

Read about our approach to climate resilience and adaptation in our Task Force on Climate-Related Financial Disclosures report on pages 58–64.



Climate resilience in action: Trade City Manchester

Forming part of the established Cheetham Hill Industrial area, Trade City Manchester provides Grade A industrial and trade space. This Kier Property development regenerates a derelict and contaminated brownfield former brick works and scrap yard, delivering high levels of sustainability including a BREEAM excellent rating and Energy Performance Certificate – A. Additionally, the site supports nature and adapts to our changing climate with the creation of a rain garden to capture water during extreme weather.



Building for a Sustainable World: Our Planet continued

Valuing Nature

Nature and biodiversity are under increasing pressure from human activity and climate change. We value nature, and as a major construction business, we understand our responsibility to protect, restore and enhance habitats and biodiversity across our value chain.

Performance

Significant Environmental Incident Rate ('SEIR')¹

59

In previous years, we have reported all environmental incidents as a metric of environmental performance. It is important to instil a culture of recognising and reporting environmental incidents to identify opportunities for improvement and, in the past 12 months, additional focus has resulted in a positive increase in overall incidents reported. Whilst we continue to collate all environmental incident ('AEIR') statistics (reported on page 55), we are now focusing our attention on incidents that have the most critical impact. Our aim is to reduce significant risk to business operations while recognising efforts to reduce the overall number of incidents.

During the year, significant incidents ('SEIR') increased from 21 in FY23. 80% of contributing incidents related to instances of extreme rainfall which overwhelmed protection measures, leading to surface water runoff. In response to our changing climate, particularly an extremely wet year with numerous extreme rainfall events and the expectation of increased future risks, we are updating our surface water management controls across all divisions. Additionally, we have implemented processes to continuously review and improve these controls. While our attention is particularly focused on reducing significant impacts, all incidents were investigated to support our continuous improvement journey and remediated in accordance with our ISO 14001-certified environmental management system.

1. SEIR is calculated as significant environmental incidents divided by headcount and then multiplied by 100,000. It excludes our HS2 joint venture.

Developing our valuing nature baseline

In readiness for the Taskforce on Nature-related Financial Disclosures ('TNFD') framework, and to ensure we focus on our most material nature impacts and dependencies, we have undertaken a baseline assessment aligned to TNFD's LEAP approach.

Additionally, working with the Green Finance Institute and the Supply Chain Sustainability School, Kier led the establishment of a working group to collaboratively progress both the protection and enhancement of nature in the construction sector.

Providing nature training and guidance

Biodiversity Net Gain training has been delivered by the Wildlife Trust to our Infrastructure Services and Property business divisions. This training focused on embedding best practice assessment and delivery of biodiversity net gain on construction and infrastructure projects.

Placemaking guidance is being developed by our Property team. This includes our approach to using nature-based solutions that support wellbeing and wildlife, whilst also adapting projects to our changing climate.

Updating our Environmental Management System

To ensure our environmental management systems remain current, we are updating our wildlife and habitats assessment and management controls, reaffirming Kier's commitment to assess and protect ecology across all of our projects.



Scan to find out more about valuing nature in action

Valuing nature in action: Biochar innovation to tackle microplastics

Working with RSK Group company TerrAffix, we have been testing the ability of biochar to reduce the environmental impact of road runoff. Biochar is a carbon-rich material derived from organic waste. Our laboratory trials replicated potential approaches to treat runoff water, with successful outcomes, demonstrating that even the lowest biochar/filter stone mix was effective at removing microplastics, resulting in significant improvements in runoff water quality.

Following an award-winning laboratory demonstration, we are moving to real world trials within our A417 project to further demonstrate the potential of biochar in this application.

Additionally, the biochar itself sequesters carbon, contributing to carbon footprint reduction. This project not only enhances environmental sustainability but also showcases Kier's commitment to innovation and incorporating sustainability solutions into our projects.



Building for a Sustainable World: Our Planet continued

Resource Efficiency

Unsustainable consumption and wastefulness are driving resource scarcity, pollution and unnecessarily accelerating climate change. We aim to embed resource efficiency within Kier and across our supply chain to use resources in a sustainable way throughout the lifecycle of our projects.

Performance

Cubic metres of waste/£1m revenue¹

148.5

Landfill diversion rate

93%



Resource efficiency is not a new concept to Kier, and we continually improve our performance. However, we understand the opportunity to design out waste, and to further enhance resource efficiency through modern methods of construction. To embed the priorities of our evolved Building for a Sustainable World framework this year, we have focused on establishing strong foundations, as follows.

Establishing a Group-wide resource efficiency working group

Formed of subject matter experts, the group has grown our previous waste focus to drive resource efficiency with the aim to embed circular economy principles. As part of this work, we are focusing on major opportunities to improve resource efficiency. After success reducing single use plastics across our business, we have evolved this approach to focus on cutting down on packaging.

Evolving our resource efficient metrics and targets

One of our resource efficiency working group's first tasks was to establish measures and targets. Supported by Rio AI's (see opposite) focus on data quality and automation, the Group has proposed and established our key targets and continues to work on further secondary metrics and targets that provide additional insights.

This year we have continued to report m³ of waste intensity, having reduced this by 2%, from 152.1 m³ per £1m revenue in FY23. To allow comparison with our peers, we intend to move to tonnage reporting from FY25.

Using AI to enhance environmental data and reporting

In FY24, we began our transition to Rio AI, an enterprise environmental data platform streamlining and enhancing the interrogation and reporting of environmental performance at all levels of our business, from project to Group-wide.

By focusing on accurate and timely data, we are building a solid foundation for all environmental data. This is key to strategic decision making for long-term value creation, client reporting and disclosure requirements.

Retendering our Group-wide waste management supplier framework

To ensure the continued sustainable management of waste from Kier projects, we are retendering our waste management framework, including criteria to:

- drive increased diversion from landfill
- enhance data integrity and quality
- improve use of local providers, including social enterprises
- ensure financial sustainability

Resource efficiency in action: Remediating brownfield sites at Darlaston

The new Darlaston Station is located on a legacy contaminated brownfield site and over a protected aquifer. Kier implemented an innovative remediation approach to protect the aquifer from contamination during construction of the station. We de-watered the site, cleaned the ground water and installed impermeable barriers to preserve cleaned areas. Using this approach, we have restored more than a hectare of brownfield land efficiently, reducing the volume of contaminated material otherwise requiring removal by 70%.

Additionally, we recycled waste concrete from an adjacent site for aggregate, avoiding the off-site delivery 3,700 tonnes of virgin aggregate.



Scan for more information on resource efficiency in action

1. Approx. 0.4% of FY24 waste data, proportional to revenue, is derived from waste management contractual spend.

Built by Brilliant People™

At Kier, we put our people – their health, safety and wellbeing, and their development – at the core of what we do.

Our culture mission statement is to create a safe, collaborative and high-performing workplace, where we all belong, contribute and thrive. Ensuring our people feel challenged, encouraged and valued in their roles is paramount to the business achieving its strategic goals.

Our culture programme was designed and delivered in partnership with an expert consultant. The key outputs of the programme

included a clearly defined narrative, a balanced scorecard and a behaviour framework, comprised of nine healthy behaviours which align to our value. This forms the foundation of our culture today.

Over the last year, we have delivered a 'Built by Brilliant People™' upskill culture programme to senior leaders and managers comprised of three modules about working brilliantly together, being safe and responsible and driving performance. c.1,100 people have attended the modules and 91 culture champions were trained to support with facilitation and embedding the culture. We continue to develop activities, self-assessment tools, learning resources and initiatives to maintain momentum with embedding our culture and cementing the nine healthy behaviours.



