

# Strategic report

## How our strategic management is achieving sustainable growth:

The Strategic report explains in more detail how Kier is growing its business and profits by sustainably delivering infrastructure that is vital to the UK, how we integrate ESG principles across our business through our Building for a Sustainable World framework and how we deliver benefit from our operations for our people, communities, shareholders and other stakeholders over the long term.

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## Chairman's statement

**Matthew Lester**  
Chairman



“ The Board believes that our leaders and all of our people have achieved an exemplary turnaround of Kier and the medium-term value creation plan is substantially delivered.”

### Introduction

I am pleased to report that Kier has continued to build on the strong foundations which underpin the delivery of the medium-term value creation plan ('MTVCP'). The financial performance of the Group has been very strong. Disciplined contract selection, consistent operational delivery and good cash generation mean that the business has resumed paying dividends, a key component of the MTVCP. Whilst not an objective, it was pleasing to see our return to the FTSE 250.

The Board's objectives cover delivery of the Group's strategy, ensuring it continues to understand the competitive business environment, development of our people, ESG and culture. Our work on these objectives is explained further below.

### Financial performance

The Board has continued its focus on delivering our MTVCP which was launched in 2021. The strong FY24 performance means we have substantially delivered on the MTVCP.

This year, our revenue is up 17% to £4bn, adjusted operating profit margin at 3.8%, ahead of the medium-term target of 3.5%, average month-end net debt is down 50% to £116m and an interim dividend of 1.67p was paid on 31 May 2024. A final dividend of 3.48p has been proposed for approval by shareholders at our AGM. When combined

with the interim dividend, this represents a total dividend of 5.15p declared for FY24.

The order book has increased to £10.8bn, a 7% increase compared to the prior year. The Group continues to win new, high-quality and profitable work in our core markets. This gives the Board confidence in the longer-term prospects of the Group.

We continue to believe that having the ability to invest in an integrated property business, focused on areas where other parts of Kier have expertise, is an attractive component of Kier's strategy. Accordingly, the Board approved an increase in the maximum capital to be allocated to the Property business.

It is rewarding to see the significant reduction in average net debt. The business will continue to de-lever as part of the MTVCP. This progress has enabled the business to restructure its debt facilities in a secure manner for the longer term.

### Strategy

The Board has started work on our strategy beyond the MTVCP. We aim to ensure we promote the long-term sustainable success of Kier, and to generate value for shareholders by meeting stakeholder needs. This culminated in our Board strategy day, where the Board considered the structural drivers, client and market trends, the macro and political environment and Kier's competitive advantage and market share, and the key growth markets and sectors.

We particularly focused on the opportunities in the Property business, which we expect to be a material contributor to profits in the future.



With a business that is financially stronger, Kier is well-placed to deliver a longer-term sustainable growth plan. These longer-term targets have similar elements of revenue growth, adjusted operating profit margin, cash conversion of operating profit and sustainable dividend policy, plus a new target to invest any surplus cash. Details of these longer-term targets are set out in the Chief Executive's review on page 10.

The Board has benefited from the introduction of a balanced scorecard to monitor the holistic performance of the Group. This ensures we focus on continuous improvement from the foundations of Kier's turnaround.

### Culture

Management has continued to focus on ensuring our culture underpins the alignment of the Group's purpose, values and strategy. The Board is highly supportive of the continued high levels of investment in the culture programme. More details of this are in the Built by Brilliant People™ report on page 48.

One of the most important functions of an independent board is to monitor the culture of a company. The Board received feedback from key stakeholders such as customers, joint-venture partners and UK Government, as well as employee feedback through employee surveys and site engagement visits, to make a direct assessment of how our cultural objectives are being met.

The Board considered various metrics, plus a range of initiatives, and concluded that the culture at Kier was supportive of our strategy and values and an enabler of sustainable performance. More information on how we monitor culture and the Board's programme of engagement with employees, including

a summary schedule of discussion topics, key points, the improvement areas identified and actions taken, is set out in the Corporate governance report on pages 96 and 97.

### Our people

The Board would like to thank our people for their commitment and contribution to deliver another year of strong performance. I have ensured that we have passed on the Board's appreciation for the commitment and delivery of all of our colleagues whenever I have had the opportunity to meet them. In order to ensure this appreciation is not just words, we spend significant time looking at our people agenda, which includes our development and training programmes, reward and benefits offerings and our diversity and inclusion initiatives, to ensure we have the skills, capabilities and resources to deliver longer-term sustainable growth.

Safety is our licence to operate and we want to send our people home safely every day. As our Accident Incident Rate has increased by 76% (from 88 to 155) compared to the prior year, the Board through the ESG Committee has considered reports from management on the reasons for this increase. The Board will monitor the actions each division is taking to drive improved safety performance as a priority. Despite the FY24 position, given our high standards, we retain a strong safety record and continue to outperform historic industry league tables. Further information on the actions is set out in the Built by Brilliant People™ report on page 50.

### Environmental, Social and Governance ('ESG')

ESG is fundamental to Kier's ability to win work and secure positions on long-term UK Government frameworks, as UK Government

contracts above £5m per annum require net zero carbon and social value commitments. We continue to support our clients in their decarbonisation and social value agendas and examples of our work on this are showcased in this Annual Report.

The ESG Committee has approved a number of milestone plans with key activities and timelines to reach our targets under the various pillars of our sustainability framework, Building for a Sustainable World, which was approved last year. It will continue to review our progress against environmental and social targets; and monitor customer and key stakeholder feedback, developments and trends to ensure sustainable growth for Kier. We continue to make good progress against our carbon reduction targets.

Further information on our work in ESG is set out in the Building for a Sustainable World report on pages 38 to 47 and in the ESG Committee report on pages 107 to 108.

### Our Board

We welcomed Mohammed Saddiq as a Non-Executive Director on 1 January 2024. Mohammed has brought valuable in-depth knowledge and experience in operational delivery, engineering and infrastructure services to the Board.

Justin Atkinson, our Senior Independent Director, will be retiring from the Board on 30 September 2024 as he will be reaching his ninth year as a Director. I am pleased to announce the appointment of Chris Browne OBE to succeed Justin as Senior Independent Director from 1 October 2024. As an experienced non-executive director, she is well-equipped to take on the additional responsibilities of the Senior Independent

Director role in the next phase of Kier's growth. I would like to thank Justin for his significant contribution to Kier, especially on our successful turnaround, and on behalf of the Board, I wish him well for the future.

Upon Justin's retirement, Stuart Togwell, Group Managing Director Construction, will be joining the Board as an Executive Director with effect from 1 October 2024. The Board believes that we need to replace the construction industry expertise Justin brought and Stuart's significant strategic and operational delivery experience in the construction sector will be beneficial. Further, Stuart has insights into UK government as it plans future infrastructure investment. We believe having this direct insight available to us will enhance our understanding of their priorities and our strategic decision making.

I am also grateful to the Board Committee chairs for their work and expertise. A new Directors' Remuneration Policy was crafted and approved, we have milestone plans for the environmental and social initiatives and our risk management continuously improves.

### Looking forward

The Board believes that our leaders and all of our people have achieved an exemplary turnaround of Kier and the MTVCP is substantially delivered. We have set out what shareholders can expect Kier to deliver in future, through the cycle. By focusing on all stakeholder needs, Kier will remain based on the sound, sustainable foundations which are now in place and which we will continuously improve.

### Matthew Lester Chairman

## Chief Executive's review

**Andrew Davies**  
Chief Executive



“ The strong results for FY24 are testament to the hard work and commitment of our people who have enhanced our resilience and strengthened our financial position in line with our medium-term value creation plan.”

### Introduction

The Group delivered a strong set of results for the 12 months ended 30 June 2024 with significant growth in revenue and operating profitability. The material deleveraging is the result of the Group's focus on operational excellence and cash management. A clear demonstration of the commitment to our medium-term value creation plan launched three years ago.

Accordingly, on 7 March 2024, we announced the resumption of dividend distributions with an interim dividend payment with clear line-of-sight to a sustainable average month-end net cash position, alongside an appropriate longer-term debt structure.

On 15 February 2024, we completed a successful £250m Senior Notes issue and extended the existing £261m Revolving Credit Facility ('RCF'), thereby securing a long-term debt structure for the Group. Given the considerable progress Kier has made and the Board's ongoing confidence in the Group's future prospects, a final dividend of 3.48p per share has been proposed – giving a total of 5.15p for FY24.

The success for future years is underpinned by the year-end order book growing to £10.8bn in FY24, an increase of 7% against the prior year, resulting from a large number of contract wins across Infrastructure Services and Construction, providing multi-year revenue visibility. The new wins consist of high quality and profitable work in our markets reflecting the bidding discipline and risk management embedded in the business.

Benefiting from the order book strength and Kier's framework positioning, c.90% of Group revenue for FY25 is already secured which provides the Board with a high degree of confidence in our outlook.

### New long-term sustainable growth plan

Since the medium-term value creation plan was announced in June 2021, the Group has made significant progress against these financial targets with operating free cash flow conversion and profit margins met consistently over recent reporting periods. During that time, the Group has significantly de-risked, having deleveraged the business markedly, enabling the Group to commence incremental returns to shareholders.

## Key investment proposition



Places on frameworks

£144bn  
Advertised Value

### Value accretive earnings-led business model

- Aligned to the UK Government's infrastructure investment priorities which are critical to the future economic growth of the UK
- Integrator with design, project management, engineering, logistics, supply chain management and ongoing maintenance capabilities

### Attractive market positions

- Attractive market positions in growing markets
- Focused on UK markets in Infrastructure Services, Construction and Property
- Delivery capability at both national and regional levels in the UK
- Property development capability

### Strong order book underpinned by frameworks

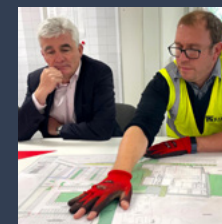
- Established position in core markets underpinned by long-term contracts and framework agreements
- Order book of £10.8bn
- We have places on agreements with an advertised value of up to £144bn across all of our core markets covering both national and regional geographies and market sectors
- Contracts across a number of sectors including healthcare, education, justice and borders, rail, water, nuclear defence, and private
- Contracting with the UK Government, regulated and blue-chip clients
- Long-standing customers and supply chain relationships

### Management team with expertise and track record of delivery

- Proven track record of operational and financial delivery
- Successfully executed an ambitious self-help programme and right-sized the business
- Operating framework embedded in organisation to manage risk
- Commercial and financial discipline in quoting new contracts and capital allocation
- Continuing focus on sustainable growth, business improvement and managing costs

Order book

£10.8bn



For more information please visit:  
[www.kier.co.uk/investors](http://www.kier.co.uk/investors)

## Executive Committee

### Executive Board members

**Andrew Davies**  
Chief Executive



**Simon Kesterton**  
Chief Financial Officer



### Corporate functions

**Alpna Amar**  
Corporate Development Director



**Louisa Finlay**  
Chief People Officer



**Sophie Timms**  
Corporate Affairs Director



### Group Managing Directors

**Andrew Bradshaw**  
Group Managing Director, Natural Resources, Nuclear & Networks



**Leigh Thomas**  
Group Managing Director, Property



**Joe Incutti**  
Group Managing Director, Transportation



**Stuart Togwell**  
Group Managing Director, Construction



Note: Stuart Togwell, Group Managing Director Construction, will be joining the Board as an Executive Director with effect from 1 October 2024.



For more information on our Executive Committee, please refer to: [www.kier.co.uk](http://www.kier.co.uk)



The direction of travel is expected to be maintained with the recently secured long-term funding alongside our cash generative business model. We believe this will comfortably support our organic growth including further increases to Property investment and value accretive acquisitions. We are now in a position where we have capital allocation options to drive shareholder value over the long term.

Accordingly, the Group has evolved its targets.

- **Revenue:** GDP + growth through the cycle
- **Adjusted operating profit margin:** 3.5%+
- **Cash conversion of operating profit:** c.90%
- **Balance sheet:** Average month-end net cash with investment of surplus cash
- **Dividend:** Sustainable dividend policy: c.3 x earnings cover through the cycle

### Strategy

The Group's strategy continues to be focused on:

- UK Government, regulated industries and blue-chip customers
- Operating in the business-to-business market
- Contracting through long-term frameworks.

Our core businesses are well-placed to benefit from UK Government and regulated industry spending commitments to invest in UK infrastructure.

We believe UK infrastructure spending commitments are driven by structural demand which have a positive influence on Kier's chosen markets. Population growth, transportation pressures, aged infrastructure, energy security and climate change are substantial and largely non-discretionary.

Given that public funding may be insufficient to maintain public assets, customer behaviours are shifting further towards long-term partnerships. These continue to favour Kier, given our scale, integrated design and project management capability, track record of delivery and Environment, Social and Governance ('ESG') credentials.

These positive structural demand trends and customer behaviours are expected to expand our addressable market opportunities, particularly in water, environment, energy and affordable housing as well as increased demand in our Property business. In particular, the Group has been awarded a number of framework places as part of the significant investment across the AMP8 water cycle. Kier is well positioned with all the major water companies to support them with their water infrastructure upgrade and maintenance work.

### Customers and winning new work

The Group's core markets have remained favourable. We continue to be a 'strategic supplier' to the UK Government, with c.90% of our revenue generated from public sector and regulated companies. Our contract awards reflect our long-standing client relationships and regionally based UK operations.

Highlights in the year:

#### Infrastructure Services:

- Birmingham – appointed on a two-year interim extension to deliver maintenance and repair services across Birmingham's extensive road network
- United Utilities – five-year framework to deliver £100m per annum of design, engineering, project management and construction services for water and waste water infrastructure
- Southern Water – appointed to the £3.1bn seven-year Strategic Development Partnership framework to increase capacity at water supply and waste water treatment sites
- South West Water – appointed to the £2.8bn five-year Mechanical, Electrical, Instrumentation, Control and Automation ('MEICA') framework. An alliance to deliver their water infrastructure plan for 2025–2030
- Anglian Water – appointed on an extension for the next five years of the Integrated Maintenance, Repair and Developer Services ('IMRDS') alliance to provide vital repair services and infrastructure improvements across East Anglia

### Construction:

- Defence – appointed by the Defence Infrastructure Organisation ('DIO') on a six-year alliance to create 16,000 bed spaces for the Armed Forces in single-living accommodation
- Education – awarded four projects worth over £130m
- Healthcare – awarded three projects worth over £55m including Cheshire Surgical Centre and Princess Royal University Hospital Endoscopy Unit
- Justice and Borders – awarded HMP Channings Wood and HMP Bullingdon design and build houseblock projects, together worth over £300m
- Other – appointed by Essex County Council to Lot 3 of a four-year £400m framework to provide design and construction services to public sector projects
- Kier Places – appointed by Heathrow Airport to deliver its Quieter Neighbour Support Scheme, a major programme of works over the next eight years to reduce the impact of aircraft noise on homes, businesses and community buildings around the airport

### Financial summary

Kier's revenue of £4.0bn (FY23: £3.4bn) reflects growth across Infrastructure Services and Construction. The Group's FY24 results reflect a strong operational and financial performance.

Our order book has continued to grow and increased 7% year over year to £10.8bn. Approximately 60% of our order book is under target cost or cost reimbursable contracts. The remainder of the order book is on fixed priced contracts where the risk is negotiated and managed with our customers and supply chain partners.

With over 400 live projects at any given time, we are also regularly delivering on existing contracts and pricing new contracts which mitigates against cost pressures. In addition, we have an average order size of c.£20m in our Construction business which given its modest size, limits our risk exposure in the event a project does not go to plan.

The Group delivered adjusted operating profit of £150.2m which represents a 14% increase on the prior year (FY23: £131.5m) driven predominantly by profitable growth in Infrastructure Services.

Group adjusted operating profit margin decreased by 10 basis points to 3.8% (FY23: 3.9%) due to the timing and mix of projects. The margin remains above the Group's medium-term plan target and is industry leading. Profit for the year from continuing operations increased 25% to £51.3m (FY23: £41.0m) with lower adjusting items, partially offset by an increase in interest costs and taxation.

Adjusted earnings per share ('EPS') increased 7% to 20.6p (FY23: 19.2p) and reported EPS increased 24% to 11.8p (FY23: 9.5p).

The Group generated £185.9m of free cash flow in FY24 (FY23: £132.3m), with the increase attributable to the Group's revenue growth converted to increased profit and excellent cash conversion. The incremental cash has allowed the Group to invest further in the Property business, which is currently seeing a number of exciting opportunities. In addition, the Group experienced a seasonal working capital inflow of £68.4m, predominantly driven by Construction.

The Group's net cash position at 30 June 2024 was £167.2m (FY23: £64.1m) with supplier payment days remaining consistent with the prior year as the strong volume growth translated to increased cash receipts.

Average month-end net debt for the year ended 30 June 2024 was £(116.1)m (FY23: £(232.1)m). As noted above the increased activity seen across the Group which started in Q4 FY23 has translated into cash generation and lower net debt as well as allowing us to deploy cash to our Property business, acquire certain assets of Buckingham Group and paying pension deficit obligations.

