Building for a Sustainable World

"To be a responsible business, we must address both the impact of climate change and leave a lasting legacy in the communities we operate in."

ANDREW DAVIES
Chief Executive

We believe that to be a responsible business and to play a leading role in our industry, we must address both the impact of climate change and leave a lasting legacy in the communities we operate in. Accordingly, Kier's purpose is to sustainably deliver infrastructure which is vital to the UK. As a strategic supplier to the UK Government, ESG is fundamental to our ability to win work and secure positions on long-term frameworks. UK Government contracts above £5m require net zero carbon and social value commitments.

Our ESG report outlines our commitments and progress against them.

Sustainability framework

During the year, we carried out a double materiality assessment which looked at how Kier is impacted by sustainability and how Kier's activities impact the environment and society. This has guided our evolution to our new 'Building for a Sustainable' framework.

For each framework pillar we are outlining our short, medium and long-term targets together with our associated milestone plans to ensure we continue to align to our stakeholders' priorities, achieve interim targets and take strategic actions.

The framework continues to follow the guiding principles of the United Nation's Sustainable Development Goals. Further details can be found on pages 44 and 45.

Environmental

This year our Task Force of Climate Related Financial Disclosures ('TCFD') assessment and disclosure has been enhanced through additional scenario analysis and detailed operational risk and opportunity assessments. You can find this from page 62.

Carbon emissions and Milestone plan

In 2023, c.3% of our carbon emissions came directly from our operations (scope 1 & 2) such as the fuel in our fleet and energy consumed in the offices and depots that we operate from. Scope 3, predominantly the emissions from the materials we buy and the supply chain partners we rely on to deliver our projects, makes up the remaining c.97%.

We have prepared a milestone plan which indicates a target to reduce scope 1 & 2 from business operations by 66% by 2030 and to become net zero carbon for scope 1 & 2 by 2039. We plan to transition our fleet away from fossil fuels through the use of electric vehicles and plant as well as use of alternative fuels.

In addition, we are reducing the carbon emissions of our projects and premises through the implementation of our agile working policy and improvement in site efficiency.

We achieved a c.19% year-over-year reduction in carbon emissions for scope 1 & 2, remaining below the required trajectory to achieve our net zero targets.

For value chain emissions (scope 3), we are targeting net zero carbon by 2045. We are working collaboratively with our supply chain partners to target our most carbon intensive materials and activities such as steel, concrete and diesel consumption. We have enhanced our sustainable design capability to reduce whole life carbon, including embodied and operational emissions.

This is our second year of reporting on our Scope 3 emissions.

Waste

Our construction waste landfill diversion rate is 91.5% (FY22: 90%). As a Tier 1 contractor, we see the largest opportunity for waste reduction with our supply chain and we continue to extensively work with them on this. We achieved a 33% year-over-year reduction in the volume of non-hazardous waste in FY23.

Water
We committed to reducing our water usage over the long term. We achieved a c.8% year-over-year reduction in cost (as a percentage of operating cost) in FY23. We will continue to monitor and reduce our water usage going forward. Following the double materiality assessment, our metrics have been updated with water no longer forming part of the framework due to its limited materiality within Kier.

Social
People
Kier is a people-based business and our performance depends on our ability to attract and retain a dedicated workforce. During the year we had c.9% of our employees on formal learning courses including apprenticeships as well as graduate and leadership programmes.

We had 646 apprentices employed at Kier in FY23 which equates to c.6% of our workforce. We are also a member of the 5% Club which brings together employers that are committed to developing and training talent.

Cost of living crisis
People are at the heart of Kier and we ensure we pay them a competitive wage as well as offering them support through the cost of living crisis. Since April 2021, Kier has been an accredited Real Living Wage employer. As a result of the cost of living crisis, we accelerated our increase in wages from April to January 2023. We also extended the Real Living Wage to our contingent workers.

Kier provided other areas of welfare and support to our employees including inflation support payments, enhanced sick pay, financial support and mortgage advice to those most affected by the cost of living crisis. We continue to monitor the situation and will consider taking further steps as appropriate.