Employee engagement¹

67%

1. Employee engagement is measured using employee positive emotions.

People have completed the Culture programme

1,124

Understand how their role contributes to the goals of their team

93%



Kier's Nine Healthy Behaviours

| | | | |
|---|---|---|--|
| Collaborative  | Communicate clearly  | Pride in Kier  | Work brilliantly together  |
| Trusted  | Be safe and responsible  | Respect others  | Prioritise people  |
| Focused  | Be bold and future focused  | High performance  | Find safe, simple solutions  |

Built by Brilliant People™ continued

Building a health, safety and wellbeing-focused culture

People trained in behavioural safety techniques

1,463

Trained mental health first aiders

824



Further details on our safety performance can be found in our ESG performance data table on page 55



Our health, safety, and wellbeing-focused culture applies to all personnel, including contractors.

We formalise our commitments to health, safety and wellbeing (HSW) in our policies, and all projects where Kier is principal contractor operate within the business' ISO 9000, ISO 14001 and ISO 45001-certified management system.

Safety performance

At Kier, safety is our licence to operate. Underlying this is a focus on the health, safety and wellbeing of our employees, supply chain and other stakeholders, which is key to our approach. Notwithstanding this strong focus, our FY24 AIR (Accident Incident Rate) and AAIR (All Accident Incident Rate) figures have increased year over year by 76% to 155 and by 13.5% to 363 respectively.

These FY24 figures are an increase on the high performing benchmark that we achieved last year. We are disappointed with these trends given our high standards, but we continue to outperform historic industry league tables.

Celebrating HSW at Pride of Kier

We celebrate our innovative Health, Safety and Wellbeing culture every year at our Pride of Kier awards. In 2024, Tyler Eastham, the winner of the HSW award was recognised for his contribution to mental health awareness, risk identification and building a culture of acceptance across Kier.



Built by Brilliant People™ continued

During FY24, we rolled out our culture programme, which includes our nine healthy behaviours and forms the basis of our culture. It complements our safety-specific behavioural training, which is being rolled out across our projects. These programmes have been designed to bring positive health, safety and wellbeing approaches into our operations, and apply to all personnel, including our supply chain. They sit alongside our existing policies and procedures.

Safety governance

Our safety management system is accredited to ISO 45001 standards. Our health, safety and wellbeing strategy – approved by our ESG Committee – is implemented by senior leaders and integrated into our governance structure. This approach ensures that health, safety and wellbeing is embedded into our company culture and considered alongside our Building for a Sustainable World framework, giving parity to our wider objectives and performance targets.

We support this integration with regular Visible Leadership Tours, an initiative designed to strengthen mutual dialogue between sites and senior leadership.



These tours ensure that strategic messaging is shared face-to-face between our leaders and site teams, and gives time to discuss opportunities for efficiency and business improvements.

Reporting and driving fast learning

At Kier, we learn fast to ensure that today's lessons are built into tomorrow's plans. Major incidents are reported through Kier's dedicated 24/7 reporting line. All incidents are investigated and key outputs, root cause analysis and causations are reviewed at divisional Incident Review Boards ('IRBs'). Specific incidents with notable or widely applicable learnings are escalated to the Group level IRBs, which are chaired by the Chief Executive, underlining the importance we place on Group-wide learning from incidents.

Learnings are shared widely through a combination of alerts and bulletins. Weekly calls are held to share details within and across the business divisions. Our senior leaders meet quarterly to review safety performance and confirm that necessary actions to prevent recurrence have been identified and undertaken.

Training

Divisional-level behavioural safety programmes, which nurture and promote our safety culture, have been a strong focus in FY24. Our bespoke 'Cleartrack' training programme began in our Transportation division in FY20. Our 'Think Safety Differently' ('TSD') programme was developed within our Construction division and has been rolled out during FY24. TSD sessions are held at key project stages to promote the safety leadership behaviours that enhance safety culture. Over 1,400 people have attended Cleartrack and TSD sessions during FY24.



Integrating health and wellbeing into our performance

We recognise that workplace safety is strongly linked to mental health and wellbeing. We have implemented a community of Wellbeing Champions across our business and a further 16 people were trained in FY24. The Wellbeing Champions are a point of contact and active promoter of our offerings that support both physical and mental health, as well as social and financial wellbeing. Additionally, we trained 266 new Mental Health First Aiders in FY24, expanding our network to 824 people, all educated in how to recognise the mental health needs of our teams, provide the time to talk, and signpost to the appropriate services.

Our employee assistance programme provides all of our personnel and their dependents with round-the-clock, confidential health and wellbeing support. We are a supporter of construction industry charity The Lighthouse Club, and regularly promote their mental, physical, emotional and wellbeing support services on our sites and to our supply chain.

Read more about our Raising and Building Leaders development programmes on page 54

Nurturing our site leaders

Kier's success relies on our people working brilliantly together, being safe and responsible, and performing in their roles. We strive to grow leaders across our business, and to nurture and retain their knowledge and expertise.

Since joining Kier in 2015, Laurence has progressed from the role of Foreman to Works Manager through ILM, Building Leaders and other training and development opportunities. He is based at our EKFB joint venture delivering HS2, currently the largest infrastructure project in Europe. Overseeing a site spanning 7.5km, Laurence ensures site supervisors complete their mandatory safety and leadership Certificate to Operate training, empowering them to carry out their roles as leaders on site and manage safety, environmental and assurance requirements.

"Kier has given me the opportunity to learn and challenge myself. I have developed skills for success, for myself and for my team, as well as knowledge of the safety, environmental and commercial aspects of a project."

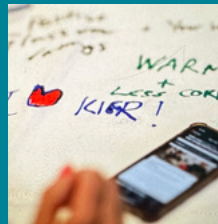


Built by Brilliant People™ continued

Creating an environment to thrive

Networks to improve D&I

7



Employees in formal learning programmes¹

12.3%

Graduate work experience placements

c.60

Graduates enrolled in FY24

c.100

Apprentices

666



Kier is Built by Brilliant People™: vibrant, diverse, motivated, highly trained teams, who feel valued for their contribution to Kier’s business. In this section, we explore how Kier creates a diverse, inclusive environment which attracts talented individuals and encourages them to thrive.

Fostering a diverse, inclusive workplace

At Kier, our mission is to shape a high-performing, diverse and inclusive business where we can all belong, contribute and thrive. To weave diversity and inclusion (‘D&I’) into our culture, all employees complete an introduction to D&I as part of their induction, with regular refresher training thereafter. Additionally, our ‘Expect Respect’ campaign is visible across our sites and offices, driving awareness of our culture of respect and of Kier’s expectations of our people.

Key policies to support diversity and inclusion are listed on our website, are reviewed annually, and apply to all our employees. Our family-friendly policies, explored in more detail on page 54, support us to foster an inclusive workplace.

Our Diversity & Inclusion (‘D&I’) roadmap is published on our website. It sets out how we intend to support this mission, as well as our priorities. We measure our progress through our employee demographic data as well as through regular pulse surveys with our employees and against four overarching aims – developing our strategic approach, building a diverse workforce, developing inclusive workplaces and culture, and engaging everyone in the journey. We review our progress twice per year and revise our objectives where necessary to drive meaningful change.

Through our seven D&I networks, we are regularly engaged with the diverse voices of our workforce, which share experiences, suggest improvements and drive our roadmap forward.

We publish our gender pay gap information on our website and are preparing to collate ethnicity-related pay gap information for potential, future external reporting requirements.