In February 2024, we announced the completion of our £250m 5 year Senior Notes. The proceeds were used to further reduce our USPP ('US Private Placement') Notes by £37m and lower the RCF to £261m. These revised long-term debt facilities completed the last stage of the Group's recapitalisation and provides us with both flexibility and optionality whilst we continue to deleverage.

“ The Group is well positioned to continue benefiting from UK Government infrastructure spending commitments and we are confident in sustaining our strong cash generation.”



### Capital allocation

In addition to the long-term sustainable growth plan, the Group has clear capital allocation priorities, which remain largely unchanged. The Group maintains a disciplined approach to capital and continuously reviews capital allocation priorities with the aim of maximising shareholder returns. The Group's capital allocation is underpinned by its commitment to maintain a strong balance sheet. The capital priorities are:

- **Capex** – investment to support its businesses
- **Deleveraging** – further deleveraging. Targeting an average month-end net cash position with investment of any surplus cash
- **Dividend** – targeting a dividend cover of around 3 x earnings through the cycle
- **Property** – disciplined non-speculative investment in the Property segment. ROCE target of 15%
- **Mergers and acquisitions** – the Group will consider value accretive acquisitions in core markets

[Read more in our Operational review on pages 22–29](#)



### Dividend

The importance of dividends to the Group's shareholders has always been recognised by the Board and was an important facet of the medium-term value creation plan launched during FY21. Our stated aim is to deliver a dividend, covered c.3x by adjusted earnings over the cycle and in a payment ratio of approximately one-third interim dividend and two-thirds final dividend.

The Group has continued to deliver strong operating and financial performance resulting in material deleveraging during the period. This significant improvement, combined with the strength of the order book and future prospects of the Group have resulted in the Board proposing a final dividend of 3.48p per share. When combined with the interim dividend of 1.67p, the total dividend of 5.15p in FY24 represents an earnings cover of 4x as we progressively move to our target of 3x cover.

The final dividend will be paid on 29 November 2024 to shareholders on the register at close of business on 25 October 2024. The shares will be marked ex-dividend on 24 October 2024. Kier has a Dividend Reinvestment Plan ('DRIP'), which allows shareholders to reinvest their cash dividends in our shares. The final election date for the DRIP is 8 November 2024.



### Property

Kier's Property business invests in and develops sites across the UK, largely through joint ventures where it partners with local authorities, as well as blue-chip and regulated businesses. The business typically delivers mixed-use commercial and residential developments and specialises in urban regeneration, last mile logistics, modern sustainable office developments and affordable housing.

The Property division targets a return on capital employed of 15%. A component of the cash generated by our Construction and Infrastructure Services segments is invested in long-term property developments. It also recycles cash generated from completed property transactions as a further source of capital.

With the new Government's focus on the delivery of affordable housing combined with the cyclical recovery in the property market, the Group is currently seeing many attractive investment opportunities in Property. Accordingly, during FY24, the Board reviewed the capital employed in Property and increased the range to between £160m and £225m (previously £140m to £170m).

### Acquisition

On 4 September 2023, Kier agreed to acquire substantially all of the rail assets of Buckingham Group Contracting Limited ('in Administration') and their HS2 contract supplying Kier's HS2 joint venture, Eiffage Kier Ferroviario BAM ('EKFB'), for a total cash consideration of £9.4m.

The Group has previously stated it would consider value accretive acquisitions in core markets where there is potential to accelerate the medium-term value creation plan. This is an excellent example of an acquisition which provides a cultural fit as well as accelerating Kier's broader rail strategy. The rail assets consisted of design, build and project integration contracts for a range of customers including Network Rail.

As part of the acquisition, Kier achieved positions on various frameworks and projects including, the Control Period 6 ('CP6') North West & Central framework for Network Rail, Transport for Greater Manchester ('TfGM') framework, Transport for Wales ('TfW') framework, West Midlands Combined Authority: Willenhall & Darlaston Project, East Midlands Railway: Etches Park Project and Nexus' Whitley Bay Project.

The acquisition has been successfully integrated into the Group's Transportation business and is performing ahead of our initial expectations.

### Performance Excellence

Through our Performance Excellence programme, which was introduced in 2020, Kier has embedded a strong operational and financial risk management framework across the Group. It is essential to, and embedded into, Kier's contract selection and delivery processes.

See our Financial review on pages 77-82

The Group's focus for FY24 was Digital and Simplification as we continuously improve the operational performance of the business.

The key tenets were as follows:

- Site set-up – standardisation of site offices and enhancing site connectivity
- Health, safety and wellbeing – simplifying health and safety, data and sharing best practice
- Quality assurance – improving capability and digital tools
- Functions – simplifying processes and enhancing current systems

### Supply chain partners

We continue to focus on maintaining and growing relationships with our key stakeholders, including our supply chain. Many of our suppliers are long-term partners of the Group and we value their contribution.

We were pleased to report that, in our latest Duty to Report on Payment Practices and Reporting submission, covering the period from 1 January 2024 to 30 June 2024, the Group's aggregate average payment days was 34 days (H1: 33 days) and the percentage of payments made to suppliers within 60 days was 86% (H1: 88%).

We are committed to further improvements in our payment practices and continue to work with both customers and suppliers to achieve this. We are fully committed to complying with the 30-day payment requirements for small and medium sized firms.

### Environmental, Social and Governance ('ESG')

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 address both 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 the FY23 result of 320.

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

In FY24, c.4% of Kier's 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. Scope 3 predominantly relates to the emissions from the materials we buy and the supply chain partners we rely on to deliver our projects. Scope 3 makes up the remaining c.96% of the emissions.

We have prepared a milestone plan to become net zero carbon for Scope 1 & 2 by 2039. We achieved a 9% year-on-year reduction in Scope 1 & 2 carbon emissions in FY24. For value chain emissions (Scope 3), we are aiming for net zero carbon by 2045. We are working with our supply chain to target our most carbon intensive materials and activities. This is our third year of reporting on our Scope 3 emissions as we continue to improve the process.

### Accreditations

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

- The Science Based Target initiative confirmed that our targets are aligned to limiting global warming to 1.5°C and Net Zero
- 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 ISO14064-1 standards assurance of our FY23 and FY24 carbon footprint

As well as reducing our own carbon footprint, Kier continues to work with its 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 the London Stock Exchange Green Economy Mark demonstrating that 69% of our FY24 revenue was derived from green products and services.

### Social

Delivering a legacy of social value continues to be a key priority for our customers and for Kier. This year we delivered £583m<sup>1</sup> of added social value through our workforce, supply chain and positive impact in our local communities.

1. We now measure our added social value, which excludes the economic value gained from subcontracted spend if not with an SME or VCSE.

See our ESG Report on pages 36–64

### 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 students and the general public 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 with our supply chain in FY24.

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

**“ Kier is also a people-based business and our performance depends upon our ability to attract and retain a dedicated workforce.”**

 See our ESG report on pages 36–64

### 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 them 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.

### Summary and outlook

The past three years have seen the Group achieve significant operational and financial progress. The strong results for FY24 are testament to the hard work and commitment of our people who have enhanced our resilience and strengthened our financial position in-line with our medium-term value creation plan. Our order book remains strong and growing at £10.8bn and provides us with good multi-year revenue visibility. The contracts within our order book reflect the bidding discipline and risk management now embedded in the business.

We are also pleased to report that the Group significantly reduced its average month-end net debt position as well as improved its year-end net cash position. We are confident we can sustain this momentum going forward.

The Group has started the financial year well and is trading in-line with the Board's expectations. The Group is well-positioned to continue benefiting from UK Government infrastructure spending commitments and we are confident in sustaining the strong cash generation evidenced especially over the last two years allowing us to significantly deleverage, increase dividends to shareholders and deliver the evolved long-term sustainable growth plan which will benefit all stakeholders.

**Andrew Davies**  
Chief Executive



# Our business model

## What we do

### Infrastructure Services

This comprises our Transportation and Natural Resources, Nuclear & Networks businesses.

**Transportation** undertakes design, build and maintenance of assets to support the movement of people, goods and equipment. It includes our road, rail and aviation business.

**Natural Resources, Nuclear & Networks** delivers long-term contracts for repairs, maintenance, and supporting capital projects in the water, environment, energy, and telecoms sectors.



### Construction

Construction comprises our Regional Buildings, Strategic Projects and Kier Places. Kier is a leading UK national contractor, providing project delivery for our public and private clients across a number of sectors, including education, healthcare, justice and borders, defence, and commercial.

The Kier Places business comprises three business streams:

- Residential solutions which provides housing maintenance and fire safety work for local authorities and housing associations
- Workplace solutions which provide building facilities management for public sector clients
- Building solutions providing construction works for customers with a build value <£10m

### Property

Our Property business invests in and develops schemes and sites across the UK. It concentrates on mixed-use commercial and residential development business delivered through joint venture partnerships. The Property business includes affordable housing.

Read more in our Operational review from page 22

## How we do it

### Our strategy and risk management

Kier is focused on the successful delivery of our sustainable long-term plan. Our risk appetite aligns with our culture, and the Board reviews risk as part of its strategy development sessions.

Read Our strategy from page 18

Read How we manage risk from page 68

### Sustainability

Sustainability is at the heart of our purpose to 'sustainably deliver infrastructure which is vital to the UK.'

Sustainability is fundamental to Kier's ability to win work and secure positions on long-term UK Government frameworks and contracts which require carbon and social value commitments. We also aim to minimise our environmental impact and support our employees through our 'Building for a Sustainable World' framework.

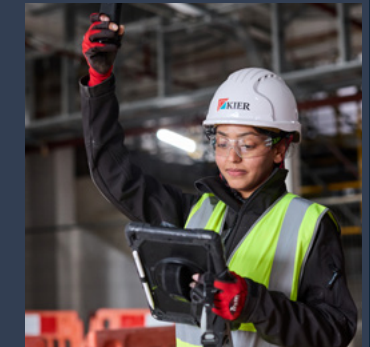
Read more in Our ESG report from page 36



### Governance

The Board has focused on delivering our strategy and the medium-term value creation plan, ensuring we generate value for shareholders and other stakeholders. The Board is now in a position to drive shareholder value in the long term through the evolved sustainable growth plan.

Read our Governance report from page 86



# Why our clients choose us...

## Design and engineering capability

### Technical

Preparing technical designs and undertaking supporting building work for some of the largest and most complex infrastructure projects throughout the UK on behalf of our clients. Driving value engineering, optimisation of assets and minimising disruption. This is done through our team of c.300 designers in FY24.

### Modern Methods of Construction ('MMC')

Utilising MMC to maximise efficiency in timing and labour costs through our formed partnerships with a network of suppliers. We use a 'choice factory' approach to deliver a step change in our projects across a range of sectors.

### Innovation and Digital

We work with leading software partners to deliver safer, smarter and more sustainable buildings for our clients. Our in-house digital construction team are located on projects across the UK.

### Support

Structural and civil engineers providing technical advice and support across our network of UK offices including areas such as decarbonisation and energy efficiency.

## Specialist expertise in project management

Experienced in delivering large-scale civil engineering projects, both capital and maintenance works, as well as property development.

Managing highly-complex projects and teams across our business units.

A large number of our contracts are secured through frameworks. We have early, close and continuous engagement with our clients, local supply chains and local communities to successfully deliver our projects.

## Strong delivery culture

The Group aims to have consistency in our approach to people, projects, processes, cash management and future ways of working.

We continue to share best practice and look for continuous improvements across the Group e.g. through our Performance Excellence workstreams.

## A responsible approach to sustainability

ESG is fundamental to our ability to win work and secure positions on long-term frameworks. To successfully win contracts with the UK Government, we must demonstrate we can meet environmental and social value commitments under procurement policy notes PPN 06/20 and 06/21.

As c.90% of Kier's revenue is derived from the public sector and regulated clients, our ability to win work is dependent on delivering on our ESG commitments.

# The value we create



## Customers

**We sustainably deliver projects and services that are vital for UK infrastructure and connectivity.**

The Group delivers projects and services to customers on time and within budget through project management expertise and supply chain partnerships.

We support our main customer base, the UK Government, to deliver on its policy objectives through our ESG activities, supporting customers on their path to achieving net zero emissions by 2050 and creating social value.

Every region of our UK-wide business ensures consistent delivery wherever required.

Revenue from public and regulated sectors

c.90%

## Shareholders

**We deliver financial returns for reinvestment back into the business and for our shareholders.**

### Shareholder returns

We aim to generate long-term sustainable shareholder returns through the execution of our sustainable growth plan.

### Dividend

Our sustainable growth plan outlines our dividend policy. This policy targets dividend cover of around three times earnings across the cycle.

### Financial strength

Investment – strong, resilient and flexible balance sheet, providing capacity to invest and no excess cash.

Dividend

5.15p

## Our People

**Our people are at the heart of our business and our success depends upon our ability to attract and retain a dedicated workforce.**

Our people use their skills, knowledge and creativity to provide solutions to clients and customers and we are looking to bring a new generation of talent into the construction industry.

We ensure that our employees have skills and experience from a range of locations, sectors and backgrounds to reflect the communities where we work. We have various entry points to the Group, including graduate and apprenticeship opportunities.

Kier offers our colleagues a comprehensive rewards and benefits package, career development opportunities, an inclusive work environment as well as a range of family friendly policies and wellbeing services.

No. of employees

c.10k

## Supply chain

**We are able to operate at scale through the collective strength of our supply chain partnerships.**

Our supply chain partners are key to the success of the Group. They help us deliver our projects. It is important that the Group has an ethical, sustainable and resilient supply chain. During FY24 Kier spent c.61% of subcontracted expenditure with SMEs.

We work to build strong, collaborative relationships with our suppliers and invest in them by:

- Providing partner value through workshops, training and resources on sustainability
- Supporting our suppliers to meet high standards of compliance expected by us and our customers

SME Spend

c.61%

## Society

**We are mindful of our impact on communities and society.**

We benefit many communities through the creation of employment and continued support of employees.

### Communities

We are focused on social sustainability by ensuring our actions directly and positively impact the communities we serve, and this in turn generates wider value for society.

### Apprentices

The Group onboarded over 120 apprentices in FY24.

### Kier Foundation

Independent charity donated c.£125k to the Trussell Trust, our new charity partner for FY24.

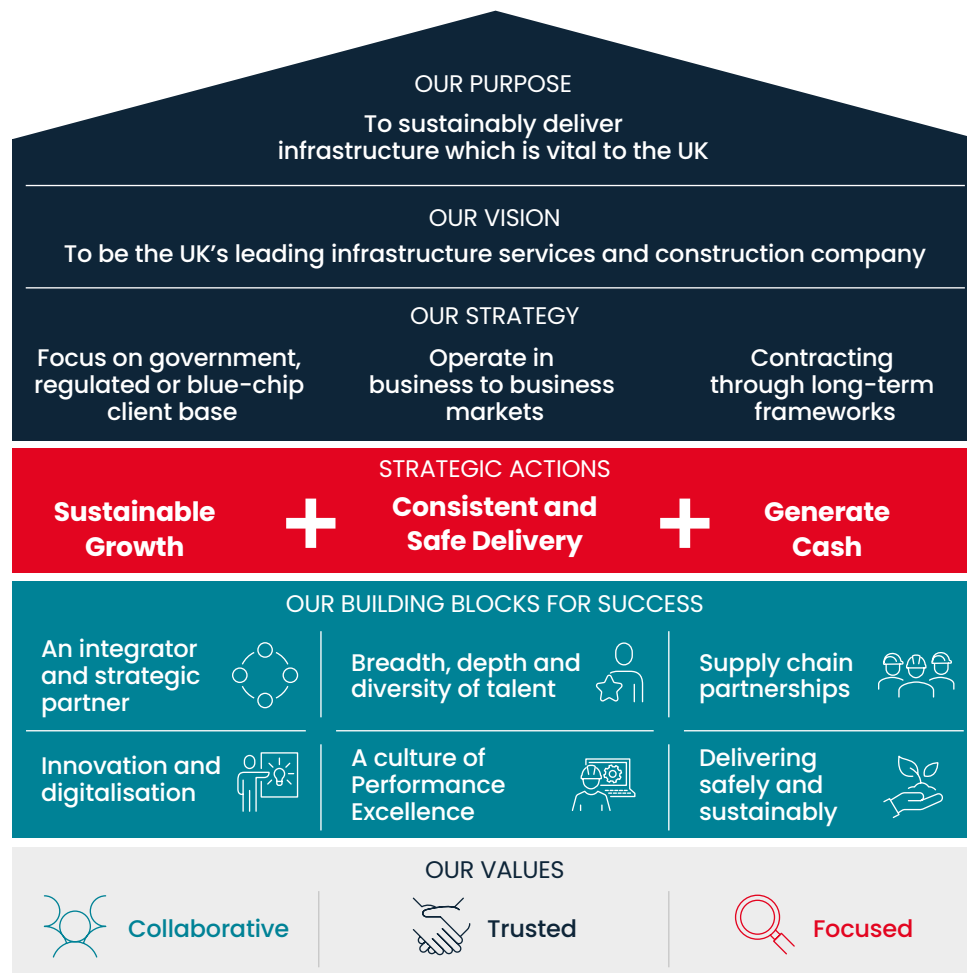
Apprentices

666



# Our strategy

Our strategy focuses on leveraging our attractive market positions to sustainably deliver infrastructure which is vital to the UK.