Social value
We have also made commitments on social value. Our target was to create £5bn in social value by 2030. By capturing our social and economic value spend across our business over the last 3 years, we were able to achieve our £5bn target. Going forward, we will be reporting on 'added social value'. This will include a focus on employment opportunities, apprenticeship hours and spend with Small and Medium Enterprises ('SMEs').

Governance
Governance is a core component of the Group's approach to operations. Governance is delivered within Kier's Operating Framework. Within the Operating Framework is Kier's Code of Conduct which sets the corporate compliance agenda.

We ensure that risk management and governance is embedded across the business.

We believe our approach to sustainability aims to safeguard our business and build a resilient environment, community and profits over the long term.

Andrew Davies
Chief Executive

2023 highlights

Environmental highlights:
- **Scope 1 & 2** – reduction in carbon emissions of 67% against our FY19 baseline. This represents a 18.7% reduction against our FY22 performance, from 38,967 tCO_2e to 31,668 tCO_2e
- **Scope 3** – our Scope 3 emissions were 905,839 tCO_2e. This represents a 6.7% reduction against our FY22 performance, from 971,314 tCO_2e

Social highlights:
- **Safety** – 12-month AIR 88 decreased c.23% compared with FY22. This is a strong performance following our focus on proactive risk management. AAIR 320 has remained static with a 1% increase compared to FY22
- **Training and development** – c.9% of employees on formal learning programmes including apprenticeships, graduate and leadership programmes
- **Apprenticeships** – 646 apprentices participating in apprenticeship programmes in FY23, c.6% of our workforce
- **SMEs** – c.69% of spending SMEs in FY23.

Our sustainability framework

Over the last three years the world has changed significantly with climate emergencies becoming more obvious in our day-to-day lives and the cost of living crisis.

To make sure we address the issues that are most important to our stakeholders and focus on where we can have the most impact we carried out a double materiality assessment (in accordance with EFRAG guidelines) and evolved our Building for a Sustainable World framework. As a responsible business, Kier understands that we must adapt our ways of working to be successful in this changing world.

As part of the evolution of the Building for a Sustainable World framework, we have introduced three pillars: Our People, Our Places and Our Planet. These areas have been aligned to the UN Sustainable Development Goals, targets and indicators to understand how we can maximise our contribution and market opportunities.

For each pillar we are outlining our short, medium and long-term targets. Each pillar also has a number of clearly defined non-financial measures, chosen to help demonstrate continual improvement and aligned to our key stakeholders' own priorities. Supporting the pillars are strategies and approaches to health, safety and wellbeing, diversity and inclusion and sustainable procurement.

Underpinning our three pillars we have embedded a governance framework, and policies to ensure we achieve our sustainability outcomes.

The diagram adjacent introduces our evolved Building for a Sustainable World framework and how it will help deliver our purpose, to sustainably deliver infrastructure which is vital to the UK.

Our performance in FY23 from pages 46–61, precedes the evolution of the Building for a Sustainable World framework. Updates are therefore aligned to the final year of the previous phase and pillars of the framework.

Priority Topics and Materiality Analysis

Materiality key
- Low
- Medium
- High

Our People
Building a workforce and supply chain for the future

Prioritising all our people
We aim to build a workforce that has the skills and capabilities for now and in the future

Financial Materiality

Impact Materiality

Ethical labour
We aim to ensure fair and equal treatment for our entire workforce and value chain

Financial Materiality

Impact Materiality

Main reference SDG

Our Places
Making a positive difference in our communities

Social impact
We aim to leave a positive legacy in the communities we work in

Financial Materiality

Impact Materiality

Enabling social mobility
We aim to tackle inequality by giving individuals and communities tools and opportunities

Financial Materiality

Impact Materiality

Main reference SDG

Our Planet
Improving the environment now and for future generations

Climate action
We aim to take carbon action by:
- reducing carbon emissions from our operations
- working with our clients to build infrastructure which is resilient against the impact of flooding, droughts, and higher temperatures