More information about our approach to ensuring equality, diversity and inclusion, including our gender pay gap report can be found on our website

1. Percentage of Kier’s workforce in formal development programmes i.e., an accredited course of more than one year duration. It includes apprenticeships and excludes Kier’s wider learning and development offering.

Built by Brilliant People™ continued

Inclusive recruitment

Part of our D&I strategy is to diversify our talent, which corresponds to Kier's overarching sustainability strategy: the Our Places pillar of our framework aims, through our projects, to promote social impact and enable social mobility in our communities. Our flagship inclusive recruitment programmes 'Making Ground' and 'Armed Forces Recruitment', underpin this strategic ambition. Find out more about these initiatives on page 43.

To support our D&I strategy, we train all hiring managers in inclusive recruitment practices, challenging them to think differently towards accepted recruitment processes and combat unconscious bias. In FY24, we launched an enhanced, inclusive careers system in a drive to boost applications from diverse backgrounds. In FY25, we will be able to measure the results of this investment in achieving our D&I aims.

All abilities

Kier is a disability confident employer and is committed to ensuring that the organisation is an inclusive place for all abilities. In support of our D&I strategic objective, we recruit our people based on abilities and individual merits, as measured against the criteria for the job, in a fair and inclusive manner, with the intention of finding the best candidate and ensuring we are actively removing barriers and disadvantage from our process.

We have an Ability employee network with over 350 members which supports neurodiverse and disabled colleagues. We are also members of the Business Disability Forum, a business membership organisation that works in partnership with businesses, Government, and disabled people to remove barriers to inclusion. Such activities help Kier to become more inclusive. With the support of our occupational health department, we support colleagues that need workplace adjustments to ensure that they can fulfil their potential and progress their careers at Kier. This includes adjustments to roles, premises, workstations and equipment, amongst others.

Gender and ethnic diversity

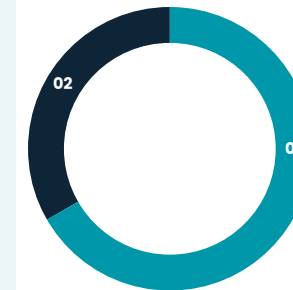
We measure the effectiveness of our D&I roadmap against our workforce-wide diversity figures. Opposite, we disclose our FY24 gender and ethnic diversity at Board and senior manager level and overall Kier level. As a percentage of our workforce, our overall gender diversity has progressed from 24.58% in FY23, to 25.20% in FY24. Our ethnic diversity has progressed from 15.91% in FY23 to 16.64% in FY24.

Embracing, developing and supporting talent

Throughout the year, our Emerging Talent, Learning & Development and Reward teams work to embrace, develop and retain our talent to not only safeguard our business for the future, but also to contribute to our communities and future generations of the workforce. This is in line with our culture mission statement described on page 48, and essential to meeting our strategic objectives.

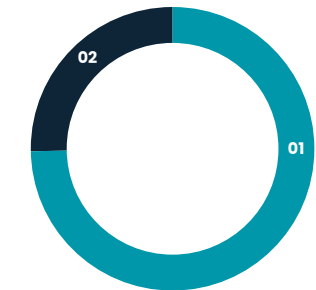
Gender and Ethnic diversity¹

Board – Gender



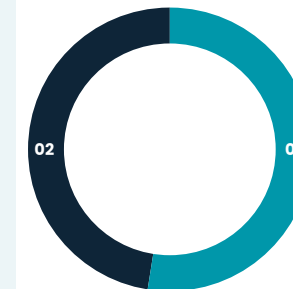
01 67% Male
02 33% Female

All employees – Gender



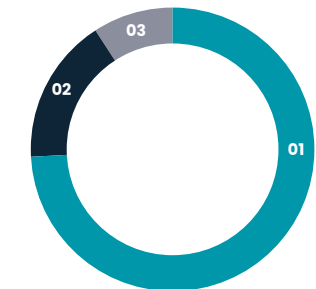
01 75% Male
02 25% Female

Senior managers – Gender



01 53% Male
02 47% Female

All employees – Ethnicity



01 74% White
02 17% Ethnic minority
03 9% Not stated

1. Kier employees only. Excludes contingent workers.

Built by Brilliant People™ continued

Providing opportunities to earn & learn: Emily's story

After finishing college in 2016, Emily joined Kier as a Junior Commercial Administrator. Once in post, she learned about Kier's apprenticeship scheme, which would allow her to study for a degree, whilst developing her skills and gaining valuable work experience. After six years of hard work, Emily graduated as a Quantity Surveyor, and continues to work with us in Kier Places.

“ I am so glad that I took the leap and applied for a job in construction. Kier's apprenticeship scheme presented me with opportunities and pathways that I didn't know existed. In my work, I apply theory and knowledge cultivated during my apprenticeship to build for a more sustainable future.”

Emily
Quantity Surveyor, Kier Places



Embracing our emerging talent

Developing the workforce of tomorrow is a key strategic opportunity for Kier. By encouraging and welcoming young people from a variety of backgrounds and locations in the UK into Kier, we ensure diverse ideas form the foundation of our business. We also contribute to overcoming an ageing population in the construction industry and address the consequent skills gap. As part of our investment in the future of our business and industry, we offer 'Earn and Learn' opportunities – an opportunity to develop professionally and academically, simultaneously – to people of all ages, every year. In FY24, we welcomed c.60 future graduates on work experience placements and c.100 graduates onto our graduate programme. Additionally, c.120 apprentices joined us in FY24, either in traditional apprenticeships or through a degree-apprenticeship programme. Apprenticeship programmes are available to new and emerging talent, as well as to existing talent as a development opportunity.

Developing our learning and performance culture

Retaining our talent is crucial to our business success and we are committed to ensuring our workforce is equipped, competent and confident to carry out their roles. We provide training to managers to support their team's performance, ensuring they feel valued, challenged and encouraged. We empower our employees to reach their full potential providing professional development programmes, opportunities to work on significant projects at the forefront of our industry, and mobility within our organisation to broaden their expertise.

As of June 2024, 12.3%¹ of employees were in formal learning programmes (9% in FY23).

In FY24, we launched Kier Learn & Perform, a new, dynamic online system to allow our people to develop at every stage of their career with Kier.

Learn

Kier Learn & Perform hosts all mandatory compliance, safety and job-specific training, which can be tailored to the learner's requirements. With strengthened accessibility and automation, our people have improved oversight of their mandatory training, and are empowered to autonomously make use of the available suite of self-paced courses.

Perform

One of Kier's Nine Healthy Behaviours is 'high performance'. To support our people in their development, we track their annual performance in Kier Learn & Perform, enhancing engagement with this important process and ensuring we are all working towards our personal and collective goals.



1. Percentage of Kier's workforce in formal development programmes i.e., an accredited course of more than one year duration. It includes apprenticeships and excludes Kier's wider learning and development offering.

Built by Brilliant People™ continued

Supporting our talent

How our people feel at work is vital to their sense of belonging, and hence their performance, at work. This is also essential to Kier's ability to retain our teams. We provide strategic training and development opportunities, as well as attractive reward and benefits to support our talent, their career progression, and their wellbeing. Employee engagement is an important measure of the success of our approach. As such, we run our Your Voice survey every year. In FY24, our employee engagement score was 67% (65% in FY23), reflecting not only Kier's investment in our people, but our people's investment in Kier. Furthermore, our most recent Your Voice survey demonstrated that 93% of our people understand where their role links to Kier's purpose.