**Long-term sustainable growth plan**  
 Following the significant progress of the Group over the last three years, the Group is now focused on driving long-term shareholder value through our evolved targets to FY30.

We have four objectives to deliver on our strategic actions:

**Objective 1:**  
 Leverage our attractive market share positions in growing markets

**Objective 2:**  
 Maintain and enhance long-term customer relationships

**Objective 3:**  
 Resilient and well-balanced portfolio

**Objective 4:**  
 Deliver disciplined growth, consistent profitability and cash generation

Revenue:	GDP + growth through the cycle
Adjusted operating profit margin	3.5%+
Cash conversion of operating profit	c.90%
Balance sheet	Average month-end net cash with investment of surplus cash
Dividend	Sustainable dividend policy: c.3 x earnings cover through the cycle

## Objective 1: Leverage our attractive market share positions in growing markets

### Why this is vital

Supports the UK Government and asset managers to deliver much-needed UK infrastructure, particularly in areas impacted by historical under investment and the decarbonisation agenda such as water, environment, energy, affordable housing and housing maintenance.

### Our progress this year: Infrastructure Services

#### Transportation

Our market leading position in roads is underpinned by spending on roads, e.g. the Road Investment Strategy 3 ('RIS3') funding for the national road network complemented by the predictable revenue streams generated by local authority maintenance contracts. Investment in improving connectivity between northern England and Scotland also benefits the Group.

The UK rail network will benefit from additional funding through the Network Rail Control Period 7 ('CP7') covering the period 2024 to 2029. Following our acquisition of certain rail assets of Buckingham Group, we were appointed to deliver the North West and Central area of CP7. We continue to deliver 80km of HS2 – Europe's largest rail project with a pipeline of further work opportunities available. With the rebound of aviation following the COVID-19 pandemic, this is another potential area of growth.

#### Natural Resources, Nuclear & Networks

We are accessing the significant growth opportunities in water, environment and the nuclear and energy sectors.

With wide experience in the water industry, the Group has successfully provided solutions across the water cycle, with further growth opportunities through the planned £88bn (subject to Ofwat determination) Asset Management Plan 8 ('AMP8') running from 2025 and 2030. Recent awards in AMP8 bids will expand our water portfolio to a prominent geographical presence across England. In addition to water management, our environment business is delivering key projects and emergency response to severe weather, addressing the need for increased investment in water management driven by climate change.

With the UK government committed to increasing energy generation by up to four times by 2050, and investing 2.5% of GDP in defence, our experience in nuclear and energy environments, such as the ongoing projects in Sellafield, Devonport and Hinkley Point, positions us for targeted growth opportunities in this sector.

### Our progress this year: Construction

#### Regional Build

The focus on the business being a national one but delivered locally is driving growth in our core markets. The Department for Education remains focused on vital upgrades across the schools' estate and the recent need to address RAAC issues which results in a significant pipeline of opportunities to be delivered through frameworks that Kier has places on.

The UK's growing prison population, combined with ageing infrastructure, has resulted in the Ministry of Justice instigating a construction programme including new prisons, more accommodation in existing prisons and refurbishment of existing facilities using an alliancing model which plays to Kier's strengths.

Investment in the healthcare market, where significant spending is required to clear the maintenance backlog, is another attractive opportunity in a core market.

#### Kier Places

With increasing housing standards and fire and safety compliance, we expect the housing maintenance services business within Kier Places to benefit by leveraging our capability and relationships with local authorities and housing associations. Our history of working in public sector-occupied residential buildings supports customers as they decarbonise their portfolios and retrofit their buildings.

### Forward focus:

Supporting the infrastructure needs of our clients in light of structural change such as population growth, transportation pressures, aged infrastructure, energy security and climate change.

### Our progress this year: Property

Our property business provides mixed-use commercial and residential property development schemes for customers, predominantly delivered through joint ventures. We use established relationships to source projects, and deliver them successfully which generates repeat business. We specialise in urban regeneration, last mile logistics and sustainable office developments. Property includes our partnership housing business which delivers residential homes through open market sales, build to rent and affordable housing.

### Forward focus:

- The customer driven opportunities of:
- Asset optimisation for capital constrained public sector clients
  - Continuing long-term trends of population growth, e.g. urbanisation
  - Combating the effects of long-term climate change by reducing carbon in buildings for our customers
  - Changing demographics with ageing populations and household make-up and their consequent housing requirements
  - Adapting assets as consumer shifts change retail offerings.
  - Support public sector clients with their historical underspend on building affordable housing

## Objective 2: Maintain and enhance long-term customer relationships

### Why this is vital

Delivers long-term capital and maintenance of assets for our customers including supporting them to achieve their environmental and social commitments

- Maintain and enhance the Group's relationship with the UK Government, regulated and blue-chip client base
- Operating under long-term frameworks, which require strong client relationships and sector expertise

### Our progress this year:

- Orderbook increase of 7% to £10.8 billion at 30 June 2024
- Positions on c.£144 billion of frameworks for the UK Government and regulated entities
- Environment and social commitments and progress made in the year including:
  - Scope 1 & 2 carbon reduction of 9% from April 2023 to March 2024.

### Forward focus:

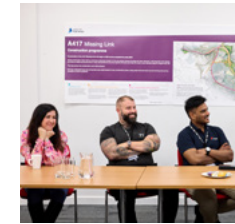
- Continue to align the Group to our customers' needs and the increasing movements toward alliancing, long-term partnerships and delivering value for money
- Win new business with low-risk profiles and attractive margins
- Continue to deliver projects on time, to budget and in line with customer requirements

### Orderbook

£10.8bn

### Places on frameworks

£144bn  
(Advertised value)





### Objective 3: Resilient and well-balanced portfolio

#### Why this is vital

- It enables the Group to reduce risk and maximise opportunities
- Unlocks synergies from integrated business
- Enables a platform to attract and retain people talent
- Supports with supply chain relationships

Revenue growth to

£4.0bn

Adjusted Operating Profit

£150.2m

#### Our progress this year:

- Continued deleveraging, allocating the cash generated from our Infrastructure Services and Construction segments and investing for future growth from our Property segment and successfully completed and integrated acquired rail assets from Buckingham Group
- Infrastructure Services segment re-aligned to support evolving client needs, especially in higher growth sectors of water and nuclear
- Attracted and retained talent through our people programmes including:
  - Culture programme including workshops and launch of our nine healthy behaviours to support the growth of both Kier and our people
  - Improved measuring of performance through launch of our Balanced Performance Scorecard
- Relationships with supply chain developed and retained through:
  - Investing in supply chain partners through the prompt payment code adherence
  - Training using the Supply Chain Sustainability School

#### Forward focus:

##### Infrastructure Services and Construction

– focus on winning market opportunities driven by UK Government spending and investment plans from UK asset owners.

**Kier Property** – focus on employing additional capital efficiently and delivering appropriate returns.

### Objective 4: Deliver disciplined growth, consistent profitability and cash generation

#### Why this is vital

Disciplined growth, consistent delivery and generation of cash leads to a sustainable business

#### Our progress this year:

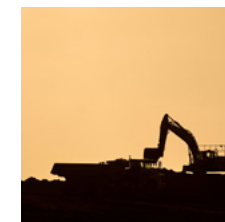
- Revenue growth of 17% to £4.0bn
- Adjusted Operating Profit growth of 14% to £150.2m
- Free Cash Flow of £185.9 million (FY23: £132.3m)

#### Forward focus:

- Continue to grow the business in a disciplined way
- Monitor risk at every stage of the project

Free Cash Flow

£185.9m



# Operational review

## Sustainable growth: through our operations:

- Infrastructure Services page 23
- Construction page 26
- Property page 28
- Corporate segment<sup>1</sup> page 167

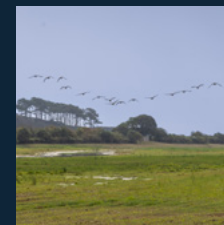
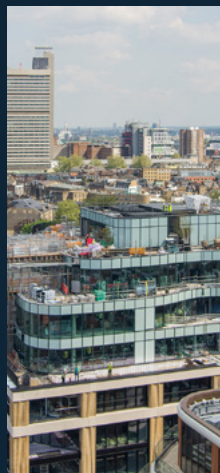
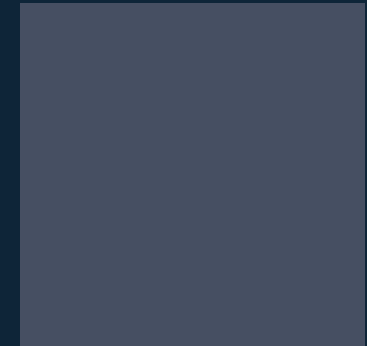
**Group operations**  
**69%**  
 is 'green' revenue

**Infrastructure Services**  
**£2.0bn**  
 revenue<sup>2</sup>

**Construction**  
**£1.9bn**  
 revenue<sup>2</sup>



**Property**  
**£71m**  
 revenue<sup>2</sup>



1. The Corporate segment comprises the costs of the Group's central functions which have increased over the prior year due to inflation and investment in people and systems to support the Group's volume growth.
2. Financial data for our segments can be found in the segmental reporting note on page 167.

**Sustainable growth:  
through our Infrastructure Services**

# Creating a vital road link in the Cotswolds

**Project**  
A417 Missing Link

**Contract type**  
Road – design and  
project management

**Project value**  
£460m

**Project background**

The A417 Missing Link scheme is a National Highways major strategic road upgrade and off-line build near Gloucester that will deliver over three miles of much-needed dual carriageway. It will support active travel for the people of Gloucestershire, with improved cycling and pedestrian lanes. There are a number of bridges, the main one being an environmental bridge, 37 metres wide where native plants will be planted alongside the bridge. A bat underpass will be constructed to give local wildlife safe passage from one side of the road to another.

The increased road capacity is anticipated to reduce congestion, traffic delays and improve safety while meeting specific requirements to preserve the Cotswolds landscape.

Approximately, 428,000 cubic metres of earth has been moved since the construction phase started in FY23. The project deployed a highly skilled team of ecologists and archaeologists to support the conservation and environmental enhancement of the area. It is also being used as the testing ground for an award-winning innovation to remove microplastics from road water runoff, developed through laboratory testing by Kier and TerrAfix.

At the end of FY24, the project had achieved over £10m in social value. This was achieved through volunteer work, and working with our charitable partners in particular, Great Western Air Ambulance charity and the Sam Polledri Foundation where 5 defibrillators have been placed on the network in hard to reach walking, cycling, horse-riding locations. The project has also provided training and employment opportunities in the local area.



**Earth moved to date:**  
m<sup>3</sup>

c.428k

**Social value  
to date**

c.£10.1m

**Biodiversity:  
Environmental Bridge**

37m wide



For more information please visit:  
[www.kier.co.uk](http://www.kier.co.uk)



## Infrastructure Services

### Sustainable growth: Key contract wins include:

#### Transportation:

- Birmingham – appointed on a two-year interim extension to deliver maintenance and repair services across Birmingham's extensive road network

#### Natural Resources, Nuclear & Networks:

- United Utilities – five-year framework to deliver £100m per annum of design, engineering, project management and construction services for water and waste water infrastructure
- Southern Water – appointed to the £3.1bn seven-year Strategic Development Partnership framework to increase capacity at water supply and waste water treatment sites
- South West Water – appointed to the £2.8bn five-year Mechanical, Electrical, Instrumentation, Control and Automation ('MEICA') framework. An alliance to deliver their water infrastructure plan for 2025–2030
- Anglian Water – appointed on an extension for the next five years of the Integrated Maintenance, Repair and Developer Services ('IMRDS') alliance to provide vital repair services and infrastructure improvements across East Anglia
- 86% of revenue secured for FY25

#### Revenue £m

FY24	1,988.3
FY23	1,712.3

#### Adjusted operating profit<sup>1</sup> £m

FY24	112.3
FY23	79.8

#### Adjusted operating margin %

FY24	5.6
FY23	4.7

#### Reported operating profit £m

FY24	88.7
FY23	57.2

#### Order book £bn

FY24	6.4
FY23	5.8

1. Stated before adjusting items of £23.6m (FY23: £22.6m).

Infrastructure Services segment comprised the Transportation and Natural Resources, Nuclear & Networks businesses.

Infrastructure Services revenue increased 16% against the prior year primarily due to the continued volume of work on HS2 and the impact of the Buckingham acquisition. Excluding the impact of Buckingham, revenue increased 9% on a like-for-like basis. Adjusted operating profit increased 41% to £112.3m due to these higher volumes.

The **Transportation** business division undertakes design, build and maintenance of assets to support the movement of people, goods and equipment. It includes our road, rail and aviation businesses.

The business experienced a period of continued work winning, including new contracts and contract extensions in road maintenance, rail projects, and the design and build of three National Highways major capital projects. The business has transitioned from a predominantly maintenance-focused to an established roads maintenance and capital works contractor. Adjusting items largely relate to acquisition activity including costs related to the Buckingham acquisition and the amortisation of contract rights from this and previous acquisitions.

During the year, the business benefited from a one-off £6m customer claim.

The **Natural Resources, Nuclear & Networks** division delivers long-term contracts in maintenance and capital projects to the water, nuclear and energy sectors, and protection of habitats and communities in our natural environment and waterways. The business is well positioned to benefit from the anticipated increased opportunities afforded by the new water spending cycle, AMP8 programme as well as opportunities in the environment and energy sectors.

In FY24, we delivered volume and margin growth in these key growth sectors which offset managed lower activity in telecoms.



**Sustainable growth:  
through our Infrastructure Services**

# Protecting the coast from the impact of climate change

**Project**

Arne Moors

**Contract type**

Natural Resources,  
Nuclear & Networks  
– project management

**Project value**

c.£37m

**Project background**

Kier is working with the Environment Agency, the Royal Society for the Protection of Birds and Natural England on a 150 hectare parcel of land on the Isle of Purbeck in Dorset, to create compensatory intertidal habitat. This will replace habitat protected under 2017 conservation regulations which is being lost in other areas of Poole Harbour due to rising sea levels pressing against fixed sea defences.

The project team at Arne Moors is working to adapt low-lying grasslands into diverse wetlands through constructing new 4,300 metres of new embankments which will be 500 metres further inland, creating 78 hectares of new intertidal habitat, a new 15 hectare freshwater habitat area and two shallow saline lagoons of 35 hectare.

Over time, the movement of the tides will help create features such as saltmarsh, mudflats, reed beds ensuring the vast array of wildlife the coastline is home to will remain protected for decades to come.

The site is home to many rare species of plants and animals including water voles, sand lizards and a wide variety of birds, botany and invertebrates, with our work creating enhanced habitats for plants and animals already on site while adding new habitats for a wider range of species.



**Biodiversity:**  
Intertidal habitat creation

78 hectares

**Social value**  
to date

c.£1.3m



For more information please visit:  
[www.kier.co.uk](http://www.kier.co.uk)

## Construction

### Sustainable growth: Key contract wins include:

- Defence – appointed by the Defence Infrastructure Organisation ('DIO') on a six-year alliance to create 16,000 bed spaces for the Armed Forces in single-living accommodation
- Education – awarded four projects worth over £130m
- Healthcare – awarded three projects worth over £55m including Cheshire Surgical Centre and Princess Royal University Hospital Endoscopy Unit
- Justice and Borders – awarded HMP Channings Wood and HMP Bullingdon design and build houseblock projects, together worth over £300m
- Other – appointed by Essex County Council to Lot 3 of a four year £400m framework to provide design and construction services to public sector projects
- Kier Places – appointed by Heathrow Airport to deliver its Quieter Neighbour Support Scheme, a major programme of works over the next eight years to reduce the impact of aircraft noise on homes, businesses and community buildings around the airport
- 97% of revenue secured for FY25

#### Revenue £m

<b>FY24</b>	<b>1,907.8</b>
FY23	1,652.5

#### Adjusted operating profit<sup>1</sup> £m

<b>FY24</b>	<b>69.2</b>
FY23	69.5

#### Adjusted operating margin %

<b>FY24</b>	<b>3.6</b>
FY23	4.2

#### Reported operating profit £m

<b>FY24</b>	<b>59.6</b>
FY23	46.4

#### Order book £bn

<b>FY24</b>	<b>4.4</b>
FY23	4.3

1. Stated before adjusting items of £9.6m (FY23: £23.1m).

The Construction segment comprises Regional Building, Strategic Projects and Kier Places (comprises three streams: residential solutions (housing maintenance and fire safety work), workplace solutions (building facilities management) and building solutions (construction works for customers with a build value less than £10m)). Construction has national coverage delivering schools, hospitals, prisons, defence estate optimisation as well as commercial, residential and heritage buildings for local authorities, the Ministry of Justice and other government departments and the private sector.

Revenue increased 15% largely due to increased volume in our regional build business.