Financial Materiality

Impact Materiality

Valuing nature
We aim to protect and enhance biodiversity by:
- respecting our neighbours and natural surroundings
- managing nature risks in our supply chain
- working with our customers to construct green infrastructure that encourages people and nature to thrive

Financial Materiality

Impact Materiality

Resource efficiency
We aim to accelerate our transition to resource-efficient construction by:
- working with our supply chain to use resources in a sustainable way throughout a project's lifecycle
- designing for a low carbon/ resource efficient and water efficient future

Financial Materiality

Impact Materiality

Main reference SDG

Pollution prevention

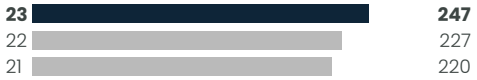
Strategic objective
Protecting the environments that we work within is important to Kier. We continue to train, support and audit our projects to minimise the risk of pollution.

Why it is important
We work across a wide variety of rural and urban habitats in the UK, which can be vulnerable to pollution. To prevent damage to these environments or negative impact on the communities in which we work, it is essential that we minimise pollution.

Target
Prevent pollution from all operations within our control and measure all environmental incidents across the Group.

Progress in FY23
During FY23 our AEIR increased slightly due to improved reporting and management systems.

All Environment Incident Rate ('AEIR')



Note: AEIR calculated as all environmental incidents divided by headcount and then multiplied by 100,000. AEIR excludes our HS2 Joint Venture.

Contemporary Environmental Management Systems
During FY23, we have undertaken a full review of our ISO14001:2015 certified environmental management systems ('EMS').

Our EMS underpins the work we do protecting and enhancing the environment including pollution prevention.

Pollution prevention guidance and training
Our climate is changing, and we are already seeing increased risks during construction both from extreme weather and seasonal climate change.

To adapt to our changing climate and minimise environmental risks and potential delays to works during FY23 we have launched:
- enhanced management systems for surface water and dust management
- a programme of monthly operational training and environment briefings on our standards

Tackling emissions

Non-Road Mobile Machinery ('NRMM') consists of any mobile machinery, transportable industrial equipment or vehicle fitted with an internal combustion engine not intended for passenger or goods transport by road. The Greater London Authority requires that in London NRMM has to meet tight emissions standards for particulates and nitrous oxides.

To support this transition to lower emission equipment and assess the availability of equipment and feasibility, we have begun to specify NRMM Low Emission Zone compliant equipment on sites in Clean Air Zones. A successful example is in Sheffield, where we successfully specified a low emission crane to complete works within the Clean Air Zone.

Net zero carbon

Strategic objective
We are targeting achieving net zero carbon across our business operations and value chain by 2045.

Why it is important
As a responsible business, it is our duty to reduce and avoid the impact we have on the climate. With the diverse range of public sector and blue-chip customers we work with and sectors that we work in, we have a unique opportunity to change the landscape of the UK-built environment for the better.

It therefore remains a strategic objective for us to deliver on our net zero commitments and support our clients in doing the same.

Targets
Net zero business operations carbon (scope 1 & 2) by 2039 and net zero carbon across our business operations and value chain by 2045 (scope 3).

Commitments
- 100% electric vehicles or alternative zero-carbon fuels for our own fleet by 2030
- 100% renewable electricity by 2030
- Net zero for on-site plant and equipment by 2040.

Milestone plan
As part of evolving the Building for a Sustainable World framework we are updating our net zero carbon milestone plan. The following details the high-level short and medium-term actions in our milestone plan relating to Climate Action with the long-term goals being:
- Net zero scope 1 & 2 by 2039. A 90% reduction, with no more than 10% offsetting
- Net zero scope 3 in 2045. A 90% reduction with no more than 10% offsetting

Supporting actions
- Launch new environmental data platform (2024)
- Verification of Science Based Targets (2024)
- Obtain ISO 14064 certification (2024)
- Expand our CDP disclosure to include climate, forests, and water (2025)

Scope 1
- Rolling out ultra-low emission and electric vehicles across our company car and commercial vehicle fleets (100% electric/ PHEV company cars & LCVs by 2030)
- Embedding energy efficiency and energy management technologies across our construction sites and facilities.