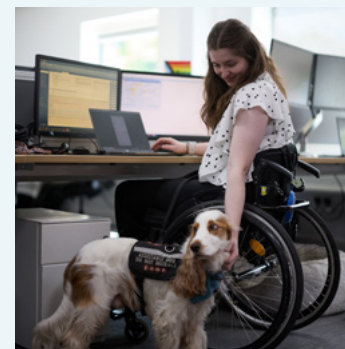
Part of Kier's investment is the reward and benefits we offer to all our employees. Kier is a proud Real Living Wage employer, and over 1,000 employees received an average Real Living Wage increase of 7.3%, in January 2024. For peace of mind, all Kier employees receive life assurance and access to a range of wellbeing support including a virtual GP, confidential advice and counselling services and market-leading health expertise. There is also a wide range of opt-in benefits such as the cycle-to-work scheme, discounted gym membership and the ability to purchase technology, white goods and car maintenance and spread the repayments. All these benefits help to support the wellbeing of our employees and their families.



Beyond remuneration, through the Kier Reward scheme, employees are able to secure savings across a wide range of retailers on both everyday spending and larger purchases. In FY24, our c.10,000 employees made savings of c.£276k through using this scheme.

All employees have access to two tax-efficient employee share plans enabling them to contribute and save on a regular basis and to share in the future success of Kier. Over 4,000 employees currently participate in one or both of the schemes, enabling them to benefit from buying shares at a discounted price or to receive free Kier shares, depending on the arrangement they choose.

Kier is a family-orientated business and offers a range of family friendly policies. Published on our website, policies such as our Agile and Flexible Working policy and Enhanced Maternity Leave and Paternity Leave policies, amongst others, foster our diverse and inclusive workplace. Kier's approach to diversity and inclusion is explored on page 51.



Empowering, Raising and Building Leaders

Our strategy to develop a diverse, inclusive workforce culminates in three key programmes.

Empower

Empower is a six-month development programme, specifically designed to support colleagues from diverse groups to embark on a journey of professional and personal development, build leadership skills and understand how their role impacts Kier. It is an opportunity for formal learning, networking, and to offer unique perspectives to the business' leaders.

Raising & Building Leaders

Kier's flagship talent development and retention programmes Raising Leaders and Building Leaders have been running since 2020 and 2021, respectively. Partnered with Cranfield University, these programmes equip management and leadership talent with the knowledge and skillset to evolve in their careers, meeting their aspiration and potential to reach senior positions in the business.

The efficacy of these programmes was awarded 'Gold' in the 2024 Excellence in Practice Awards, run by the European Foundation for Management Development in the Talent Development category. The programmes continue.



ESG performance

Performance metrics

| Theme | Pillar/Strategic foundation | Metric (Unit) | For more information see pages | FY24 | FY23 | FY22 |
|----------------------------------|--|--|--------------------------------|---------|---------|----------------|
| Building for a Sustainable World | Our People | Population of apprentices (count) | 39–40 and 53 | 666 | 646 | 591 |
| | | Population of apprentices (% of total workforce) | 39–40 and 53 | 6.5% | 6% | 6% |
| | | People in formal training & development programmes (% of total workforce) ¹ | 39–40 and 54 | 12.3% | 9% | 6% |
| | | People trained on modern slavery (count) ² | 40 | 4186 | 3,288 | c.1,400 |
| | Our Places | Spend with SMEs & VCSEs (£m) | 41–42 | £1,357m | £1,228m | £908m |
| | | Subcontracted spend made with SMEs (% of total) | 42 | 61% | 69% | 48% |
| | Our Planet | Scope 1 & 2 carbon emissions (tonnes) ³ | 45 and 56 | 28,968 | 31,670 | 38,967 |
| | | Scope 3 carbon emissions (tonnes) ³ | 45 and 56 | 787,008 | 905,529 | 971,314 |
| | | Volume of waste generated (m ³ /£1m) | 47 | 148.5 | 152.1 | 149.9 |
| | | Volume of waste diverted from landfill (% of total volume) | 47 | 93% | 90% | 88% |
| | | Significant Environmental Incident Rate (rate) ⁴ | 46 | 59 | 21 | – ⁵ |
| | | All Environmental Incident Rate (rate) ⁴ | 46 | 382 | 247 | 227 |
| | LSE GEM Revenue from green projects (% of total) | 44 | 69% | 64% | 53% | |
| Built by Brilliant People™ | Health, safety and wellbeing | Fatal Accident Rate (rate) ⁶ | 49–50 | 0 | 0 | 0 |
| | | RIDDOR incidents (count) ⁶ | 49–50 | 41 | 22 | 28 |
| | | Accident Incident Rate (rate) ⁶ | 49–50 | 155 | 88 | 115 |
| | | All Accident Incident Rate (rate) ⁶ | 49–50 | 363 | 320 | 316 |
| | Diversity & Inclusion | Gender diversity (all employees) | 52 | 25.20% | 24.58% | 24.20% |
| | | Ethnic diversity (all employees) | 52 | 16.64% | 15.91% | 14.12% |
| | Employee Engagement | Your Voice survey (%) | 54 | 67% | 65% | 63% |

1. Percentage of Kier's workforce in formal development programmes i.e., an accredited course of more than one year duration. It includes apprenticeships and excludes Kier's wider learning and development offering.
2. In the reporting year.
3. FY23 and FY24 Scope 1, 2 & 3 emissions data has been reasonably assured as materially correct and a fair representation. Verification completed in accordance with ISO 14064-1 by BSI.
4. Excluding HS2 joint venture.
5. Not applicable.
6. Including employees and contractors.

ESG performance continued

Energy and Carbon reporting

| | | Global | | | | UK | | | |
|---|------------------------------------|------------------------------|------------------------------|--|---|------------------------------|------------------------------|--|---|
| | | Year ending 31 March 2024 | Year ending 31 March 2023 | Year ending 31 March 2022 (S3 base year) | Year ending 31 March 2019 (S1&2 base year) | Year ending 31 March 2024 | Year ending 31 March 2023 | Year ending 31 March 2022 (S3 base year) | Year ending 31 March 2019 (S1&2 base year) |
| Scope 1 | tCO ₂ e | 28,853 | 31,342 (31,340) | 38,643 | 89,490 | 28,675 | 30,941 | 36,113 | 77,468 |
| Scope 2 (market-based) | tCO ₂ e | 115 | 328 | 324 | 5,970 | 106 | 313 | 298 | 5,934 |
| Scope 2 (location-based) | tCO ₂ e | 2,521 | 3,601 (3,600) | 4,589 | 7,170 | 2,512 | 3,585 | 4,543 | 7,132 |
| Scope 1 & 2 (market-based) | tCO₂e | 28,968 | 31,670 (31,668) | 38,967 | 95,460 | 28,781 | 31,254 | 36,411 | 83,402 |
| Scope 3 | tCO ₂ e | 787,008 | 905,529 (905,839) | 971,314 | – | 786,959 | 903,747 (905,732) | 970,680 | – |
| Scope 1, 2 (market-based) & 3 | tCO₂e | 815,976 | 937,199 (937,507) | 1,010,281 | – | 815,740 | 935,001 (936,986) | 1,007,091 | – |
| Market-based intensity Scope 1, 2 & 3 | tCO₂e/£m revenue | 207.9 | 286.1 (286.2) | 311.9 | – | 207.8 | 286.6 (286.0) | 310.9 | – |
| Scope 1 & 2 | tCO ₂ e/£m revenue | 7.4 | 9.7 | 12.0 | 23.7 | 7.3 | 9.5 | 11.2 | 20.7 |
| Location-based intensity Scope 1, 2 & 3 | tCO₂e/£m revenue | 208.5 | 287.1 (287.2) | 313.2 | – | 208.4 | 286.6 (287.0) | 312.2 | – |
| Scope 1 and 2 | tCO ₂ e/£m revenue | 8.0 | 10.7 | 13.3 | 24.0 | 7.9 | 10.5 | 12.6 | 21.0 |
| Energy consumption | kWh | 138,746,000 | 162,099,000 | 179,465,000 | 380,090,000 | 138,714,000 | 160,371,000 | 169,551,000 | 330,568,000 |