Adjusted operating profit was in line with the prior period at £69.2m. In the prior year, the business benefited from a larger weighting towards the higher margin Kier Places business. In FY24, the mix was weighted towards the regional build business.

In addition, the segment experienced increased overheads for site starts, as anticipated.

As a regional contractor, we continue to be well-placed to benefit from the UK Government's focus on spending to improve under-invested assets such as schools, hospitals and prisons where our Construction business has specialist expertise.

Kier Places is a client-focused building, construction and property management business which delivers end-to-end solutions for places where people live, work and play. As part of Kier Construction, we focus our business on three key areas: Building Solutions, Residential Solutions, and Workplace Solutions, with expertise and services extended to planned and reactive maintenance, renovation, facilities management, capital building works, mechanical and electrical maintenance, decarbonisation and retrofit, cladding remediation and fire compliance.



## Sustainable growth: through Construction

# Delivering Scotland's third Passivhaus school

### Project

Passivhaus Currie Community High School

### Contract type

Construction – design and project management

### Project value

£65m

### Project background

Kier is delivering a new 1,000 place school for City of Edinburgh Council, which is set to be delivered to Passivhaus standard.

It is the third school to be built in Scotland to Passivhaus standards and expected to use 70% less energy when in operation compared to a traditionally built school. The school has been modelled to withstand predicted changes in climate conditions up to 2080.

Kier has a track record of delivering Passivhaus buildings, which focus on the five principles of insulation, heat controls, airtight construction, heat recovery ventilation and thermal bridge free design.

The project goes beyond the build and offers the opportunity for students to take their first step into the construction industry. Through Kier's 'Constructing Futures' programme, a construction academy was opened on site, offering 15 pupils from Currie and the nearby Balerno High School employability skills and an insight into the construction industry.

This additional commitment has been supplemented by working with the City of Edinburgh Council to deliver social value tailored to the needs of the community, including employment opportunities, education engagement events and volunteering with local community groups.



Social value to date

c.£5.6m

Less energy used than traditionally built school

70%



For more information please visit: [www.kier.co.uk](http://www.kier.co.uk)



# Property

## Sustainable growth: Key contract wins and highlights

- Disposed of a 423-bed redeveloped student accommodation asset in Southampton to Greystar.



### Revenue £m



### Adjusted operating profit<sup>1</sup> £m



### Adjusted operating margin %



### Reported operating profit £m



### Capital employed £m



1. Stated before adjusting items of £4.3m (FY23: £(1.5)m).

The Property business invests in and develops mixed-use commercial and residential schemes across the UK, largely through joint ventures. For FY24, Property generated revenue of £71m (FY23: £37.6m) despite wider market conditions. The growth was predominantly driven by the sale of our Southampton Student scheme in March 2024 for £44m.

The Property business has seen a challenging environment with scheme evaluations, developments and transactions being delayed due to market conditions. Despite the conditions, Property generated £6.2m in adjusting operating profit (FY23: £12.8m). These results include a fair value gain of £5.1m related to investments in various sectors, including the students and green investments.

The Group is focused on the disciplined expansion of the Property business through select investments and strategic joint ventures.

As at 30 June 2024, the capital employed in the Property segment was £166m excluding third party debt and fair value gains. Due to the Group's increased operating cash flows, the benefit of building out projects such as 19 Cornwall Street in Birmingham, and market conditions, we have reviewed the capital employed in our Property segment and increased the range to between £160m and £225m (previously £140m to £170m).

In FY24 the Property business had a ROCE of 3.9%. The Group targets the Property business to generate a ROCE of 15%. The Property business is well-positioned to deliver this over time as it continues to support its capital-constrained public sector clients with asset optimisation, as well as leverage the structural trends in changing demographics, population growth and climate change.

The business has had limited investment over the past three years. An increase in the value and consistency of capital investment is expected to smooth out the returns profile of the Property segment over time.



## Sustainable growth: through Property

# Regenerating Watford

**Project**  
Watford Riverwell

**Contract type**  
Property – joint venture regeneration

**Project value**  
GDV of c.£500m

### Project background

Kier has been working with Watford Borough Council since 2013 on a 20-year joint venture to regenerate 70 acres of land in the town, delivering residential, retail, leisure, industrial and hotel space.

Built around Watford General Hospital, the development takes a whole-place approach to improve local infrastructure, access and community facilities. To date, over £31m has been invested in remediation and infrastructure to support the transformation of this previously underutilised brownfield industrial land.

Watford Riverwell will provide c.1,000 much-needed new homes. The houses are being constructed with a fabric first design, making them more cost and energy efficient for homeowners.

The regeneration has also delivered over 70,000 sq ft of industrial space, a senior living village of 250 units and a 1,455 space car park for Watford General Hospital. A new neighbourhood centre with a hotel, shop and restaurant is also proposed. Green space is another important part of this scheme, with a public park already delivered as part of the plans.



Social value from  
FY22 to FY24

c.£1.5m

New homes  
delivered

c.1,000



For more information please visit:  
[www.kier.co.uk](http://www.kier.co.uk)

## Our marketplace

# Positive market environment underpinning UK Government spending commitments

### Infrastructure investment

The attractive market served by Kier is expected to grow materially over the next few years as structural and non-discretionary UK Government infrastructure spending is committed to solving the long-term issues deriving from population growth, transportation pressures, aged infrastructure, energy security and climate change. The Government has committed to boosting infrastructure spending. In addition, UK-regulated water companies have announced their investment plans.

### Kier's position

Kier's scale, leading delivery capability at both national and regional levels, operational delivery, processes and expertise should enable Kier to take maximum advantage of the significant and committed UK Government and regulated industry spend over the long term.

### Market drivers

#### Demographic change

- Population expansion with people living longer, net migration and mini baby boom
- Pressure on health, social care and housing driving change



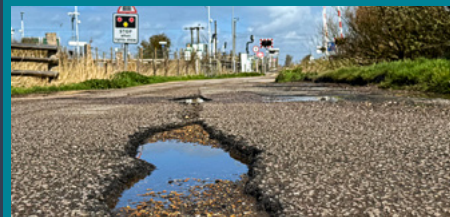
#### Economic growth

- UK economic growth slow to recover
- Construction industry historically used to stimulate economy



#### Aged infrastructure

- **Transport** – aged roads and rail infrastructure
- **Water** – deteriorating treatment plants and piping
- **Social infrastructure** – aged schools, hospitals and prisons



#### Addressing geographic imbalance

- Increased spending in previously deprived areas to narrow the UK's regional inequality



#### Climate change

- Energy supply shortage and rising demand driving investment
- UK Government's commitment to net zero carbon with energy plans and decarbonisation of infrastructure



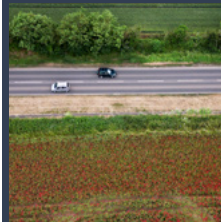
## Transportation

### Market Opportunity:

- National Highways: Road Investment Strategy 2 ('RIS2'): £27 billion investment in England's strategic roads from 2020–2025
- Local Authorities: £8.3bn fund for potholes and other highways maintenance
- Managing the transports sectors response to changes resulting from climate change
- £44bn committed over 5 years for CP7 rail network from April 2024
- TfL has agreed another £250m injection in 2024

### Kier's Market Positioning:

- Market-leading position
- Integrator with unique in-house design, construction and maintenance capabilities. Long track record of successful delivery
- Established relationships with strategic clients on long-term frameworks of typically 5 years
- Asset and investment management expertise. UK highways assets valued at £500bn driving ongoing demand for major projects and maintenance
- Project delivery expertise



**Road Investment Strategy 2020–2025**

**£27bn**  
RIS2 to 2025

**Rail Control Period 7**

**£44bn**  
5 years from 2024

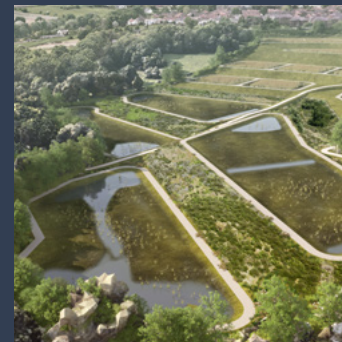
## Natural Resources, Nuclear & Networks

### Market Opportunity:

- Water: England & Wales (Asset Management Plan 8 ('AMP8'): £88bn by 2025 (subject to Ofwat determination)
- Water: Northern Ireland Price Control 21 ('NI PC21') – £4bn from 2021–2027
- Energy Distribution: £30bn of investment in the energy network by 2026
- Great British Energy: £8.3bn
- Flood defences: £1.3bn for 34 flood defence projects

### Kier's Market Positioning:

- Extensive experience in water
- Key infrastructure provider of maintenance and capital projects to water, nuclear and energy sectors
- Long-standing strong customer relationships operating in regulated and government funded sectors
- Specialist design, project management and integrator capability to civil engineering and mechanical, electrical, instrumentation, control and automation (MEICA) delivery
- Large geographical presence in the Water Asset Management plan £88bn (subject to Ofwat determination) AMP8 from 2025
- Expertise in the protection and restoration of natural habitats and waterways
- Well-placed in high quality and secure environments for infrastructure to nuclear and defence



**Water Asset Management Plan 8**

**£88bn**  
AMP 8 from 2025

**Great British Energy established**

**£8.3bn**  
Public funding





## Construction



## Property



### Education

#### Market Opportunity:

- 500 DfE school replacement projects over 10 years including 100+ of RAAC schemes to 2030

### Health

#### Market Opportunity:

- Spending to address backlog of underinvestment in hospitals

### Justice

#### Market Opportunity:

- 14,000 new prison places required
- £4bn committed over four years
- c.£250m per annum of maintenance work required to Ministry of Justice's retained estate

### Defence

#### Market Opportunity:

- £5.1bn Defence Estate Optimisation Programme
- £1.2bn alliance to be spent in improving military homes framework
- £1.1bn future capital investment across US Visiting Forces estate in UK

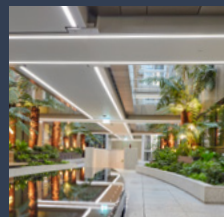
### Kier Places

#### Market Opportunity:

- UK Government net zero carbon agenda and increased housing standards both require significant retrofitting and maintenance of public housing particularly in high density urban areas

#### Kier's Market Positioning:

- A leading UK builder with attractive market positions and regional footprint to take advantage of UK Government committed spend
- Track record of successful delivery with design, operational and support capability
- Long-standing collaborative relationships across chosen sectors and a 'strategic supplier' to the UK Government
- Contracting through frameworks providing competitive advantage, consistency and visibility over revenue streams
- Experienced facilities management and housing maintenance services provider



### Market drivers

#### Climate change

- **Legislation change** – driving obsolescence in real estate market
- **ESG** – net zero carbon, and attracting and retaining employees, a key driver of demand
- **Regional relocation** – businesses relocating to regional cities; growth of urban population and improved infrastructure
- **Energy efficiency** – crucial factor in home moves

#### Population growth

- **Population growth** – 65–79 age group is predicted to increase by nearly a third in the next 40 years
- **Households** – increase in single person households

- **Ownership** – increased demand for build to rent
- **Supply** – shortage of housing, especially in affordable housing and restrictive planning policies

#### Changing consumer trends

- **Demand** – significant demand for high-quality large-scale warehouses
- **Logistic vacancy rate** – rate currently c.7%
- **Retail** – increase in online retail sales which is changing UK high streets and driving demand for last mile logistics
- **Global supply chains** – stockpiling and onshoring
- **Technology** – growth in AI, robotics and automation driving demand

#### Market Opportunity:

- Increasing focus on affordable housing results in significant opportunities of urban regeneration
- Geographic redistribution agenda – increased spending in deprived areas

#### Kier's Market Positioning:

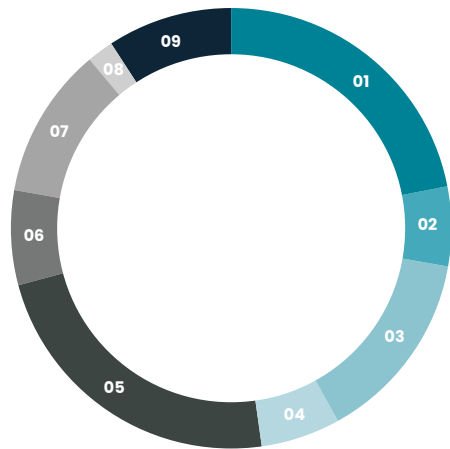
- Well-established relationships with land-owners and local authorities providing access to a large land bank
- Proven track record of delivery in the urban regeneration and property development market. Experienced team with in-house capability
- Commercial and operational synergies with Kier's other businesses
- Potential to deliver ROCE of 15%



## Addressable Market

The overall UK construction market is estimated to be worth £139bn<sup>1</sup>.

### Kier's addressable market



#### Infrastructure Services – £31bn

- 01 **22%** Infrastructure Other New
- 02 **6%** Infrastructure Other Repairs & Maintenance
- 03 **14%** Roads New
- 04 **6%** Roads Repairs & Maintenance

#### Construction – £35bn

- 05 **23%** Commercial
- 06 **7%** Industrial
- 07 **11%** Public Non-Housing
- 08 **2%** Repairs & Maintenance Private
- 09 **9%** Repairs & Maintenance Public

Addressable Market  
£66bn



The Group's addressable market is estimated at £66bn. This comprises £31bn for Infrastructure Services and £35bn for Construction. The Group serves this market through its three segments: Infrastructure Services, Construction and Property as detailed in our business model.

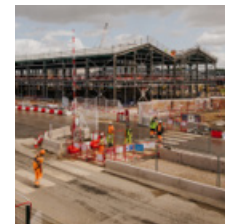
### The importance of Frameworks

Frameworks are our main route to market as nearly all major public sector work is awarded through frameworks. Kier remains focused on maintaining and growing our positions on both local and national frameworks.

We have places on agreements with an advertised value of up to £144bn across all of our core markets covering both national and regional geographies and market sectors.

In our Infrastructure Services segment, we have places on 6 national and 33 regional frameworks with a total advertised value of £17bn.

In Construction, we have been awarded places on 22 national and 34 regional frameworks worth £127bn.



Construction  
£35bn

Infrastructure  
£31bn

1. CPA Construction Industry Forecasts Spring Edition.

## Our key performance indicators

### Financial

#### Total Group revenue including joint ventures<sup>1</sup> £bn

1 2 4

£4.0bn

FY24 £4.0bn

FY23 £3.4bn

The growth in revenue is driven by increased activity in both the Infrastructure Services and Construction segments.

In particular the acquisition of the Buckingham Group rail assets has been successfully integrated into the Group's Transportation business, within Infrastructure Services.

#### Adjusted operating profit<sup>1,2</sup> £m

2 3 4 R

£150.2m

FY24 £150.2m

FY23 £131.5m

Adjusted operating profit has increased primarily due to an improvement in the volume/price/mix changes as well as the impact of management actions undertaken. These are partly offset by cost inflation experienced across the business and fewer Property transactions.

#### Adjusted earnings per share<sup>1,3</sup> p

2 3 4 R

20.6p

FY24 20.6p

FY23 19.2p

Adjusted earnings per share has increased due to the improved profit generation of the Group.

#### Order book £bn

1 2 3

£10.8bn

FY24 £10.8bn

FY23 £10.1bn

The order book remains strong and is underpinned by high-quality and profitable work.

#### Free cash flow<sup>4</sup> £m

4 R

£185.9m

FY24 £185.9m

FY23 £132.3m

Free cash flow has increased compared to prior year due to the improved underlying performance in the business.

#### Net cash – 30 June<sup>4</sup> £m

4

£167.2m

FY24 £167.2m

FY23 £64.1m

The Group's revenue growth converted to a significant increase in net cash. In addition, the Group experienced a seasonal working capital inflow, predominantly driven by Construction.

#### Net debt – average<sup>4</sup> £m

4 R

£(116.1)m

£(116.1)m FY24

£(232.1)m FY23

Increased activity across the Group has translated into cash generation and lower average net debt, as well as allowing us to be deploy cash to our Property business, acquire certain assets of Buckingham Group and paying pension deficit obligations.

#### Dividend<sup>5</sup> p

1 2 3

5.15p

FY24 5.15p

FY23 Nil

The Group's commitment to our medium-term plan has resulted in the Group materially deleveraging. This has allowed Kier to return to the dividend list in FY24. The total dividend declared represents a cover of 4x.

1. See consolidated income statement on page 148.
2. See note 5 to the consolidated financial statements.
3. See note 12 to the consolidated financial statements.
4. See financial review on page 81.
5. See note 11 to the consolidated financial statements.

#### Link to strategic objectives

- 1 Leverage our attractive market share positions in growing markets
  - 2 Maintain and enhance long-term customer relationships
  - 3 Resilient and well-balanced portfolio
  - 4 Deliver disciplined growth, consistent profitability and cash generation
- R Link to remuneration

## Non-financial

### Safety – Group Accident Incident Rate ('AIR')

1 2 R

155

FY24 155

FY23 88

Achieve year-on-year improvement in the Group AIR. Remain below the Health and Safety Executive benchmark for the UK

The Group's monthly 12-monthly rolling Accident Incident Rate ('AIR') of 155 represents an increase of 76% compared to 88 in FY23. The AIR rate is calculated by headcount and is therefore volume adjusted. The AIR rate includes both Kier employees and contractors. It equates to 41 RIDDOR reportable incidents in FY24 compared to 22 in FY23.