Scope 2
- Exploring renewable electricity self-generation opportunities to contribute towards achieving 100% renewable electricity 2030.

Progress up to FY23

FY19

Scope 1 & 2 carbon baseline set

Following several years of carbon reduction, we re-set our carbon baseline to FY19 for the new strategy period.

FY20

Building for a Sustainable World launched

We launched our sustainability framework, including the announcement of our net zero targets.

FY21

Science Based Targets Commitment

We made a commitment to set net zero and near-term targets with a business ambition for 1.5°C in line with the latest science.

EV100 Commitment

We became a signatory to EV100, committing to a 100% EV company car fleet by 2030.

FY22

Scope 3 carbon baseline set

We calculated a baseline following the launch of new reporting processes.

Scenario Analysis and TCFD Disclosure

We conducted scenario analysis and compiled our TCFD disclosure to support climate-related risk and opportunity management.

FY23

Science Based Targets Submission

We submitted our targets and carbon data for SBTi, awaiting verification in FY24.

Pioneering Cornwall Street

Targeting BREEAM 'Excellent', this commercial building takes a whole life carbon approach. The building has been designed to align with the UK Green Building Council 'Energy performance targets for buildings targeting net zero carbon operational energy' with the potential to meet a 2030–2035 interim target for landlord operational energy (~40% lower than current day 2020-2025 energy targets). The project is an all-electric, highly energy efficient design, achieving an EPC A rating with the provision of 400m^2 of solar photovoltaic panels, air source heat pumps, and sourcing of renewable energy through a power purchase agreement to demonstrate additionality.

Embodied carbon has also been carefully considered during the design. The design retains existing structures to reduce unnecessary material use and avoidable waste, resulting in the total upfront embodied carbon impact being low and designed to achieve a LETI Rating Band A+.

Scope 3

– Collaborating with our supply chain to enhance data quality
– Expanding our in-house carbon consultancy to deliver enhanced lifecycle carbon assessments in order to design out carbon.

Our milestone plan has been designed to deliver our science based targets which are currently are being validated.

Progress in FY23

Scope 1 & 2

This financial year we have implemented various initiatives to reduce our direct emissions, collectively contributing towards a reduction of our scope 1 & 2 carbon emissions by c.19%.

Petrol and diesel usage accounts for the majority of our scope 1 & 2 carbon footprint and is a large contributor to our supply chains operational emissions, making this a key focus.

Leased cars

Since launching our green car scheme and increasing electric options in our company car list, we have seen our employee uptake of electric vehicles and hybrid electric vehicles increase. However, our transition was temporarily impacted by vehicle availability and extended lead times following the pandemic and semiconductor shortages.

Scope 3

Purchased goods and services is the largest contributor to our carbon footprint at both a Group-wide and business division level, highlighting the necessity to work in collaboration with our supply chain towards carbon targets.

Working with our clients, designers, and supply chain, we have successfully trialled materials with reduced embodied carbon and embedded circular economy principles into design without compromising on quality.

In our Highways business these include foamix and biogenic polymodified binder for our highways clients (see page 51).

For our Construction and Property businesses, lifecycle emissions from buildings we construct is also a significant contributor to our total carbon footprint, highlighting the importance of building carbon mitigation within the design.

During the year, our Construction business has completed numerous buildings achieving high energy efficiency, including 12 BREEAM rated buildings within education, leisure and commercial sectors, and a net zero operational carbon care centre, achieving EPC A+.

GHG emissions data

Scope 1 & 2

Total emissions from our business operations carbon for the year was 31,668 tCO_2e which equates to 9.7 tonnes per £m revenue.

This represents a c.20% decrease in carbon intensity compared with 2022, and a c.59% reduction against the 2019 baseline.

Reporting follows the requirements of The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Our carbon footprint was quantified by reviewing all operational data available in line with the Greenhouse Gases Protocol standard. We have applied the most relevant emission factors sourced from the UK Government's Greenhouse Gas ('GHG') Conversion Factors for Company Reporting and other equivalent data sources for our emissions outside of the United Kingdom.