Energy and carbon reporting notes:

- Scope 1: combustion of fuel and operation of facilities.
- Scope 2: electricity purchased.
- Scope 3: indirect emission sources.
- Our GHG emissions quantification methodology is aligned with the GHG Reporting Protocol – Corporate Standard.
- Location-based uses the average emissions intensity from the grid where we source the energy.
- Market-based uses the emissions intensity based specifically on the energy mix procured.
- We employ a spend-based methodology to calculate Scope 3 emissions from purchased goods and services. We are working to evolve our approach to make use of a more accurate inventory methodology.
- Our targets as validated by the Science Based Targets initiative use a market-based approach, therefore all carbon emission statistics which include Scope 2 in this report use a market-based method.
- Energy usage (Scope 1 & 2) is rounded to the nearest MWh.
- FY23 and FY24 Scope 1, 2 & 3 emission data has been reasonably assured as materially correct and a fair representation. Verification completed in accordance with ISO 14064-1 by BSI.
- FY23 Annual Report published emissions are identified between brackets alongside FY24 verified emissions.
- As required by SBTi and ISO 14064, we exclude no more than 5% of GHG emissions from our reported total.
- Additional information relating to the emissions data presented in this table, including calculation methodology and uncertainty assessment can be found in our Climate Report on our website.

Strategic management of ESG matters

Sustainability framework governance

| | | | |
|-------------|--|---|---|
| Leadership | Board ESG Committee Chair: Non-Executive Director Scope: Oversees all ESG matters, including climate-related issues, risks and opportunities; Advises on strategic direction, embedding ESG priorities into strategic decisions, objectives and annual budget process. The committee is advised by the Group Managing Director ESG Committee and Leadership Forums. | Executive Group Managing Director ESG Committee Chair: Chief Executive Scope: Monitors, challenges and provides direction on all Building for a Sustainable World and Built by Brilliant People™ topics. | Leaders & Subject Matter Experts Leadership Forums Chair: Chief People Officer Members: Health, Safety & Wellbeing, Human Resources and Sustainability Leaders & Subject Matter experts Scope: Lead implementation of Building for a Sustainable World and Built by Brilliant People™ strategic frameworks and commitments across all divisions. |
| | Kier group functions Responsible Business Function (Health, Safety & Wellbeing, Assurance & Sustainability) & Human Resources Scope: Providing business-wide co-ordination and direction for ESG strategy; including chairing management meetings and ensuring collaboration across business divisions; leading group-wide governance and reporting; and relationships with internal and external stakeholders. | | |
| | Sustainability Teams Building for a Sustainable World Pillar Groups Context: Each of the three strategic pillars of our Building for a Sustainable World framework has a dedicated pillar working group. Lead: Each working group is led by a senior member of the sustainability team. Scope: Co-ordinate strategy, activity and innovation with each strategic pillar. | Subject Matter Experts Working Groups Task & Finish Groups Context: Material topics have dedicated working groups. Lead: Nominated Subject Matter Expert. Scope: Working Groups explore climate, ethical labour, social value, diversity & inclusion, and inclusive PPE; Task & Finish Groups develop improvements and tackle common challenges. | |
| Management | Business Divisions Building for a Sustainable World and Built by Brilliant People™ Scope: Co-ordinate and implement sustainability- and people-related priorities; deliver division-specific action plans, initiatives and policies; support and embed awareness, compliance and enhanced standards; share innovation and collaborate to continually improve. | | |
| | Sustainability Literacy Providing knowledge and skills, and fostering sustainability mindsets, both at work and at home, to support informed and effective decision making for a sustainable future. | Learning & Performance Supporting professional development and performance reviews to ensure an equipped, competent and confident workforce. | Health, Safety and Wellbeing Competencies Ensuring appropriate skills and competency to manage health, safety and wellbeing in all areas of the business. |
| Foundations | | | |

Here, we outline strategic management of Building for a Sustainable World, our sustainability strategy, and Built by Brilliant People™, our People strategy, collectively 'ESG matters'.

During the year, we reviewed and evolved our governance and decision-making structures at all levels of business to increase integrated management.

We expanded our climate change principal risk to include other material aspects of sustainability. Aligned to our Building for a Sustainable World strategy, this approach reflects our understanding that social and environmental sustainability are intrinsically linked and that action to mitigate risks and realise opportunities is most effective when considered holistically.

Management of climate-related risks and opportunities is integrated into our governance approach. A climate working group co-ordinates delivery of our climate action and carbon reduction strategies. Our expert carbon consulting partner supports each Kier division with its transition pathway to net zero, accurate reporting of carbon emissions and delivery of climate management projects.

ESG risk management

ESG risk management is integrated into the Group risk management framework through our Principal Risks and Uncertainties ('PRU') and operational risk processes. Further details are set out in the 'How do we manage risk' section on pages 68 to 76, which also contain more detail on the Health and Safety, People and Sustainability PRUs, as well as mitigating actions.

TCFD report

| Disclosures | Pages |
|---|-------------------|
| Governance | |
| (a) Board oversight of climate-related risks and opportunities | 57 |
| (b) Management’s role relating to climate-related risks and opportunities | 57 |
| Strategy | |
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| (b) Impacts of climate-related risks and opportunities | 59–61 |
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As the effects of climate change become an ever-growing part of our daily lives, both abroad and at home, Kier, like all businesses, has a responsibility to reduce our emissions. This, while continuing to create value for our shareholders and stakeholders, including our employees and local communities, and supporting a just transition towards a greener, fairer, resilient and inclusive economy.

At Kier, we are committed to sustainably delivering infrastructure which is vital to the UK. This is our purpose. To fulfil it, we must link our business ambitions with our environmental and social goals. In FY23, we relaunched our sustainability framework¹, designed to tackle our most material topics, as identified in our double materiality assessment². Climate action – reducing the carbon footprint of our operations and adapting to the impacts of climate change – is key to this framework, which, in turn, underpins our strategy to deliver on our purpose.

1. Kier’s sustainability framework, and progress against its objectives, are explored in the Building for a Sustainable World section of this ESG report (pages 38–47).
 2. More details on Kier’s double materiality assessment can be found on our website: www.kier.co.uk/sustainability/

Since 2021, we have progressed on our carbon-reduction pathway to meet our ambition of net zero carbon emissions (Scopes 1, 2 & 3) by 2045, and we report on our achievements throughout the ESG section of this annual report. Here, in our ‘TCFD report’, we detail our climate-related financial disclosures consistent with all of the Task Force on Climate-related Financial Disclosures (‘TCFD’) Recommendations and the recommended disclosures as outlined in ‘Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures’ published in October 2021, including the sector-specific content from the Materials and Buildings Group. We outline how our climate goals align with our business decisions, explore Kier’s climate change governance, and demonstrate how climate-related risks and opportunities are managed, and how our strategic planning and decision-making processes drive us towards our net zero ambitions.

Strategy

Climate change generates accepted risks to our business, but climate action, in particular a just transition to net zero, presents compelling opportunities. In this report, we outline our relevant climate-related risks and opportunities and how each impacts our activities and strategy. Whilst our evaluation of the risks and opportunities covers all of our divisions, some risks and opportunities are

specific to particular markets, and therefore divisions. This subtlety is reflected in our assessment of risk magnitude.