The Group's 12-month rolling All Accident Incident Rate ('AAIR') of 363 is an increase of 13.5% compared to 320 in FY23.

These FY24 figures are an increase on the high performing benchmark that we achieved last year. Despite the increase, we retain a strong safety record and continue to outperform historic industry league tables. We rolled out our culture programme in FY24, together with our safety-specific behavioural training which sits alongside our existing policies and procedures.

### Employee engagement

1 2 R

67%

FY24 67%

FY23 65%

Achieve continuous improvement scores in employee engagement surveys

We continue to engage with our people through the Your Voice surveys. In FY24, our surveys focused on wellbeing and culture.

Overall, we have seen a consistent increase in our employee engagement (positive emotions) score since FY22 (58% in FY22; 65% in FY23) which shows that our strong focus on taking action on the feedback received from our people is making a positive difference.

### Link to strategic objectives

- 1 Leverage our attractive market share positions in growing markets
- 2 Maintain and enhance long-term customer relationships
- 3 Resilient and well-balanced portfolio
- 4 Deliver disciplined growth, consistent profitability and cash generation
- R Link to remuneration

### Scope 1 & 2 carbon intensity

1 2 R

7.4

FY24 7.4

FY23 9.7

We have achieved a 24% decrease in our carbon intensity for Scope 1 & 2 compared with FY23 and a 69% decrease against our FY19 baseline

We continue to build on these successful reductions in line with our pathway to net zero.

### Baseline Scope 3 carbon intensity

1 2

200.5

FY24 200.5

FY23 276.5

During FY24 our Scope 3 carbon emissions intensity has reduced 27%

We continue to focus on the enhancement of our Scope 3 data and delivery of our pathway to net zero.

### Payment performance

1 2

34 days

FY24 H2 34 days

FY24 H1 33 days

Maintain a good relationship with supply chain partners

In line with the Prompt Payment Code, our latest Duty to Report on Payment Practices and Reporting submission covers the period from 1 January 2024 to 30 June 2024, showing the Group's aggregate average payment days had increased by 1 day (H1: 33 days).

We are committed to further improvements in our payment practices and continue to work with both customers and suppliers to achieve this. We are fully committed to complying with the 30-day payment requirements for small and medium sized firms.

# 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 programmes<sup>1</sup>**

12.3%

**Spent with SMEs<sup>2</sup>/VCSEs<sup>3</sup>**

£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)

### 2020<sup>1</sup>

- 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 measurement<sup>2</sup>

### 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 £583m<sup>2</sup> 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 programmes<sup>1</sup>

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 SMEs<sup>1</sup> & VCSEs<sup>2</sup>

£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 ROTL<sup>1</sup> 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.

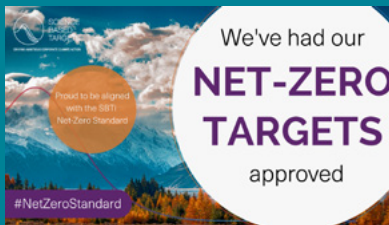
Key achievements under the Our Planet pillar this year include:

- 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



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 resilience<sup>1</sup>**

69%

1. Classified using the FTSE Russell's Green Revenues Classification System ('GRCS').  
 2. 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 assurance<sup>2</sup>, 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.

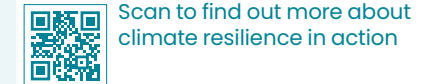
**Climate resilience and adaptation**

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')<sup>1</sup>

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.

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.

**Performance**

Cubic metres of waste/£1m revenue<sup>1</sup>

148.5

Landfill diversion rate

93%

**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 m<sup>3</sup> of waste intensity, having reduced this by 2%, from 152.1 m<sup>3</sup> 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**

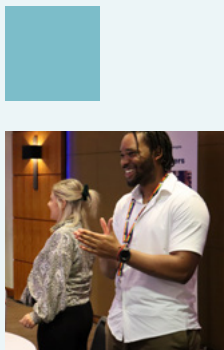
To ensure the continued sustainable management of waste from Kier projects, we are retendering our waste management framework, including criteria to:

- 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.



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



Scan for more information on resource efficiency in action



# 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 engagement<sup>1</sup>

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

<b>Collaborative</b> 	Communicate clearly 	Pride in Kier 	Work brilliantly together 
<b>Trusted</b> 	Be safe and responsible 	Respect others 	Prioritise people 
<b>Focused</b> 	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."

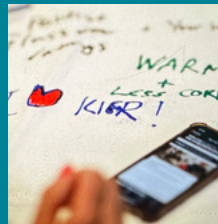


Built by Brilliant People™ continued

# Creating an environment to thrive

Networks to improve D&I

7



Employees in formal learning programmes<sup>1</sup>

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**

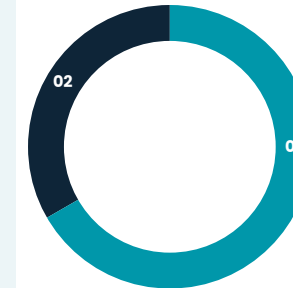
We measure the effectiveness of our D&I roadmap against our workforce-wide diversity figures. Opposite, we disclose our FY24 gender and ethnic diversity at Board and senior manager level and overall Kier level. As a percentage of our workforce, our overall gender diversity has progressed from 24.58%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

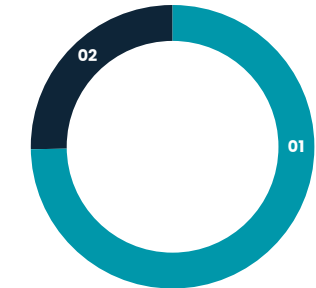
**Gender and Ethnic diversity<sup>1</sup>**

**Board – Gender**



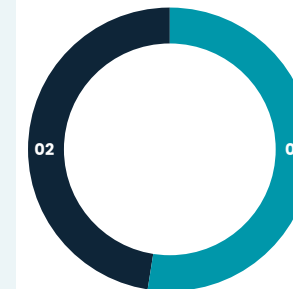
01 67% Male  
02 33% Female

**All employees – Gender**



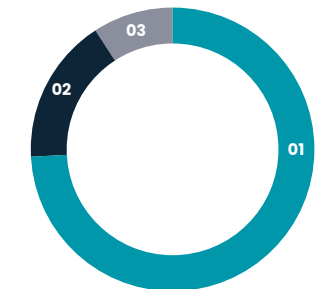
01 75% Male  
02 25% Female

**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%<sup>1</sup> of employees were in formal learning programmes (9% in FY23).

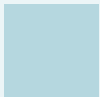
In FY24, we launched Kier Learn & Perform, a new, dynamic online system to allow our people to develop at every stage of their career with Kier.

**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) <sup>1</sup>	39–40 and 54	12.3%	9%	6%
		People trained on modern slavery (count) <sup>2</sup>	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) <sup>3</sup>	45 and 56	28,968	31,670	38,967
		Scope 3 carbon emissions (tonnes) <sup>3</sup>	45 and 56	787,008	905,529	971,314
		Volume of waste generated (m <sup>3</sup> /£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) <sup>4</sup>	46	59	21	– <sup>5</sup>
		All Environmental Incident Rate (rate) <sup>4</sup>	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) <sup>6</sup>	49–50	0	0	0
		RIDDOR incidents (count) <sup>6</sup>	49–50	41	22	28
		Accident Incident Rate (rate) <sup>6</sup>	49–50	155	88	115
		All Accident Incident Rate (rate) <sup>6</sup>	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 <sub>2</sub> e	28,853	31,342 (31,340)	38,643	89,490	28,675	30,941	36,113	77,468
Scope 2 (market-based)	tCO <sub>2</sub> e	115	328	324	5,970	106	313	298	5,934
Scope 2 (location-based)	tCO <sub>2</sub> e	2,521	3,601 (3,600)	4,589	7,170	2,512	3,585	4,543	7,132
<b>Scope 1 &amp; 2 (market-based)</b>	<b>tCO<sub>2</sub>e</b>	<b>28,968</b>	31,670 (31,668)	38,967	95,460	<b>28,781</b>	31,254	36,411	83,402
Scope 3	tCO <sub>2</sub> e	787,008	905,529 (905,839)	971,314	–	786,959	903,747 (905,732)	970,680	–
<b>Scope 1, 2 (market-based) &amp; 3</b>	<b>tCO<sub>2</sub>e</b>	<b>815,976</b>	937,199 (937,507)	1,010,281	–	<b>815,740</b>	935,001 (936,986)	1,007,091	–
<b>Market-based intensity</b> Scope 1, 2 & 3	<b>tCO<sub>2</sub>e/£m revenue</b>	<b>207.9</b>	286.1 (286.2)	311.9	–	<b>207.8</b>	286.6 (286.0)	310.9	–
Scope 1 & 2	tCO <sub>2</sub> e/£m revenue	7.4	9.7	12.0	23.7	7.3	9.5	11.2	20.7
<b>Location-based intensity</b> Scope 1, 2 & 3	<b>tCO<sub>2</sub>e/£m revenue</b>	<b>208.5</b>	287.1 (287.2)	313.2	–	<b>208.4</b>	286.6 (287.0)	312.2	–
Scope 1 and 2	tCO <sub>2</sub> e/£m revenue	8.0	10.7	13.3	24.0	7.9	10.5	12.6	21.0
<b>Energy consumption</b>	<b>kWh</b>	<b>138,746,000</b>	162,099,000	179,465,000	380,090,000	<b>138,714,000</b>	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	<b>Board</b> 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.	<b>Executive</b> 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.	<b>Leaders &amp; Subject Matter Experts</b> 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.
	<b>Kier group functions</b> 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.		
Management	<b>Sustainability Teams</b> 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.	<b>Subject Matter Experts</b> 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.	
	<b>Business Divisions</b> 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.		
Implementation			
Foundations	<b>Sustainability Literacy</b> 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.	<b>Learning &amp; Performance</b> Supporting professional development and performance reviews to ensure an equipped, competent and confident workforce.	<b>Health, Safety and Wellbeing Competencies</b> Ensuring appropriate skills and competency to manage health, safety and wellbeing in all areas of the business.

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
<b>Governance</b>	
(a) Board oversight of climate-related risks and opportunities	57
(b) Management’s role relating to climate-related risks and opportunities	57
<b>Strategy</b>	
(a) Climate-related risks and opportunities	60–63
(b) Impacts of climate-related risks and opportunities	59–61
(c) Description of the resilience of strategy in different climate-related scenarios	63–64
<b>Risk management</b>	
(a) Processes for identifying and assessing climate-related risks	59
(b) Processes for managing climate-related risks	59
(c) How climate-related risks are integrated into overall risk management	57–59
<b>Metrics and targets</b>	
(a) Metrics used to assess climate-related risks and opportunities	55–56, 60–61 & 64
(b) Scope 1, Scope 2 and Scope 3 greenhouse gas (‘GHG’) emissions	55–56
(c) Targets used to manage climate-related risks and opportunities and associated performance	64

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 framework<sup>1</sup>, designed to tackle our most material topics, as identified in our double materiality assessment<sup>2</sup>. 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/](http://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"> <li>– Direct health impacts.</li> <li>– Heat-induced productivity loss.</li> <li>– Indirect losses resulting from heat-related economic disruptions throughout the supply chain.</li> </ul>
Time horizon	Medium term	Medium term	Short term	Long term	Long term
Mitigation	<p>Kier has:</p> <ul style="list-style-type: none"> <li>– Committed to net zero Scope 1, 2 &amp; 3 operations by 2045</li> <li>– Expanded our carbon design and assessment capability</li> <li>– Created operational decarbonisation pathways for all divisions</li> <li>– Committed to developing an internal carbon pricing mechanism in the next year</li> </ul>	<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"> <li>– outperforming competitors and significant growth.</li> <li>– an ability to attract and retain top talent.</li> <li>– improved supply chain terms and costs.</li> </ul>	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

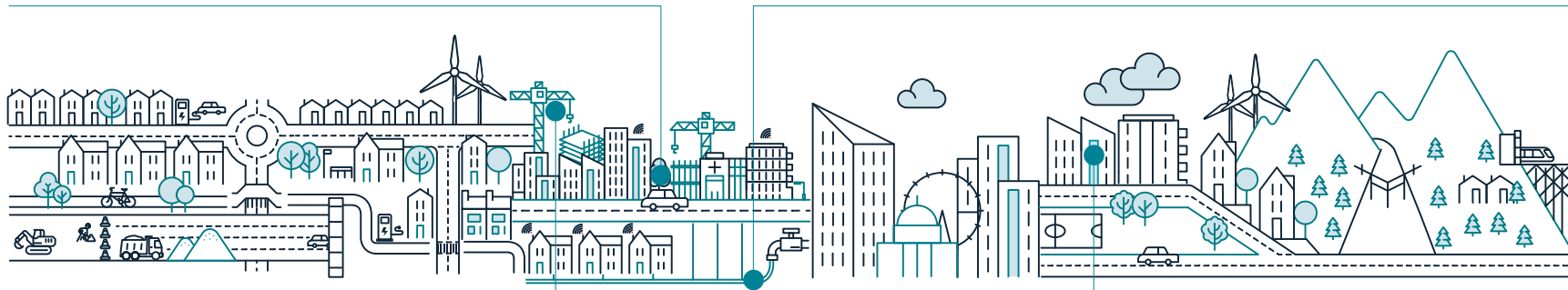
Infrastructure Services

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				
<b>Transition Risks</b>	<b>Emerging regulation</b>	Carbon pricing mechanisms	Medium term	Before mitigation			
				After mitigation			
	<b>Technology</b>	Failure of development or adoption of technology & innovation	Medium term	Before mitigation			
				After mitigation			
	<b>Markets</b>	Increasing customer requirements and industry standards	Short term	Before mitigation			
				After mitigation			
<b>Physical Risks</b>	<b>Acute</b>	Disruption due to extreme weather events	Long term	Before mitigation			
				After mitigation			
	<b>Chronic</b>	Long term climate impacts on productivity	Long term	Before mitigation			
				After mitigation			
<b>Opportunities</b>	<b>Products and services</b>	Increased operating income for green-aligned projects	Short term	Before management			
				After management			
	<b>Resource efficiency</b>	Resource efficiency and natural resources	Medium term	Before management			
				After management			
	<b>Resilience</b>	Resilience to fossil fuel market volatility	Short term	Before management			
				After management			
	<b>Products and services</b>	Enhanced reputation	Medium term	Before management			
				After management			
	<b>Products and services</b>	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
<b>Orderly transition</b>	Global temperatures rise of well below 2°C by 2100	REMIND-MAgPIE 1.7–3.0 – Immediate 1.5°C with CDR (Orderly, Alt) <sup>1</sup> IPCC <sup>2</sup> UKCP18 RCP 2.6 <sup>3</sup> CMIP5 RCP2.6 <sup>4</sup>	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 <sub>2</sub> e in 2030, and \$245–\$14,300 USD/tCO <sub>2</sub> e in 2050 <sup>2</sup> . Under this scenario physical risks are reduced within increased risks and opportunities relating to transition.
<b>Disorderly transition</b>	Global temperatures rise of less than 2°C by 2100	REMIND-MAgPIE 1.7–3.0 – Delayed 2°C with CDR (Disorderly, Alt) <sup>1</sup> IPCC <sup>2</sup> UKCP18 RCP2.6 <sup>3</sup> CMIP5 RCP2.6 <sup>4</sup>	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 <sub>2</sub> e in 2030, and \$245–\$14,300 USD/tCO <sub>2</sub> e in 2050 <sup>2</sup> . Under this scenario physical risks and opportunities occur earlier, and transitions impacts are more severe due to delayed action.
<b>High emissions scenario</b>	Global temperatures rise of greater than 3°C by 2100	REMIND-MAgPIE 1.7–3.0 – Nationally determined contributions ('NDCs') (Hot house world, Alt) <sup>1</sup> IPCC <sup>2</sup> UKCP18 RCP8.5 <sup>3</sup> CMIP5 RCP8.5 <sup>4</sup>	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 <sub>2</sub> e in 2030 and \$45–\$1,050 USD/tCO <sub>2</sub> e in 2050 <sup>2</sup> . 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.

## Our stakeholders

# We connect with our stakeholders



Our business performance comes from the contribution of both our internal and external stakeholders. Our values contribute to Kier benefiting all of them and our approach to each one are set out below.

Our colleagues, customers, shareholders, supply chain partners, the UK Government as well as financial and commercial partners are all key stakeholders. We connect with them at all levels of our business through our frontline operations, support teams and our businesses, our senior leadership team, the Executive Committee and the Board and its committees.

We engage with stakeholders in lots of different ways – from virtual and in person meetings and conferences to reviews, forums and webcasts. To understand how well we're engaging with different groups, the Board and its committees receive regular updates and use them to make better decisions, and provide feedback and constructive challenge on activities, programmes and initiatives being considered.