Market-based emissions have been calculated since 2021 using more detailed tariff level data (where this was available), to show the benefit on the carbon footprint that we have had by purchasing primarily green energy tariffs. In previous years the market-based figure was based on supplier averages as published via fuel mix disclosures on their websites.

Scope 3

We have extended our reporting boundaries in 2023 by adding an additional three GHG Protocol categories: Use of sold products, upstream transportation and distribution and Investments.

The following improvements have been made:
- calculation of emissions for upstream transportation and distribution and use of sold products*
- improved our screening methodology for purchased goods and services
- increased our scope to include joint ventures emissions in the Investments category

As a result of these improvements, we have restated our 2022 scope 3 baseline for comparability.

Within scope 3, we currently exclude end-of-life treatment of sold products, and upstream leased assets due to data collection complexities. These emission sources are collectively estimated to make up c.4% of our scope 3.

The following scope 3 categories are not included in our reported footprint as they are not relevant or have limited materiality to Kier's operations: downstream transportation and distribution, processing of sold products, and franchises.

All other scope 3 categories defined in the GHG Protocol Corporate Value Chain Standard have been included.

We continue to mature and develop our reporting practices to provide increased accuracy, particularly for our scope 3 emissions. This involves transitioning from a screening methodology to an inventory methodology where possible. Over time, we expect to re-baseline in line with our carbon information management standard, seek third-party data verification and add further categories into our scope 3 reporting.

* We consider sold products relevant where we were appointed at RIBA Stage 2 or earlier as we have reasonable control or influence over the design and consequently the possible carbon reductions.

Reducing carbon and improving efficiency

The 1.5 mile (2.5km) Chipping Warden green tunnel for HS2 in Northamptonshire is being built on the surface using an off-site manufacturing approach to speed up construction and improve efficiency. This approach will see more than 5,000 concrete segments assembled on site.

The completed tunnel will then be covered by earth, with trees, shrubs and hedgerows planted to fit in with the surrounding countryside. This lighter-weight modular approach is expected to more than halve the amount of carbon embedded in the structure. It also requires fewer people and equipment on site, improving safety and reducing disruption for residents.

GHG emissions data (scope 1, 2 & 3)

	FY Baseline Year ending 31 March 2019		Year ended 31 March 2021		Year ended 31 March 2022		Year ending 31 March 2023	
	UK	Global	UK	Global	UK	Global	UK	Global
Scope 1 (tonnes CO_2e) Combustion of fuel and operation of facilities	77,468	89,490	45,075	56,117	36,113	38,643	30,941	31,340
Scope 2 (tonnes CO_2e) Electricity purchased								
Location–based	7,132	7,170	5,274	5,304	4,543	4,569	3,585	3,600
Market–based	5,934	5,970	346	387	298	324	313	328
Total Scope 1 & 2 (tonnes CO_2e)								
Location-based	84,600	96,660	50,349	61,421	40,656	43,212	34,526	34,940
Market-based	83,402	95,460	45,421	56,504	36,411	38,967	31,254	31,668
Scope 3 (tonnes CO_2e)	n/a	n/a	n/a	n/a	970,680 (907,365)	971,314 (907,501)	905,732 (868,742)	905,839 (868,849)
Total Scope 1, 2 & 3 (tonnes CO_2e)								
Location-based	n/a	n/a	n/a	n/a	1,011,970 (948,021)	1,014,526 (950,713)	940,258 (903,268)	940,779 (903,789)
Market-based	n/a	n/a	n/a	n/a	1,007,091 (943,776)	1,010,281 (946,468)	936,986 (899,996)	937,507 (900,517)
Intensity Measurement (tonnes CO_2e per £m revenue) Scope 1 & 2								
Location-based	21.0	24.0	13.3	16.2	12.6	13.3	10.5	10.7
Market-based	20.7	23.7	12.0	14.9	11.2	12.0	9.5	9.7
Intensity Measurement (tonnes CO_2e per £m revenue) Scope 1, 2 & 3								
Location-based	n/a	n/a	n/a	n/a	312.2 (292.7)	313.2 (293.5)	287.0 (275.7)	287.2 (275.9)
Market-based	n/a	n/a	n/a	n/a	310.9 (291.4)	311.9 (292.2)	286.0 (274.7)	286.2 (274.9)
Energy Usage (Scope 1 & 2)								
Total energy consumed (kWh)	330,568,000	380,090,000	210,794,000	256,835,000	169,551,000	179,465,000	160,371,000	162,099,000