In FY24, we worked with our external experts to improve our understanding of the impacts of risks and opportunities under different climate outcomes, aligning our time horizons for risk and opportunity assessment to three climate-related scenarios and to our goals and targets supporting the Paris Agreement’s ‘net zero by 2050’ targets. To assess the resilience of our business to climate change, we continue in our approach to scenario analysis, adopting global (CMIP5 mean model from the World Meteorological Organisation) and regional (UK Climate Projections 2018) physical and transition scenarios. These scenarios remain in place for our identification, management, and mitigation of climate-related risks and opportunities.

Scenarios (climate impacts by 2100):

- An orderly transition, with early action and a temperature rise of ~1.5°C (RCP2.6)
- A disorderly transition, with late action and a temperature rise of ~2°C (RCP2.6)
- High emission, with a temperature rise of greater than 3°C (RCP8.5)

To align with the projections from these scenarios and with the timescales of climate change, we assessed scenarios under the following time horizons.

TCFD report continued

Time horizons:

- Short-term: 2024–2026 (reflecting our strategic and business risk management processes)
- Medium-term: 2027–2030 (reflecting the timescales for our near-term science-based targets)
- Long-term: 2031–2050 (reflecting the lifecycle impacts of the buildings and infrastructure we construct and maintain in alignment with the Paris Agreement net zero 2050 targets) (N.B. We have updated our short and medium term assessments this year from 2023–2025 and 2026–2030 to ensure our risk assessments remain contemporary and aligned to corporate risk horizons.)

As a result of our enhanced processes, we identified five climate-related risks and five climate-related opportunities that were assessed to have the potential to materially impact our business. Materiality is determined to be risks and opportunities that, when not managed properly, have the potential to significantly impact on business or value chain operations, associated environmental impact or financial performance. As part of this assessment, we have reviewed the risks to each of our operating divisions, enabling us to develop informed mitigation and management strategies. We have also gained insight into potential market growth opportunities as we support our clients in their response to the climate emergency through their climate mitigation and adaptation strategies.

We have quantified our risks and disclose these in line with the low, medium and high definitions for risk impact outlined in the risk management section on page 70, and our amended strategic risks and opportunities are identified and described on pages 60 and 61.

We continue to work to address the challenges caused by climate change, to transition Kier to a low-carbon business and to support our supply chain and clients with their own climate priorities.

Finally, because of the long-term nature of some of our climate-related risks and opportunities, we acknowledge the challenges associated with aligning these to financial planning corporate risk processes. We have started a financial assessment of our risks and opportunities internally this year, and continue to seek possible improvements as our TCFD reporting matures.

Risk management

We consider climate-related risks and opportunities in all physical and transition risk categories, current and emerging, regulatory requirements whether they occur within our own operations, upstream, or downstream of the Group and whether they first occur within the short (until 2026), medium (2027–2030) or long term (2031–2050) time horizons. Climate-related risks and opportunities relevant to us were initially identified in FY22, being built upon and enhanced with our climate consultants in FY23 and FY24. Climate-related risks and opportunities are assessed on the existing Group risk management framework to determine their relative significance in relation to other Group risks and allow for integration into the Group risk management framework. Prioritisation of risks is primarily based on the risk score resulting from a 3x3 matrix encompassing impact magnitude and likelihood, combined with a supplemental measure of risk velocity, which provides an additional perspective to risk likelihood.

In FY24, the Board evolved our climate change principal risk to a sustainability principal risk to better reflect interconnectedness of climate change and other sustainability topics. Our sustainability governance, including climate change, is outlined on page 57.

In line with our risk management framework, explored in detail on pages 68 to 76, we review sustainability, and in particular climate-related risk, at Board level in our ESG Committee. However, our sustainability ambitions are integrated into everything we do, and everyone involved in our operations is expected to take ownership of the sustainability-risk and opportunities within their remit.

Each Kier business division has its own climate-related risks and opportunity register. Within each division climate-related risks and opportunities are overseen by our sustainability teams, with significant risks elevated to the divisional risk register and controls integrated into operational processes, an example being physical climate risks being managed through severe weather plans, dust management plans and surface water management plans.

Risk and opportunity assessment

Risks and opportunities are assessed through assessment of the likelihood and magnitude of risk.

Magnitude (quantification):

- Low: the exposure is well understood, with a relatively low cost of mitigation, less than £10m
- Medium: risk may be tolerated provided that the benefits are considered to outweigh the consequence, £10m-£50m
- High: risk threatens the viability of the Group or there is a reasonable likelihood of danger to people or material reputational damage (greater than £50m).

Likelihood:

- Improbable: the risk is not foreseen as likely to occur or may occur in exceptional circumstances
- Possible: a relatively infrequent occurrence for the Group
- Probable: a relatively frequent occurrence for the Group

| Likelihood | Low | Medium | High |
|------------|-------------------------|-------------------------|-------------------------|
| Probable | High risk/opportunity | High risk/opportunity | High risk/opportunity |
| Possible | Medium risk/opportunity | Medium risk/opportunity | Medium risk/opportunity |
| Improbable | Low risk/opportunity | Low risk/opportunity | Low risk/opportunity |

- High risk/opportunity
- Medium risk/opportunity
- Low risk/opportunity

The Chief Executive has ultimate responsibility for climate-related risks, and the Board has overall responsibility for risk management across the Group. The Chief Executive, Chief Financial Officer and Executive Committee carry out a quarterly risk review where the response, mitigations and controls of risks are assessed. The Group's Risk Management and Audit Committee ('RMAC') considers principal risks and reviews the effectiveness of the systems of risk management and internal control.

TCFD report continued

Risks

Five key climate-related risks have been identified in our assessments.

Case studies demonstrating our progress to mitigate risks can be found in the Building for a Sustainable World section of this ESG report (see pages 38–47).