The owners of the Group backed Kier with significant investment during the 2021 capital raise and, therefore, engagement with them is very important.

## Shareholders

### Their expectations are:

- to generate long-term sustainable shareholder returns through the execution of our strategy

### What we've done

- Regularly communicate with shareholders through:
  - our relaunched corporate website
  - Annual Report and Accounts
  - trading statements
  - a site visit to HMP Millsike in East Yorkshire
- Held our AGM in November open to all shareholders
- Extensive investor relations programme including:
  - one-to-one conversations
  - roadshows
  - group meetings
  - conferences
  - industry events
  - an online event specifically for retail investors
- Remuneration consultation undertaken by our Remuneration Committee Chair, Margaret Hassall

The Board receives regular reports on shares being bought and sold, share price performance and how we're engaging with institutional investors and analysts.



## Customers

Our business is based upon long-term regional and sector relationships which supports our work winning at a local and national level with the UK Government, regulated customers and blue-chip clients. We aim to meet our clients' and customers' expectations including pricing and scope of work with a risk-disciplined approach

### Their expectations are:

- to deliver projects on time and to budget using our workforce, design and project management skills
- supporting our customers achieve their environmental and social value commitments

### What we've done

- Maintain good relationships with key customers
- Ensure that we are organised internally to better serve them
- Regular reports to the Cabinet Office as the Group is a key strategic supplier to the UK Government

In addition, the Board receive regular reports covering customer feedback and we also measure our performance through customer satisfaction surveys.

## Colleagues

Kier is a people based business and our performance as a Group depends upon our ability to attract and retain a dedicated workforce of c.10,000 employees.

### Their expectations are:

- our workforce is skilled, motivated and competitively compensated
- the safety, health and wellbeing of all our employees is our number one priority, and it remains of paramount importance
- we have policies and programmes in place to provide an inclusive work environment

### What we've done

- We regularly review how our people are performing including:
  - progress against key people strategy initiatives
  - culture
  - overall sentiment within the organisation
- Safety with 12-month rolling Accident Incident Rate ('AIR') in FY24 of 155, 76% increase from FY23
- Operate seven employee networks to create a diverse and inclusive workplace
- ExCo employee roadshows across the county
- Held a 'Kier Live' event and opportunities for colleagues to engage and feedback with our executive committee
- Roll out of Culture programme

## Supply Chain Partners

Our supply chain partners are key to the success of the Group. They help us deliver our projects. It is important that the Group has an ethical, sustainable and resilient supply chain.

### Their expectations are:

- pay them in line with our agreed terms
- collaborate with them to benefit all stakeholders
- help them optimise their own supply chains

### What we've done

- Invest in our supply chain partners' training;
  - Through the Supply Chain Sustainability School, we provided total partner value of c.£1.2m including workshops, training and other resources such as online courses
- Prompt payment:
  - The Group's average payment days were 34 days (H1: 33 days)
  - percentage of payments made to suppliers within 60 days was 86% (H1: 88%)
- Further improvements in our payment practices are anticipated:
  - Fully committed to complying with the 30-day payment requirements for small- and medium-sized firms
- 60.6% of expenditure with small- and medium-term enterprises (SMEs) on public sector frameworks

## UK Government

As a strategic supplier to the UK Government and a key supplier to UK regulated asset owners, we are vital to building and maintaining infrastructure. In addition, we also support them in achieving their environmental and social value targets.

### Their expectations are:

- invest in skills and capability aligned to their investment in infrastructure priorities
- assist in the delivery of their net zero carbon agenda and social value commitments
- provide value for money solutions

### What we've done

- Regular engagement with Cabinet Office.
- Participation in:
  - Stakeholder events
  - workshops
  - roundtables
  - site visits and official site opening ceremonies with representatives of UK Government departments, agencies and local government
- In addition, Kier plays its part in a number of industry bodies and working groups within the infrastructure services, construction and property sectors as well as outside of the sector to share best practice and drive positive change

## Banks, lenders, sureties and insurers

The services these partners provide are essential to the day-to-day operation of the Group and supporting the medium-term value creation plan.

### Their expectations are:

- commitment to generate cash from operations and strengthen the balance sheet
- operate the Group to the highest professional standards, protecting our insurers from unreasonable loss
- meet our covenant obligations

### What we've done

- Successful refinancing with 5 year Senior Notes to 2029 and extension of RCF to 2027
- Renewed annual insurance programme
- Covenant compliance completed every six months

The Group ensure effective cash forecasting and working capital management through quarterly reviews, monthly management accounts and daily monitoring of our financial position.

## Pension Trustees

The trustees are responsible for ensuring our colleagues pension schemes are run properly and that the benefits for the members are secure.

### Their expectations are:

- Kier continues to fulfil our commitments under the deficit reduction plan
- clear and open communication is maintained between trustees and the Group

### What we've done

- Payment of agreed deficit reduction payments
- Regular meetings between the Group and the trustees
- Strong company covenant underpinning improved pension performance

## Joint Ventures partners

In order to ensure that we offer our customers the best solutions we often use joint venture partners to deliver projects, particularly on complex large scale infrastructure projects. In addition, the Property business will often form joint ventures with public and private sector bodies.

### Their expectations are:

- Kier and the partner work together to deliver the agreed project outcome
- risks to be shared and mitigated

### What we've done

The Group continues to successfully deliver our section of HS2 through our EKFB joint venture with Eiffage, Ferrovial and BAM.

We ensure that there is regular communication with the delivery partners to ensure that we meeting the expectations of the UK Government.



## How we manage risk

# Our risk management framework

Risk management is fundamental to the sustainable growth of the business and remains at the heart of our operational delivery. Our risk management framework ensures we identify and manage the evolving internal and external risk landscape collaboratively with our clients. Further developments have been made to the risk management framework, in particular developing the assurance map to align to the principal risks and uncertainties. The roles and responsibilities for the framework are as shown here.



### Risk reporting and insight

The Group reviews its operations through the Executive Committee and Group Risk Committee ('GRC'), based on the Principal Risks and Uncertainties ('PRUs') and operational risk processes to identify both risks and opportunities. Key Risk Indicators ('KRIs') are used to evidence if a risk is improving or deteriorating in terms of likelihood and impact. KRIs have clear tolerance levels and are monitored and reported against each of the PRUs. ESG risk management is integrated into the PRU and operational risk processes and specifically the Health and Safety, People and Sustainability PRUs. Group risks are assessed quarterly, agreed with risk owners and reported to the GRC and RMAC. In addition, a risk management refresh is carried out with the Executive Committee annually. The business division commercial teams continue to ensure that the risk management principles of the Group are reflected within their operations and manage the process to allow the GRC to consider both top-down and bottom-up risks.

The Board undertook a review of the Group's principal and emerging risks (aligned to Kier's strategic actions), together with its appetite for the nature and extent of the risks that the Group is willing and able to take including those that would threaten its business model, future performance, solvency or liquidity, so as to inform the parameters within which the business is authorised to operate. Risk appetite qualitative statements provide further risk context and standards of mitigation from which they can be reported and monitored against. In addition, risk opportunities are also articulated and reviewed.

### Assurance

Internal Audit supports the Group through independent review and objective assessment, and by promoting and supporting continuous improvement in the quality of business operations, the control environment and overall risk management. Third party assurance is provided over various Kier activities as agreed with independent service providers including accreditation bodies, External Audit and regulators.

An Audit and Assurance Policy, supporting documents and assurance mapping across the various sources of assurance are in development with their primary purpose to demonstrate to senior management, the RMAC and Board how Kier is assuring information related to its PRUs, external corporate reporting (such as the Annual Report and Accounts and investor presentations) and fraud risk.

“ Risk management is fundamental to the sustainable growth of the business and remains at the heart of our operational delivery.”



### Sources of assurance

- Business teams (first line of defence)**
  - Design and own operational risk and compliance frameworks
  - Identify, assess, manage, monitor and report risks/issues controls and action plans
- Risk and Compliance (second line of defence)**
  - Design strategic risk and compliance frameworks
  - Monitor adherence to the risk and compliance frameworks
  - Provide support and challenge to the first line
  - Monitor and report on risk
- Internal Audit (third line of defence)**
  - Independently review first and second lines of defence
  - Deliver assurance over risk management frameworks
- External Assurance**
  - Deliver assurance over various Kier risks and activities





# Principal risks and uncertainties

During the year, the Board identified the PRUs facing the Group and assessed its appetite with respect to each PRU. Understanding the Group's risk profile, and how the Group manages risk, is central to the Board's decision-making process.



## The Board's assessment of risk

The Board's assessment of the PRUs facing the Group, their potential impact, the mitigating actions proposed in respect of each risk, the change in risk profile during the year (in terms of impact and likelihood), and an indication of the Board's risk appetite for each risk are summarised in the Risk heatmap opposite. The risks are not listed in any order of priority. Risks are plotted on a net basis, including current mitigations.

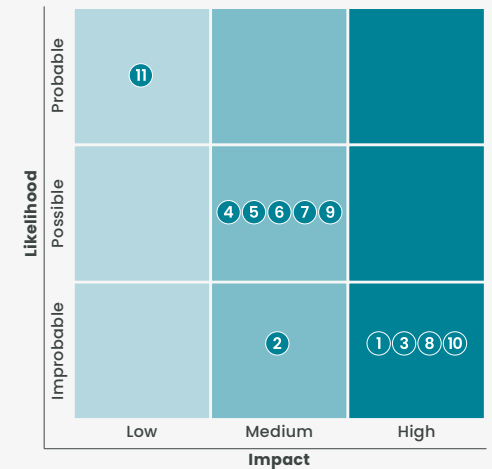
## Changes to the PRUs

Last year's PRUs remain with one change – at half year, the Climate Change principal risk has been replaced with a Sustainability principal risk 'Failure to identify and effectively manage sustainability risks and opportunities' which incorporates climate change and environmental incidents and aligns with Kier's Building for a Sustainable World framework.

## Risk heatmap

The list below sets out the Group's principal risks and the Board's appetite with respect to each risk:

	Risk appetite
1 Health and safety	Low
2 Legislation and regulation	Low
3 Funding	Low
4 Maintaining an order book within selected markets	Low
5 Contract management	Low
6 People	Medium
7 Supply chain	Low
8 Strategy	Low
9 IT security, resilience, cyber and data protection	Low
10 Sustainability	Low
11 Macroeconomic	Medium



## Risk appetite

**Low** – the Group has a very low appetite for risk that is likely to have adverse consequences and aims to eliminate, or substantially reduce, such risks.

**Medium** – the Group has some appetite for risk and balances its mitigation efforts with its view of the potential rewards of an opportunity.

**High** – the Group has a greater risk appetite where there is a clear opportunity for a greater than normal reward.

## Impact

**Low** – the exposure is well understood with a relatively low cost of mitigation.

**Medium** – risk may be tolerated provided that the benefits are considered to outweigh the costs.

**High** – risk threatens the viability of the Group or there is a reasonable likelihood of danger to people or material reputational damage.

## 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.

Principal risk	Description	Impact/actions
<p><b>1</b></p> <p><b>Health and safety</b></p> <p><b>Board risk appetite</b> Low</p> <p><b>Level of impact</b> High</p> <p><b>Level of likelihood</b> Improbable</p> <p><b>Risk status</b> No change</p> <p><b>Risk owner</b> Chief People Officer</p> <p><b>Link to strategic action</b></p> <ul style="list-style-type: none"> <li>– Sustainable growth</li> <li>– Consistent and safe delivery</li> </ul>	<p><b>Failure to maintain a safe working environment and prevent a major incident</b></p> <p>The Group's operations are complex and potentially hazardous, and require rigorous management of health, safety and wellbeing matters.</p> <p><b>Risk appetite rationale</b> Safety is, and will always be, our licence to operate. The health, safety and wellbeing of our people has a direct impact on our operations.</p> <p>The Group will always have a low appetite for risk when it comes to protecting all our people, stakeholders and members of the public.</p> <p><b>Risk appetite statement</b> We create and enable a working environment which ensures the health, safety and wellbeing of all our people and stakeholders.</p>	<p><b>Potential impact</b></p> <ul style="list-style-type: none"> <li>– An increase in safety or environmental incidents on site</li> <li>– The failure to meet clients' expectations, adversely affecting the ability to bid for and win new work</li> <li>– Financial penalties arising from fines, legal action and project delays</li> <li>– An unhealthy employee population resulting in greater levels of absence, lowered operational performance and resilience.</li> </ul> <p><b>Mitigating actions</b></p> <ul style="list-style-type: none"> <li>– Simplified Integrated Management System making it easier for our people to access and understand, freeing them up to proactively manage Health and Safety on our projects</li> <li>– Improve safety performance by sharing lessons learnt from incidents via alerts, safety bulletins and the Incident Review Board Process</li> <li>– Embed the Responsible Business Strategy, including a focus on the five Safety, Health and Environment basics, our Group wide culture and emerging behavioural safety programmes</li> <li>– Proactive HSW Leadership including senior management Visible Leadership Tours, Operational Safety and Site Safety Inspections and the sharing of best practice</li> <li>– Compliance with ISO 45001</li> <li>– Promotion of our network of Mental Health First Aiders, Wellbeing Champions and Employee Assistance Programme.</li> </ul>

Principal risk	Description	Impact/actions
<p><b>2</b></p> <p><b>Legislation and regulation</b></p> <p><b>Board risk appetite</b> Low</p> <p><b>Level of impact</b> Medium</p> <p><b>Level of likelihood</b> Improbable</p> <p><b>Risk status</b> No change</p> <p><b>Risk owner</b> Group Legal and Compliance Director</p> <p><b>Link to strategic action</b></p> <ul style="list-style-type: none"> <li>– Sustainable growth</li> <li>– Consistent and safe delivery</li> <li>– Generate cash</li> </ul>	<p><b>Failure to comply with and manage effectively current legislation and regulation, and any changes to them</b></p> <p>The sectors in which the Group operates are subject to increasing scrutiny from stakeholders, oversight from regulators and requirements including those introduced by new legislation or regulation.</p> <p><b>Risk appetite rationale</b> To operate in our chosen markets, Kier must comply with all applicable legislation and regulation. To win high-quality work from our intended client base we must be able to demonstrate compliance. Therefore, it is fundamental to Kier's continued success that we remain compliant.</p> <p><b>Risk appetite statement</b> We ensure compliance with legal and regulatory requirements and continue to identify and plan for the implementation of new requirements via horizon scanning and subsequent policy/procedure implementation.</p>	<p><b>Potential impact</b></p> <ul style="list-style-type: none"> <li>– Penalties for failing to adhere to legislation or regulation</li> <li>– Increased operating costs of compliance</li> <li>– The loss of business</li> <li>– Reputational damage.</li> </ul> <p><b>Mitigating actions</b></p> <ul style="list-style-type: none"> <li>– Appropriate policies that are regularly reviewed and relevant training and awareness programmes to support policy implementation</li> <li>– Regular engagement with Government and Government agencies with respect to the Group's continued compliance</li> <li>– Monitoring of, and planning for, the impact of new legislation and regulations</li> <li>– Collaborative engagement with external stakeholders.</li> </ul>

Principal risk	Description	Impact/actions
<p><b>3</b></p> <p><b>Funding</b></p> <p><b>Board risk appetite</b> Low</p> <p><b>Level of impact</b> High</p> <p><b>Level of likelihood</b> Improbable</p> <p><b>Risk status</b> No change</p> <p><b>Risk owner</b> Chief Financial Officer</p> <p><b>Link to strategic action</b></p> <ul style="list-style-type: none"> <li>– Sustainable growth</li> <li>– Consistent and safe delivery</li> <li>– Generate cash</li> </ul>	<p><b>Failure to maintain adequate financial liquidity and/or comply with financial covenants</b></p> <p>Failure to maintain adequate financial liquidity and/or comply with financial covenants resulting in an inability to execute the Group's strategy effectively.</p> <p><b>Risk appetite rationale</b></p> <p>Our risk appetite is low as having access to committed funding is critical to ensuring operational stability.</p> <p><b>Risk appetite statement</b></p> <p>Ensuring the Group operates responsibly within its agreed borrowing covenants is a key component of the Group's financial planning and monitoring processes. The Group is targeting a sustainable net cash position in the medium term.</p>	<p><b>Potential impact</b></p> <ul style="list-style-type: none"> <li>– The loss of confidence by other stakeholders (for example, investors, clients, subcontractors and employees)</li> <li>– Conducting existing business becomes increasingly challenging</li> <li>– The loss of future business.</li> </ul> <p><b>Mitigating actions</b></p> <ul style="list-style-type: none"> <li>– Effective cash forecasting and working capital management in combination with continued monitoring and prudent financial planning to ensure cash generation and covenant compliance is maintained</li> <li>– Continued collaborative engagement with key stakeholders</li> <li>– Through financial planning the Group ensures that appropriate levels of headroom under committed facilities and their financial covenants are in place to accommodate reasonable downside</li> <li>– Established funding through to February 2029.</li> </ul>