1. Location-based uses the average emissions intensity from the grid where we source the energy.
2. Market-based uses the emissions intensity based specifically on the energy mix procured.
3. All carbon emission statistics which include scope 2 electricity are calculated using a market-based method. This change from location-based methodology has been made to accurately align to our Science Based Target submission and accurately reflect our procurement of renewable electricity.
4. In FY22 we amended our carbon reporting period from 12 months ended 30 June to 12 months ended 31 March. All carbon data relates to this period.
5. Scope 3 emissions for FY22 & FY23 have been restated to reflect increased boundaries. Figures in brackets are as per the FY22 boundaries.
6. Energy usage (scope 1 & 2) is rounded to the nearest MWh.

Zero avoidable waste

Strategic objective

We define avoidable waste as waste being generated at every stage of a project's lifecycle and, at the end of life, recovering products, components and materials at the highest possible level of the waste hierarchy while ensuring minimal environmental impact.

To deliver these objectives we challenge our projects, waste contractors, materials providers and suppliers to implement circular solutions and project-specific waste reduction plans.

Why it is important

Delivering our zero avoidable waste strategy supports a reduction in the use of non-renewable materials by our business and contributes significantly to our scope 3 carbon reduction. In addition, a reduction in our waste will reduce costs to our business and our clients.

During FY23, we have continued to focus on waste reduction and avoidance.

Target

Elimination of avoidable waste by 2035. Targeting demolition and excavation waste and diversion from landfill.

Progress in FY23

Designing out waste

Across our business we are focused on designing out avoidable waste. Within our Highways division this can be seen in our collaboration with Birmingham City Council on asphalt road surfaces.

Single use plastic

We continue to focus on the minimisation of single use plastics across our business with the roll-out of our single use plastics toolkit helping to guide our colleagues with the phasing out of avoidable plastics. This guidance supports our aim to move to a more circular economy, keeping resources in use for longer and encapsulates the idea of 'waste less, reuse, recycle and repair more'.

To reinforce and embed our focus, we marked this year's World Environment Day by aligning to their theme of 'Beat Plastic Pollution'. This included direct action including beach cleans and litter picks by our colleagues.

Progress in FY23

Construction waste m³/£100k*

23	**3.0**
22	4.5
21	4.9

* Construction only.

Diversion from landfill (%)*

23	**91.5**
22	90.0
21	87.0

* Materials and packaging.

Demolition waste diversion from landfill (%)

23	**94.0**
22	95.0
21	91.0

Excavation waste diversion from landfill (%)

23	**88.0**
22	86.0
21	83.0

Biogenic asphalt & long-life road surfaces

As part of resurfacing works on the A452 Chester Road in Birmingham, we have trialled an innovative biogenic (plant-based) asphalt. Biogenic asphalts both replace some of the fossil fuel derived binder, reducing the production carbon footprint, and locks away carbon absorbed during the growth of the plant-based element, capturing around 3.45 tonnes of CO_2e. Additionally, using biocomponents in asphalt and bitumen supports the circular economy by ensuring 96% (76% reused and 20% recycled) of reclaimed asphalt is recycled or reused.

Given the importance of the A452 in Birmingham and the high volumes of traffic using it, to avoid future disruption, a high-strength polymer-modified bitumen ('PMB') was chosen for use in the surface over the biogenic asphalt. This approach provided further benefits by:

- extending the lifespan of the road surface;
- reducing future resurfacing;
- avoiding waste and carbon impacts of works;
- reducing congestions associated with ongoing maintenance, with carbon and air quality benefits.