| Risk | 1. Carbon pricing mechanisms | 2. Failure of development or adoption of technology and innovation | 3. Increasing customer requirements & industry standards | 4. Disruption due to extreme weather events | 5. Long-term climate impacts on productivity |
|------------------------------------|---|--|---|--|--|
| Risk rating | High | Medium | Low | Medium | Low |
| Type | Transition (emerging regulation) | Transition (technology) | Transition (markets) | Physical (acute) | Physical (chronic) |
| Area | Own operations | Upstream | Downstream | Upstream | Own operations/Upstream/Downstream |
| Primary potential financial impact | Increased direct costs | Increased direct costs | Decreased revenues due to reduced demand for products and services | Increased direct costs, lost revenue and disruption | Decreased revenues due to reduced production capacity |
| Description | <p>Legislation designed to reduce emissions through the application of a carbon tax to businesses and materials, expected to come into force around 2030.</p> <p>The highest impact is under the orderly transition with early climate action.</p> | <p>Achieving our Scope 3 climate targets relies in part on technological improvements and innovation within the supply chain which, in the short and medium term, may be prohibitively expensive where contract budgets do not allow for this cost.</p> | <p>Emerging disclosure requirements, e.g. ISSB, creates additional reporting burden and associated auditing and administrative costs.</p> <p>We may be at risk of reduced investor confidence and of losing contracts if our business divisions do not meet the latest standards or face penalties if contracts are in progress and standards are not met.</p> | <p>Various acute physical events related to climate change (storms, floods, wildfires, etc.) could disrupt supply chains and operations, especially for materials sourced from areas with less capacity to respond to such events.</p> <p>Some of our key material dependencies may be impacted by these risks, which could result in non-availability of key goods and associated project delays.</p> | <p>To date climate change impacts have been infrequent in our operating locations and in our upstream supply chain. However, over the long term we expect to see increasing temperatures, with extreme heat impacting productivity through:</p> <ul style="list-style-type: none"> – Direct health impacts. – Heat-induced productivity loss. – Indirect losses resulting from heat-related economic disruptions throughout the supply chain. |
| Time horizon | Medium term | Medium term | Short term | Long term | Long term |
| Mitigation | <p>Kier has:</p> <ul style="list-style-type: none"> – Committed to net zero Scope 1, 2 & 3 operations by 2045 – Expanded our carbon design and assessment capability – Created operational decarbonisation pathways for all divisions – Committed to developing an internal carbon pricing mechanism in the next year | <p>We collaborate with suppliers, peers and clients regularly through various channels to address this risk, including the Supply Chain Sustainability School.</p> <p>An example this year is the continued collaboration relating to Hydrotreated Vegetable Oil (‘HVO’) due diligence (see page 45).</p> <p>In addition, a rigorous client and partner screening process ensures we choose to work with organisations whose goals are aligned to our own.</p> | <p>We regularly engage with our clients to incorporate their carbon reduction plans into our design and planning. We report in full on our net zero processes, performance and ambition and continue to align with the strategies of our key stakeholders as identified through our double materiality analysis and ongoing engagement.</p> <p>Our Whole Life Carbon Assessment Service has been expanded, to lower project embodied and operational carbon, ahead of expected increasing client and regulatory requirements.</p> | <p>We continue to use UKCP18 within our scenario analysis allowing the assessment of climate risks regionally to inform management and mitigation.</p> <p>We are using market-specific scenario analysis and risk assessments to continually improve operational risk controls.</p> | <p>We integrate weather and climate risk mitigation into project design and delivery schedules ensuring operations are prepared and adapted to our changing climate.</p> <p>Our ISO 14001-certified environmental management system (‘EMS’), across most divisions, ensures environmental risks are effectively assessed and managed.</p> <p>In FY24, we have progressed the alignment of our EMS to our project lifecycle management approach – enhancing operational controls at each lifecycle stage.</p> |
| Associated metrics see pages 55–56 | Carbon emissions | Carbon emissions | Green revenue % | Significant environmental incident rate | Significant environmental incident rate |

TCFD report continued

Opportunities

Five key climate-related opportunities were identified in our assessments. Opportunity 1 and 5 expand on the FY23 opportunity '1. Customer Demand' providing more detailed disclosure. Case studies demonstrating our progress to act on opportunities can be found in the Building for a Sustainable World section of this ESG report (see pages 38–47).

| Opportunity | 1. Increased operating income for green-aligned projects | 2. Resource efficiency and natural resources | 3. Resilience to fossil fuel market volatility | 4. Enhanced reputation | 5. Increased demand for repair/maintenance services |
|------------------------------------|--|--|---|---|--|
| Opportunity rating | High | Medium | Low | Medium | Medium |
| Type | Transition (Products and services) | Transition (Resource efficiency) | Transition (Resilience) | Physical (Products and services) | Transition (Products and services) |
| Area | Own operations/Upstream/Downstream | Own operations | Own operations/Upstream | Downstream | Own operations/Upstream/Downstream |
| Primary potential financial impact | Increased revenues through access to new and emerging markets | Reduced direct costs | Reduced direct costs | Additional revenue resulting from increased demand for products and services | Increased revenues through access to new and emerging markets |
| Description | Kier's revenue has been assessed in alignment with the FTSE Russell Green Revenues Classification System and has observed a growing proportion of green-aligned revenue over the past three years, focused primarily of low carbon construction. These projects provide market growth opportunities and opportunities for Kier to differentiate our business. | Energy and resource efficiency will be key components of Kier's early decarbonisation efforts and is increasingly incentivised or required by regulation and clients. Kier stands to benefit through lower expenditure on resources, fuels and energy. | As we transition our operations to work towards our near-term and net zero targets, we are exploring opportunities to increase self-generation of renewable electricity and opportunities to source renewable energy via lower carbon sources such as sustainable biomethane, Hydrotreated Vegetable Oil ('HVO') and electricity from Power Purchase Agreements ('PPAs'). If these opportunities are implemented, this will reduce emissions and increase resiliency to energy market volatility and potential price increases over time. | Cultivating a reputation as a climate leader with a history of consistently going beyond compliance and delivering effective climate action across our value chain could lead to: <ul style="list-style-type: none"> – outperforming competitors and significant growth. – an ability to attract and retain top talent. – improved supply chain terms and costs. | The chronic impacts of climate change are expected to increase the frequency and severity of extreme weather events in the UK. This will create adaptation opportunities for additional maintenance/repair contracts for Kier, especially among large public sector clients. |
| Time horizon | Short term | Short term | Medium term | Medium term | Medium term |
| Management | We continue to build upon our expertise and experience of delivering low carbon buildings, with our in-house climate consultancy supporting projects and clients to embed low carbon features. In FY24, our Construction and Infrastructure Services business divisions achieved PAS 2080 certification, recognising our performance, and aligning our operations and approach to the climate ambitions of our key clients. | Our ISO 14001-certified environmental management system ('EMS') ensures resources are managed sustainably, waste is avoided and we protect the natural environment. Our in-house carbon assessment and advice service helps design out high carbon materials and identify opportunities for construction process efficiency. Our continuing partnership with the Supply Chain Sustainability School provides a forum to increase supply chain skills and collaborate with our peers and clients to drive change. | We have begun the development of an internal energy scheme to gain deeper insight into renewable energy self-generation across our sites and offices. Due to limited availability of PPAs we are exploring opportunity to progress in collaboration with our peers. | We continue to work towards our Building for a Sustainable World framework which was created to align to the most material topics and our stakeholders' priorities. We regularly disclose our climate performance and supporting information through voluntary and mandatory disclosure schemes to evidence on continuous improvement. | In FY24, we have better understood this opportunity by carrying out a review of the climate adaptation strategies of our clients within key markets. |
| Associated metrics see pages 55–56 | Green revenue | Operational carbon emissions (Scope 1 & 2) | Operational carbon emissions (Scope 1 & 2) | Green revenue | Green revenue |

TCFD report continued

Significant climate-related risks and opportunities by division

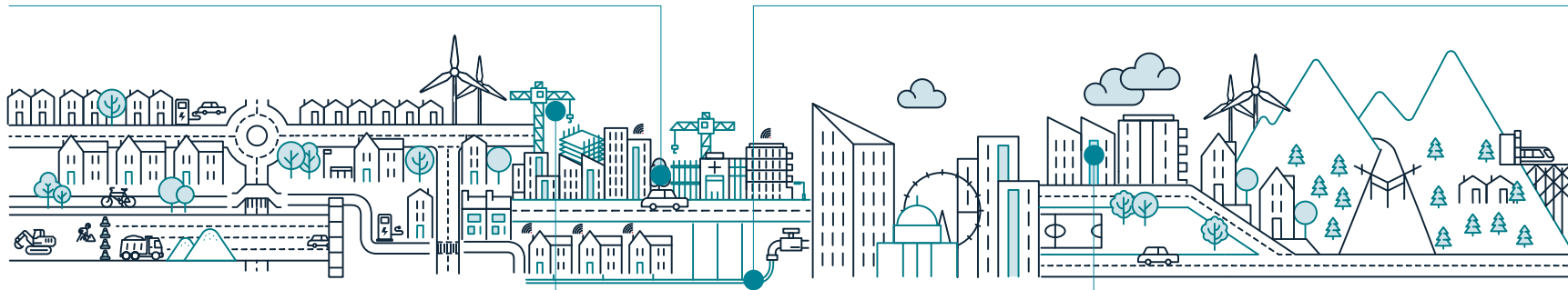
Infrastructure Services

Transportation

| Risks | Opportunities |
|--|---|
| Changes in temperature creating operational disruption | Reputational growth from strong performance |
| Physical climate impacts causing operational disruption and damage to assets | Growth in existing markets as a result of climate change adaptation |