Principal risk	Description	Impact/actions
<p><b>4</b></p> <p><b>Maintaining an order book within selected markets</b></p> <p><b>Board risk appetite</b> Low</p> <p><b>Level of impact</b> Medium</p> <p><b>Level of likelihood</b> Possible</p> <p><b>Risk status</b> No change</p> <p><b>Risk owner</b> Group Managing Directors</p> <p><b>Link to strategic action</b></p> <ul style="list-style-type: none"> <li>– Sustainable growth</li> <li>– Generate cash</li> </ul>	<p><b>A general market or sector downturn materially and adversely affects the Group's ability to secure work – UK Government spending, certainty and timing, including competitiveness of the current market</b></p> <p>The Group strategy sets out specific sectors that it wishes to trade within. The pipeline of work could be adversely affected by a general or sector downturn or cause a delay to projects going to site.</p> <p><b>Risk appetite rationale</b></p> <p>Low appetite to move away from our selected markets because of the higher risk of securing loss making projects and the additional costs associated with serving too many sectors.</p> <p><b>Risk appetite statement</b></p> <p>We are disciplined by operating in selected markets where opportunities are right for us in terms of our skills, expertise and suitability – enabling optimal delivery and benefits for our stakeholders.</p>	<p><b>Potential impact</b></p> <ul style="list-style-type: none"> <li>– A failure of one or more of the Group's businesses</li> <li>– Increased competition for new work</li> <li>– A decrease in stakeholder confidence in the Group.</li> </ul> <p><b>Mitigating actions</b></p> <ul style="list-style-type: none"> <li>– To continue to secure long-term frameworks within each of our businesses</li> <li>– Tailoring the Kier offer to meet customer needs</li> <li>– Maintaining an efficient cost base</li> <li>– Project Lifecycle Management gateway process.</li> </ul>

Principal risk	Description	Impact/actions
<p><b>5</b></p> <p><b>Contract management</b></p> <p><b>Board risk appetite</b> Low</p> <p><b>Level of impact</b> Medium</p> <p><b>Level of likelihood</b> Possible</p> <p><b>Risk status</b> No change</p> <p><b>Risk owner</b> Group Managing Directors</p> <p><b>Link to strategic action</b></p> <ul style="list-style-type: none"> <li>– Sustainable growth</li> <li>– Generate cash</li> </ul>	<p><b>Failure to manage contracts effectively at each stage of a project's lifecycle.</b></p> <p>The business suffers a significant loss as a result of failing to adequately undertake bidding, design, mobilisation, delivery and handover (including any remediation works).</p> <p><b>Risk appetite rationale</b> The Group has a low risk appetite in relation to tender and change management because of the increased risk of a loss making project or unacceptable work in progress.</p> <p><b>Risk appetite statement</b> We are disciplined with our project selection to ensure we select projects under frameworks or with clients who provide repeat business. We then proactively manage contracts at each stage of a project's lifecycle gateway. Frameworks, policies and standards are in place and are consistently effective throughout the business.</p>	<p><b>Potential impact</b></p> <ul style="list-style-type: none"> <li>– A failure to manage project delivery and work in progress and, ultimately, to meet the Group's financial targets</li> <li>– The Group incurring losses on individual contracts</li> <li>– The Group failing to win new work because of reputational impact.</li> </ul> <p><b>Mitigating actions</b></p> <ul style="list-style-type: none"> <li>– Tender peer review through the Group Tender Risk Committee</li> <li>– Kier standards for contract amendments</li> <li>– Commercial Handbook explains how we manage change</li> <li>– In-built escalation to identify unacceptable levels of unagreed change</li> <li>– Project Lifecycle Management gateway process.</li> </ul>

Principal risk	Description	Impact/actions
<p><b>6</b></p> <p><b>People</b></p> <p><b>Board risk appetite</b> Medium</p> <p><b>Level of impact</b> Medium</p> <p><b>Level of likelihood</b> Possible</p> <p><b>Risk status</b> No change</p> <p><b>Risk owner</b> Chief People Officer</p> <p><b>Link to strategic action</b></p> <ul style="list-style-type: none"> <li>– Sustainable growth</li> <li>– Consistent and safe delivery</li> <li>– Generate cash</li> </ul>	<p><b>Failure to attract and retain key employees</b></p> <p>The Group's employees are critical to its ability to deliver the business plan. The Group needs to attract, retain and develop people to ensure they have the right skills, experience and behaviours.</p> <p><b>Risk appetite rationale</b> While there are market fluctuations outside of our control, we have appetite for people risk to a degree. We have strong mitigating controls and actions to ensure a workforce with strong competencies, skills and capabilities.</p> <p><b>Risk appetite statement</b> We develop a workforce with the required competencies, skills and capabilities to deliver our business plan. We ensure we have a compelling employee proposition to ensure people are attracted, developed and retained in order to deliver operations.</p>	<p><b>Potential impact</b></p> <ul style="list-style-type: none"> <li>– An adverse effect on the delivery of the Group's purpose and strategy</li> <li>– A lack of operational leadership, potentially leading to poor project performance</li> <li>– An erosion of the Group's employer brand.</li> </ul> <p><b>Mitigating actions</b></p> <ul style="list-style-type: none"> <li>– Embed and develop the Kier Culture (Values and healthy behaviours) to drive high and balanced performance.</li> <li>– Delivering the People strategy and strategic workforce planning aligned to the business plan</li> <li>– Deliver the responsible business strategy</li> <li>– Deliver award winning leadership, management and technical development offer supported by a proactive talent management process</li> <li>– Employee engagement, feedback and positive action plan (Your Voice)</li> <li>– Compelling and competitive employee value proposition.</li> </ul>



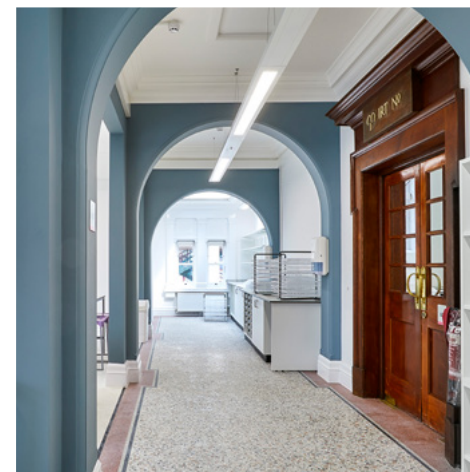
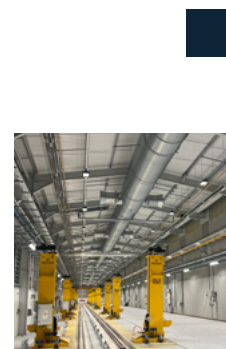
Principal risk	Description	Impact/actions
<p><b>7</b> <b>Supply chain</b></p> <p><b>Board risk appetite</b> Low</p> <p><b>Level of impact</b> Medium</p> <p><b>Level of likelihood</b> Possible</p> <p><b>Risk status</b> No change</p> <p><b>Risk owner</b> Chief Financial Officer</p> <p><b>Link to strategic action</b> – Sustainable growth – Consistent and safe delivery</p>	<p><b>Failure to maintain effective working relationships with the supply chain, supply chain insolvencies, capacity, pricing and inflation volatility</b></p> <p>The Group relies upon its partners for the delivery of its projects. Maintaining a close working relationship is a priority for the Group.</p> <p><b>Risk appetite rationale</b> We have a low appetite to exposing ourselves to unmanageable supply chain risk because of the impact on our ability to deliver to customers.</p> <p><b>Risk appetite statement</b> We continue to have positive relationships with our supply chain and subcontractors. They are risk assessed and vetted for good financial and reputational standing.</p> <p>We have a strong relationship with our suppliers and product associations and maintain a constant dialogue over the availability of products and alternatives.</p>	<p><b>Potential impact</b></p> <ul style="list-style-type: none"> <li>– Unavailability of appropriate resources, impacting on project delivery and cost</li> <li>– Use of suppliers from outside the preferred supplier list increases cost and decreases quality</li> <li>– Poor relationships lead to lack of confidence in the Group and adverse publicity.</li> </ul> <p><b>Mitigating actions</b></p> <ul style="list-style-type: none"> <li>– Continued updating of the Kier subcontracts to reflect the principles of the Construction Playbook</li> <li>– Placement of divisional Procurement Directors to deliver the supply chain management strategy</li> <li>– Continued focus to meet prompt payment reporting requirements</li> <li>– Further use of the Shared Service Centre and division resources to channel spend and reduce risk – early engagement project</li> <li>– Continued support of security software and investigate right to work module for further risk reduction across the business.</li> </ul>

Principal risk	Description	Impact/actions
<p><b>8</b> <b>Strategy</b></p> <p><b>Board risk appetite</b> Low</p> <p><b>Level of impact</b> High</p> <p><b>Level of likelihood</b> Improbable</p> <p><b>Risk status</b> No change</p> <p><b>Risk owner</b> Chief Executive</p> <p><b>Link to strategic action</b> – Sustainable growth – Consistent and safe delivery – Generate cash</p>	<p><b>Failure to deliver the Group's strategy</b></p> <p>The Group fails to deliver its long-term sustainable growth plan.</p> <p><b>Risk appetite rationale</b> Delivery of the Group's long-term sustainable growth plan is critical to delivering our investment case.</p> <p><b>Risk appetite statement</b> We have business plans that underpin the long-term sustainable growth plan. All of our operational performance management reviews are geared towards the achievement of this plan. Performance Excellence is in place to ensure we have the necessary focus on those capabilities to meet the strategic plan.</p>	<p><b>Potential impact</b></p> <ul style="list-style-type: none"> <li>– An adverse impact on the Group's net debt and liquidity</li> <li>– Failure to secure positions on national and regional frameworks</li> <li>– Failure to meet stakeholders' expectations may lead to a decline in confidence in the Group.</li> </ul> <p><b>Mitigating actions</b></p> <ul style="list-style-type: none"> <li>– Maintaining the balance sheet strength</li> <li>– Maintaining a well bid order book</li> <li>– Delivery of project performance</li> <li>– Delivery of our Performance Excellence culture</li> <li>– Continued focus on cash management</li> <li>– Effective communication with stakeholders.</li> </ul>

Principal risk	Description	Impact/actions
<p><b>9</b></p> <p><b>IT security, resilience, cyber and data protection</b></p> <p><b>Board risk appetite</b> Low</p> <p><b>Level of impact</b> Medium</p> <p><b>Level of likelihood</b> Possible</p> <p><b>Risk status</b> No change</p> <p><b>Risk owner</b> Chief Information Officer</p> <p><b>Link to strategic action</b> – Sustainable growth – Consistent and safe delivery – Generate cash</p>	<p>Kier is exposed to IT security, resilience, cyber and data protection incidents</p> <p>Failure to keep up to date with the modern attack landscape as well as protecting infrastructure from cyber/ loss of data risks and Artificial Intelligence increasing cyber threats.</p> <p><b>Risk appetite rationale</b> We need to hold and send data related to our people and our clients. The geopolitical pressures have increased the level of UK exposure to state sponsored events and ransomware sophistication, so our partners and ourselves are at a heightened state of vigilance in relation to a cyber attack.</p> <p><b>Risk appetite statement</b> We ensure that effective security is in place to prevent the loss of data/sensitive information or assets. Any potential loss of data regarding key IT infrastructure and systems is carefully protected against, including cyber-attack counter measures.</p>	<p><b>Potential impact</b></p> <ul style="list-style-type: none"> <li>Operational impact – e.g., delivery of projects, key systems outage, failure to win work, loss of confidential and/or other data</li> <li>Financial impact – regulatory fines/prosecutions</li> <li>Reputational/brand damage.</li> </ul> <p><b>Mitigating actions</b></p> <ul style="list-style-type: none"> <li>Staff mandatory training, awareness and phishing campaigns</li> <li>Vulnerabilities, access and incident management</li> <li>ISO 27001 and Cyber Essentials accreditation</li> <li>Information security business continuity plan</li> <li>System alerts, patching/updates and monitoring</li> <li>Partners and suppliers follow Group minimum standards re cyber, security and data.</li> </ul>

Principal risk	Description	Impact/actions
<p><b>10</b></p> <p><b>Sustainability</b></p> <p><b>Board risk appetite</b> Low</p> <p><b>Level of impact</b> High</p> <p><b>Level of likelihood</b> Improbable</p> <p><b>Risk status</b> No change</p> <p><b>Risk owner</b> Chief People Officer</p> <p><b>Link to strategic action</b> – Sustainable growth – Consistent and safe delivery</p>	<p>Failure to identify and effectively manage sustainability risks and opportunities</p> <p>Our ability to win work is dependent on delivering on our Environmental, Social and Governance ('ESG') commitments.</p> <p>Our approach to sustainability aims to safeguard our business and build a resilient environment, community and profits over the long term.</p> <p>Sustainability development is a key focus within current legislation and regulation, with expectations for transparent ESG data reporting growing.</p> <p><b>Risk appetite rationale</b> Sustainability is at the heart of our purpose and informs everything we do at Kier. To successfully win contracts we must demonstrate we can meet environmental and social commitments, including managing the risks and opportunities associated with climate change.</p> <p><b>Risk appetite statement</b> Our sustainability framework, 'Building for a Sustainable World' ('BfaSW'), has evolved to ensure that we address the topics that are most important to our stakeholders across our three pillars of Our People, Our Places and Our Planet.</p>	<p><b>Potential impact</b></p> <ul style="list-style-type: none"> <li>Failure to win work</li> <li>Failure to meet our BfaSW targets</li> <li>Failure to meet client and investor expectations or regulatory requirements</li> <li>Not attracting or retaining people</li> <li>Reputational damage.</li> </ul> <p><b>Mitigating actions</b></p> <ul style="list-style-type: none"> <li>Delivering against the BfaSW framework including monitoring key metrics and progress against targets</li> <li>Work with our supply chain to help deliver the actions associated with our strategic pillars and further embed product innovation, including modern methods of construction and digitalisation</li> <li>Embed the new environmental data management system (Rio)</li> <li>Maintain and improve performance through ESG certification, accreditation and benchmarks and continue proactive stakeholder reporting and disclosure</li> <li>Undertake climate scenario analysis, to mitigate risks and maximise opportunities.</li> <li>Retain ISO 14001 certification and embed environmental best practice.</li> </ul>

Principal risk	Description	Impact/actions
<p><b>11</b></p> <p><b>Macro-economic</b></p> <p><b>Board risk appetite</b> Medium</p> <p><b>Level of impact</b> Low</p> <p><b>Level of likelihood</b> Probable</p> <p><b>Risk status</b> No change</p> <p><b>Risk owner</b> Chief Executive</p> <p><b>Link to strategic action</b></p> <ul style="list-style-type: none"> <li>– Sustainable growth</li> <li>– Consistent and safe delivery</li> <li>– Generate cash</li> </ul>	<p><b>Changes in macroeconomic conditions negatively impact on Kier, its workforce and its clients</b></p> <p>Our ability to win and deliver projects is impacted by developments in the UK economy which may arise from economic slowdown, interest rate rises, unemployment, inflation or UK political and geopolitical instability, resulting in a reduction in, or pausing of, UK Government and private sector spending in our selected markets.</p> <p><b>Risk appetite rationale</b> Whilst economic conditions are outside of our control, our risk appetite is medium. Our selected markets offer a counter cyclical opportunity and we also have a robust tender process, operating model, financial position and a strong order book.</p> <p><b>Risk appetite statement</b> We are disciplined by operating in selected markets and focus on business where opportunities have an acceptable risk. We continue to deliver our contracts, supported by our risk management framework, Operating Framework and Performance Excellence processes.</p>	<p><b>Potential impact</b></p> <ul style="list-style-type: none"> <li>– Reduced revenue or margins</li> <li>– Project affordability</li> <li>– Availability of labour and materials</li> <li>– Increased supply chain insolvency risk.</li> </ul> <p><b>Mitigating actions</b></p> <ul style="list-style-type: none"> <li>– Use of financial derivative instruments to hedge exposure to fluctuations in interest and exchange rates.</li> <li>– Various market insights and intelligence relating to pricing, lead times</li> <li>– Kier risk management framework</li> <li>– Supply chain management</li> <li>– Kier Operating Framework and Performance Excellence processes</li> <li>– Kier Commercial Standards.</li> </ul>



## Financial review

**Simon Kesterton**  
Chief Financial Officer



“ The Group has delivered a strong set of results for the year with further improvement in the order book, which has been converted into strong revenue growth in both Construction and Infrastructure Services.”