Biosphere protection

"The biosphere and the protection of life on land and water is linked to and underpins all aspects of our operations."

Strategic objective

The biosphere, which is defined as the parts of Earth where life exists, provides basic life support systems and all the resources we rely on as a business.

We focus on the impact that our operations have on the planet's biosphere and introduce new ways of working to have a positive impact.

Why it is important

The biosphere and the protection of life on land and water is linked to and underpins all aspects of our operations. The work we undertake can have a lasting impact upon the environment.

The initiatives we develop to protect nature and better serve the environments we operate in will also help us to report in line with the forthcoming requirements of the Taskforce on Nature-Related Financial Disclosures.

Target

– To reduce the year-over-year cost of water.

Progress in FY23

As part of our commitment to mitigate the impact of our operations, we measure our use and conservation of water.

Cost of water as a percentage of operational spend (%)

Reducing flood risks: Par St Blazey Flood Alleviation Scheme

The St Austell Resilient Regeneration project aims to reduce flood risk to over 800 homes and businesses in Cornwall. The town's flood defences are old and over the years have become susceptible to the impact of climate change with increased flooding and coastal erosion. Working with the Environment Agency, we have delivered biodiversity net gain and carbon savings, transformed an uninteresting riverbank into a publicly accessible and wildlife friendly area; including:

– reinforcing river margins through the introduction of vegetated coir rolls to provide increased flow variation and shading along the river corridor for fish.
– replacing proposed gabion baskets with preseeded Geogrow bags to reduce carbon, cost and generate biodiversity benefits.
– introducing timber flow deflectors and stepped rocks in place of a concrete weir structure to address fish passage constraints.
– installing eel pipes, two kingfisher tunnels and recesses in stonework and slate ledges to provide fish refuges.

Sustainable procurement

Strategic objective
Sustainable procurement considers economic, environmental and social impacts alongside the more traditional quality and price elements when procuring goods and services.

Why it is important
Procurement decisions have a significant effect on the value chain. Understanding and actioning these impacts is critical to building sustainable supply chains.

Target
– Targeted spend of £2bn with our valued supply chain including Voluntary, Community and Social Enterprises ('VCSEs') across the UK's socially deprived areas.

Progress in FY23
– £2m spent with VCSEs in FY23

Prompt Payment
In line with the Prompt Payment Code, our latest Duty to Report on Payment Practices and Reporting submission, covering the half year from 1 January 2023 to 30 June 2023, showed the Group's aggregate average payment days was 34 days (H1: 34 days) and the percentage of payments made to suppliers within 60 days was 85% (H1: 87%).

We are committed to further improvements in our payment practices and continue to work with both customers and suppliers to achieve this.

Supply Chain Sustainability School
We are a founding partner of the Supply Chain Sustainability School where we collaborate with our peers, suppliers and clients to build a sustainable future for our industry. During the year we successfully commissioned a nature and biodiversity group.

Through the school we ensure our supply chain has the skills and competency to support our sustainability ambitions.

During the year, our supply chain attended over 3,000 workshops and completed over 5,000 hours of continuing professional development and training through the schools resources.

Supporting voluntary, community and social enterprise
We have continued to raise the visibility and capability of VCSE's in our supply chain.

Our Highways business worked with Skill Mill, a social enterprise focused on providing employment opportunities for young ex-offenders. We supported them gaining Constructionline Gold accreditation and have procured their services.

We also use two social enterprises for our Kier's signage requirements: Nordis Signs and Nuneaton Signs. Nordis Signs is our in-house business which is dedicated to employing people with disabilities.

Supply Chain Excellence
Our supply chain is a key part of our workforce and is fundamental to the successful delivery of our projects. We continue to collaborate with our supply chain to identify and share best practice.

We are currently focused on increasing the usage of our waste and fuel preferred suppliers. Our preferred supply chain partners work with us to drive better data accuracy, continuous improvement and social value benefits.

We also developed a sustainable procurement toolkit for our supply chain.