Natural Resources, Nuclear & Networks

| Risks | Opportunities |
|---|---|
| Increasing fuel and energy costs | Growth in customer demand for sustainability |
| Failure to meet client demand for climate performance | Growth in existing markets as a result of climate change adaptation |



Construction

| Risks | Opportunities |
|---|---|
| Changes in temperature impacting building design requirements | Growth in existing markets as a result of climate change adaptation |
| Exposure to carbon pricing mechanisms | Modern methods of construction delivering reduced project carbon |

Property

| Risks | Opportunities |
|---|---|
| Exposure to carbon pricing mechanisms | Growth in existing markets as a result of climate change adaptation |
| Increasing regulations and standards for climate resilience and carbon mitigation | Increased demand due to client onshoring operations associated with climate risks |

TCFD report continued

Climate-related risks and opportunities by climate scenario before and after mitigation or management

(Refer to pages 60–61 for additional context)

| | | | | | Scenario | | |
|-------------------------|------------------------------|---|--------------|-------------------|---|---|---|
| | | | | | Orderly transition ~1.5°C Early climate action/low carbon transition | Disorderly transition <2°C Late climate action/low carbon transition | High emissions scenarios >3°C No/limited addition climate/ carbon action |
| | Climate aspect | Risk/Opportunity | Time horizon | | | | |
| Transition Risks | Emerging regulation | Carbon pricing mechanisms | Medium term | Before mitigation | | | |
| | | | | After mitigation | | | |
| | Technology | Failure of development or adoption of technology & innovation | Medium term | Before mitigation | | | |
| | | | | After mitigation | | | |
| | Markets | Increasing customer requirements and industry standards | Short term | Before mitigation | | | |
| | | | | After mitigation | | | |
| Physical Risks | Acute | Disruption due to extreme weather events | Long term | Before mitigation | | | |
| | | | | After mitigation | | | |
| | Chronic | Long term climate impacts on productivity | Long term | Before mitigation | | | |
| | | | | After mitigation | | | |
| Opportunities | Products and services | Increased operating income for green-aligned projects | Short term | Before management | | | |
| | | | | After management | | | |
| | Resource efficiency | Resource efficiency and natural resources | Medium term | Before management | | | |
| | | | | After management | | | |
| | Resilience | Resilience to fossil fuel market volatility | Short term | Before management | | | |
| | | | | After management | | | |
| | Products and services | Enhanced reputation | Medium term | Before management | | | |
| | | | | After management | | | |
| | Products and services | Increased demand for repair/maintenance services | Medium term | Before management | | | |
| | | | | After management | | | |

● High risk ● Medium risk ● Low risk ● High opportunity ● Medium opportunity ● Low opportunity

TCFD report continued

Metrics and targets

We monitor and report on Scope 1, 2 & 3 greenhouse gas ('GHG') emissions as well as energy consumption. The calculation of our carbon footprint is in line with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, as reported on page 56.

The Group's Building for a Sustainable World strategy provides a framework to manage climate-related risks and opportunities at Group and divisional levels. The strategy contains clear targets associated with climate action, which have been validated by the Science Based Targets initiative ('SBTi') as being aligned to limiting global warming to 1.5°C and achieving net zero operations, and are in line with the UK Government's commitment to net zero by 2050.

Additional controls, actions and targets are in place for broader sustainability topics, as outlined on pages 38–47.

During FY24, we have progress the implementation of the evolved Building for a Sustainable World framework including:

- Receiving reasonable assurance of our FY23 and FY24 carbon footprint to ISO 14064-1 standard.
- Undertaking a nature materiality exercise; aligned to the Taskforce on Nature-related Financial Disclosures ('TNFD') LEAP methodology. Following this assessment, we are setting long-term nature-related metrics and targets.
- Enhancing our water data quality, with a focus on disclosing defined metrics in FY25.

Scenarios

We have analysed and quantified how each of our climate-related risks and opportunities behaves under the three scenarios outlined in the table below. When taken in aggregate, we concluded that our risk management strategies, strategy, disclosure, and ambition make our business resilient to climate change. We will continue to develop our analysis as new data is made available both internally and externally, and we will continue to monitor our climate exposures and action plans through Kier's risk management framework, governance structure, and with support from our climate consulting partner. The opportunities identified continue to be developed in line with the Group strategy and objectives.

| Scenario | Temperature range | Source | Overview |
|--------------------------------|--|---|--|
| Orderly transition | Global temperatures rise of well below 2°C by 2100 | REMIND-MAgPIE 1.7–3.0 – Immediate 1.5°C with CDR (Orderly, Alt) ¹ IPCC ² UKCP18 RCP 2.6 ³ CMIP5 RCP2.6 ⁴ | A co-ordinated global low carbon transition, which limits the global temperature rise to 1.5°C by 2100 from pre-industrial levels. It assumes current net zero pledges are achieved in full and there are extensive efforts to realise near-term emissions reductions. This includes clear and consistently implemented government policies. This scenario includes a carbon price pathway of \$135–\$6,050 USD/tCO ₂ e in 2030, and \$245–\$14,300 USD/tCO ₂ e in 2050 ² . Under this scenario physical risks are reduced within increased risks and opportunities relating to transition. |
| Disorderly transition | Global temperatures rise of less than 2°C by 2100 | REMIND-MAgPIE 1.7–3.0 – Delayed 2°C with CDR (Disorderly, Alt) ¹ IPCC ² UKCP18 RCP2.6 ³ CMIP5 RCP2.6 ⁴ | A more conservative pathway, where it is not taken for granted that governments will reach all announced goals. This scenario is based on current policies that are projected to result in a 2°C temperature increase by the end of the century. Because the transition is delayed there must be more severe action to compensate. Carbon prices increase to \$135–\$6,050 USD/tCO ₂ e in 2030, and \$245–\$14,300 USD/tCO ₂ e in 2050 ² . Under this scenario physical risks and opportunities occur earlier, and transitions impacts are more severe due to delayed action. |
| High emissions scenario | Global temperatures rise of greater than 3°C by 2100 | REMIND-MAgPIE 1.7–3.0 – Nationally determined contributions ('NDCs') (Hot house world, Alt) ¹ IPCC ² UKCP18 RCP8.5 ³ CMIP5 RCP8.5 ⁴ | A 'high emissions' climate change scenario, with limited climate action beyond current levels and energy intensive growth and increasing fossil fuel consumption throughout the century. Carbon prices are limited to \$15–\$220 USD/tCO ₂ e in 2030 and \$45–\$1,050 USD/tCO ₂ e in 2050 ² . High physical climate risks are expected (extreme weather), with limited transition risks and lower opportunities for low carbon growth. |

1. REMIND-MAgPIE. REgional Model of INvestments and Development.
 2. IPCC (2018) Synthesis Report (SR1.5). Global warming of 1.5°C.
 3. UKCP18: UK Climate Projections 2018 (part of the Met Office Hadley Centre Climate Programme).
 4. CMIP5 mean model from the World Meteorological Organization.