### Summary of financial performance

	Adjusted <sup>1</sup> results			Statutory reported results		
	30 June 24	30 June 23	Change %	30 June 24	30 June 23	Change %
Revenue (£m) – Total	<b>3,969.4</b>	3,405.4	16.6	<b>3,969.4</b>	3,405.4	16.6
Revenue (£m) – Excluding JV's	<b>3,905.1</b>	3,380.7	15.5	<b>3,905.1</b>	3,380.7	15.5
Operating profit (£m)	<b>150.2</b>	131.5	14.2	<b>103.1</b>	81.5	26.5
Profit before tax (£m)	<b>118.1</b>	104.8	12.7	<b>68.1</b>	51.9	31.2
Earnings per share (p)	<b>20.6</b>	19.2	7.3	<b>11.8</b>	9.5	24.2
Total dividend per share (p)	<b>5.15</b>	–	100.0	<b>5.15</b>	–	100.0
Free cash flow (£m)	<b>185.9</b>	132.3	40.5			
Net cash (£m)	<b>167.2</b>	64.1	160.8			
Net debt (£m) – average month-end	<b>(116.1)</b>	(232.1)	(50.0)			
Order book (£bn)	<b>10.8</b>	10.1	6.9			

1. Reference to 'Adjusted' excludes adjusting items, see note 5.

#### Introduction

The Group has delivered a strong set of results for the year with further improvement in the order book, which has been converted into strong revenue growth in both Construction and Infrastructure Services. The Group's focus on operational delivery and cash management has seen the Group continue to deleverage materially with average month-end net debt improving significantly.

As a result of the clear line-of-sight to a sustainable net cash position alongside an appropriate longer-term debt structure, on 7 March 2024 the Group returned to the

dividend list and declared an interim dividend payment. A final dividend of 3.48p has been proposed.

In February 2024, the Group completed a refinancing of its principal debt facilities and has secured significant committed funding to support its evolved long-term sustainable growth plan.

The Group delivered strong growth of 16.6% giving total Group revenues of £3,969.4m (FY23: £3,405.4m) and which helped deliver an adjusted operating profit of £150.2m (FY23: £131.5m).



The continued strong operational performance led to a 26.5% increase in operating profit to £103.1m (FY23: £81.5m) and an increase in profit before tax to £68.1m (FY23: £51.9m).

Adjusting items were £50.0m (FY23: £52.9m). The current period charge includes £23.2m of amortisation of intangible contract rights arising from acquisitions, and £15.0m of fire and cladding compliance costs. As expected, the Group's restructuring activities are now complete and no further restructuring costs have been incurred in adjusting items in the year.

Net finance charges, excluding adjusting items, for the period were £32.1m (FY23: £26.7m), with the benefit of lower average month-end net debt offset by higher interest rates through the year following the completion of the Group's refinancing in February 2024. Interest on the RCF facility remains at SONIA plus c.2.5%, the Senior Notes are issued at a fixed interest rate of 9% whilst the USPP notes incur fixed interest at c.5%.

Adjusted earnings per share increased 7.3% to 20.6p (FY23: 19.2p).

The Group generated a free cash inflow of £185.9m during the year (FY23: £132.3m) driven by a strong volume growth across Infrastructure Services and Construction and a focus on working capital management.

Free cash flow was used to fund the acquisition of the Buckingham Group's rail assets, adjusting items, pension deficit obligations as well as an interim dividend. Net cash at 30 June 2024 of £167.2m was significantly improved compared to the prior year (FY23: £64.1m).

Average month-end net debt for the year ended 30 June 2024 was £(116.1)m (FY23: £(232.1)m), reduced significantly from the prior year.

The Group continued to win new, high-quality and profitable work in its markets on terms and rates which reflect the Group's bidding discipline and risk management.

The order book has increased to £10.8bn (FY23: £10.1bn), a 6.9% increase compared to the prior year end, with c.90% of revenue for FY25 is already secured which provides certainty of further progress over next year, an increase over the same time in the prior year.

### Revenue

The following table bridges the Group's revenue from the year ended 30 June 2023 to the year ended 30 June 2024.

	£m
<b>Revenue for the year ended 30 June 2023</b>	<b>3,405.4</b>
Infrastructure Services – existing businesses	156.1
Infrastructure Services – Buckingham acquisition	119.9
Construction	255.3
Property and Corporate	32.7
<b>Revenue for the year ended 30 June 2024</b>	<b>3,969.4</b>

The Group grew revenue across all segments, with Construction reporting revenue growth of 15.4% compared to the prior period and Infrastructure Services reporting revenue growth of 16.1% for the same period.

On 4 September 2023, the Group acquired substantially all of the rail assets of Buckingham Group Contracting Limited from administration. The acquisition has been successfully integrated into the Group's Transportation business, within Infrastructure Services.

The Group continues to focus on delivering high-quality and high-margin work.

### Alternative performance measures ('APMs')

The Directors continue to consider that it is appropriate to present an income statement that shows the Group's statutory results only. The Directors, however, still believe it is appropriate to disclose those items which are one-off, material or non-recurring in size or nature. The Group is disclosing as supplementary information an 'adjusted profit' APM. The Directors consider doing

so clarifies the presentation of the financial statements and better reflects the internal management reporting and is therefore consistent with the requirements of IFRS 8.

### Adjusted Operating Profit

	£m
<b>Adjusted operating profit for the year ended 30 June 2023</b>	<b>131.5</b>
Volume/price/mix changes	21.0
Fewer Property transactions, net of valuation gains	(6.6)
Cost inflation	(8.3)
Management actions	12.6
<b>Adjusted operating profit for the year ended 30 June 2024</b>	<b>150.2</b>

A reconciliation of reported to adjusted operating profit is provided below:

	Operating profit		Profit before tax	
	30 June 24 £m	30 June 23 £m	30 June 24 £m	30 June 23 £m
Reported profit from continuing operations	103.1	81.5	68.1	51.9
Amortisation of acquired intangible assets	23.2	19.2	23.2	19.2
Fire and cladding costs	15.0	12.6	15.0	12.6
Property-related items	7.2	(1.1)	7.2	(1.1)
Recycle of foreign exchange	(5.9)	–	(5.9)	–
Refinancing fees	4.5	–	4.5	–
Net financing costs	–	–	2.9	2.9
Insurance-related items	–	5.3	–	5.3
Redundancy and other people-related costs	–	4.8	–	4.8
Professional fees and other non-people initiatives	–	4.9	–	4.9
Other	3.1	4.3	3.1	4.3
<b>Adjusted profit from continuing operations</b>	<b>150.2</b>	131.5	<b>118.1</b>	104.8

Additional information about these items is as follows:

- Amortisation of acquired intangible assets £23.2m (FY23: £19.2m):
  - Comprises the amortisation of acquired contract rights through the acquisitions of MRBL Limited (Mouchel Group), May Gurney Integrated Services PLC and McNicholas Construction Holdings Limited. The current year charge also includes amortised contract rights in respect of the Buckingham Group rail acquisition.
- Fire and cladding costs £15.0m (FY23: £12.6m):
  - Costs have been incurred in rectifying legacy issues where the Group has used cladding solutions in order to comply with the latest Government guidance. The net charge of £15.0m includes a credit of £11.8m in respect of insurance proceeds.
- Property-related items £7.2m (FY23: credit of £1.1m):
  - Property-related items consist of the loss on disposal of a property previously treated as adjusting items, and costs incurred and fair value adjustments in respect of corporate properties vacated in prior years as part of the review of Group premises.
  - The prior year credit consisted of vacated corporate property costs offset by a credit of £1.6m relating to the profit on the sale of mothballed land which had previously been impaired through adjusting items.
- Recycle of foreign exchange £5.9m credit (FY23: £nil):
  - The retranslation of the overseas balance sheets has been recycled to the income statement following the down-sizing of the international business and has been treated as an adjusting item.
- Refinancing fees £4.5m (FY23: £nil):
  - These costs consist of professional advisor fees that were incurred as part of the refinancing exercise but that were not directly attributable to the issue of the debt instruments and so could not be capitalised.
- Net financing costs £2.9m (FY23: £2.9m):
  - Net financing costs relate to IFRS 16 interest charges on leased investment properties previously used as offices.
- Other adjusting items £3.1m (FY23: £4.3m):
  - Other costs consist of charges in respect of the down-sizing of the International business and costs incurred on the acquisition of Buckingham Group's rail division.

### Discontinued operations

Following the sale of its residential property building business ('Kier Living') in FY21, the Group retained responsibility for the cost of defect rectification works relating to former Kier Living sites. At the time of the sale, provisions were made for the expected rectification costs. These costs were included in discontinued operations as they were directly associated with the disposal of Living.

During FY24, the Group has reviewed the remaining liabilities for the defect rectification works, based on the outstanding scope of works to be completed and current market price. The cost has increased by £8.3m, net of tax credit of £0.8m, the majority of which remains as a provision on the year end balance sheet. The £8.3m has been recognised as an adjusting item within discontinued operations.

### Earnings per share

EPS before adjusting items amounted to 20.6p (FY23: 19.2p). EPS after adjusting items amounted to 11.8p (FY23: 9.5p).

### Finance income and charges

The Group's finance charges include interest on the Group's bank borrowings and finance charges relating to IFRS 16 leases.

Net finance charges for the year were £32.1m (FY23: £26.7m) before adjusting items of £2.9m (FY23: £2.9m).

Interest on borrowings amounted to £31.5m (FY23: £29.0m). The Group was able to partially mitigate the risk of higher interest rates with fixed interest rate swaps. At 30 June 2024, the Group had an interest rate swap of £50m due to expire in June 2025.

Lease interest was £9.5m (FY23: £9.5m).

The Group had a net interest credit of £5.7m (FY23: £7.8m) in relation to the defined benefit pension schemes which has arisen due to the combination of the overall pension surplus and the discount rate (derived from corporate bond yields), at the start of the financial year. We anticipate this will reduce to c.£4m in FY25.

The Group continues to exclude lease liabilities from its definition of net cash/(debt).

### Dividend

The Board recognises the importance of a sustainable dividend policy to shareholders. Given the strong operational and financial performance in FY23 and throughout HY24, together with continued confidence over further progress in the short term, the Board reinstated a dividend at the announcement of its half year results in March 2024.

Over time, the Board's target is to progress to deliver a dividend, covered c.3x by adjusted earnings and in a payment ratio of approximately one-third interim dividend and two thirds final dividend.

As a result, the Board has declared a final dividend of 3.48p per share.

## Balance sheet

### Net assets

The Group had net assets of £520.1m at 30 June 2024 (FY23: £513.0m). The primary driver for this is the retained profit for the year, offset by the decrease in the pension scheme surplus during the period.

### Goodwill

The Group held intangible assets of £638.2m (FY23: £645.0m) of which goodwill represented £543.5m (FY23: £536.7m).

The Group completed its annual review of goodwill assuming a pre-tax discount rate of 12.4% (FY23: 13.1%), and concluded that no impairment was required.

The Infrastructure Services group of Cash Generating Units ('CGU') comprise £523.1m of the total goodwill balance. Whilst no impairment is noted and management believes the discounted cash flows applied is underpinned by the order book and current pipeline prospects, this CGU is sensitive to changes in key assumptions. The key assumptions in the value in use calculations are the forecast revenues and operating margins, the discount rates applied to future cash flows and the terminal growth rate assumptions applied.

### Deferred tax asset

The Group has a deferred tax asset of £133.1m recognised at 30 June 2024 (FY23: £128.8m) primarily due to historical losses. The asset has increased in the year predominantly due to the deferred tax debit in relation to the movement in the pension scheme asset. In addition, tax losses of £20.4m have been used against current year profits.

Based on the Group's forecasts, it is expected that the deferred tax asset will be utilised over a period of approximately eight years.

An adjusted tax credit of £11.6m (FY23: £11.1m) has been included within adjusting items.

### Right-of-use assets and lease liabilities

At 30 June 2024, the Group had right-of-use assets of £95.0m (FY23: £105.4m) and associated lease liabilities of £173.1m (FY23: £182.6m). The movements reflect operational equipment requirements less associated depreciation and lease repayments.

### Investment properties

The Group has long-term leases on two office buildings which were formerly utilised by the Group that have been vacated and are now leased out (or intended to be leased out) to third parties under operating leases, as well as two freehold properties no longer used by the business that are being held for capital appreciation. These are all held as investment properties.

In addition, the Group's Property business invests and develops primarily mixed-use commercial and residential schemes and sites across the UK. One of these sites is held as an investment property, along with the Group's former mine at Greenburn, Scotland, which has planning permission for a wind farm.

The Group recognised an overall fair value gain of £6.5m across these sites which has been recognised in Other income.

### Contract assets & liabilities

Contract assets represents the Group's right to consideration in exchange for works which have already been performed. Similarly, a contract liability is recognised when a customer pays consideration before work is performed. At 30 June 2024, total contract assets amounted to £358.1m (FY23: £401.9m).

Contract liabilities were £128.4m (FY23: £90.5m).

### Retirement benefits obligation

Kier operates a number of defined benefit pension schemes. At 30 June 2024, the reported surplus, which is the difference between the aggregate value of the schemes' assets and the present value of their future liabilities, was £80.5m (FY23: £104.5m), before accounting for deferred tax, with the movement in the year primarily as a result of actuarial losses of £36.5m (FY23: £107.8m).

The net movement is due to both lower than assumed asset returns and changes in financial assumptions, with lower corporate bond yields leading to increased pension scheme liabilities. The impact of these changes have been partially offset by a change in demographic assumptions and deficit reduction contributions, both of which have led to a decrease in the schemes' liabilities.

In FY23 the Group agreed the triennial valuation for funding six of its seven defined benefit pension schemes, with the seventh scheme being agreed during this year. Given the Group's improved covenant and payments made under the existing schedule of contributions, the schemes are in a significantly improved position.

Accordingly, deficit payments will decrease from £9m in FY24 to £7m in FY25, £5m in FY26, £4m in FY27 and £1m in FY28.

Once the pension schemes are in actuarial surplus, they will cover their own administration expenses. In FY24, total expenses amounted to £2.3m (FY23: £2.9m), of which £1.7m (FY23: £nil) were paid by the schemes.

## Free cash flow and net cash

	30 June 24 £m	30 June 23 £m
Operating profit	103.1	81.5
Depreciation of owned assets	8.3	6.1
Depreciation of right-of-use assets	39.0	43.7
Amortisation of intangible assets	30.6	26.8
Amortisation of mobilisation costs	3.2	7.1
<b>EBITDA</b>	<b>184.2</b>	165.2
Adjusting items excluding adjusting amortisation and interest	23.9	30.8
<b>Adjusted EBITDA</b>	<b>208.1</b>	196.0
Working capital inflow	68.4	80.3
Net capital expenditure including finance lease capital payments	(57.3)	(51.4)
Joint venture dividends less profits	0.7	0.7
Repayment of KEPS	–	(49.8)
Other free cash flow items	(2.8)	(5.2)
<b>Operating free cash flow</b>	<b>217.1</b>	170.6
Net interest and tax	(31.2)	(38.3)
<b>Free cash flow</b>	<b>185.9</b>	132.3

	2024 £m	2023 £m
<b>Net cash at 1 July</b>	<b>64.1</b>	2.9
Free cash flow	185.9	132.3
Adjusting items	(36.7)	(27.0)
Pension deficit payments and fees	(9.2)	(12.8)
Net purchase of own shares	(3.7)	(11.9)
Net investment in joint ventures	(18.2)	(18.6)
Acquisition of Buckingham	(9.4)	–
Dividends paid	(7.3)	–
Other	1.7	(0.8)
<b>Net cash at 30 June</b>	<b>167.2</b>	64.1

The Group has delivered a strong free cash flow for the year, driven by the underlying business performance and good working capital management.

The average month-end net debt position has reduced by half to £(116.1)m (FY23: £(232.1)m). Positive operating cash flow was used to pay adjusting items, tax and interest, pension deficit obligations, interim dividend, the acquisition of the Buckingham rail assets, purchase existing Kier shares on behalf of employees and deploy cash to our Property business.

The purchase of existing shares relates to the Group's employee benefit trusts which acquire Kier shares from the market for use in settling the Long Term Incentive Plan ('LTIP') share schemes when they vest. The trusts purchased and sold shares at a net cost of £3.7m (FY23: £11.9m).

Given the extent of Free Cash Flow ('FCF') generation, we have a line-of-sight to further reduce average month-end net debt for FY25 and FY26.

## Accounting policies

The Group's annual consolidated financial statements are prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006. There have been no significant changes to the Group's accounting policies during the year.

## Treasury facilities

## Bank finance

In February 2024 the Group completed a refinancing of its principal debt facilities. This included the issuance of a 5 Year £250m Senior Notes, maturing February 2029 and an extension of its RCF, with a committed facility of £150m from January 2025 to March 2027.

The proceeds of the Senior Notes were used to reduce the USPP notes by £37m and lower the RCF to £261m.

At 30 June 2024 the Group has committed debt facilities of £548.2m with a further £18.0m of uncommitted overdrafts.

The facilities comprise £250.0m Senior Notes, £260.9m Revolving Credit Facility ('RCF'), £37.3m US Private Placement ('USPP') Notes as well as £18.0m of overdrafts.

The remainder of its USPP notes and reduction in the RCF of £111m in January 2025 will be met from operating free cash flow.

The Group has a fixed interest rate swap of £50m through to June 2025.

With £400m of facilities (£250m Senior Notes and £150m RCF), post January 2025, the Group has secured significant committed funding to support its long-term sustainable growth plan.

## Financial instruments

The Group's financial instruments mainly comprise cash and liquid investments. The Group selectively enters into derivative transactions (interest rate and currency swaps) to manage interest rate and currency risks arising from its sources of finance. The US dollar denominated USPP notes were hedged with fixed cross-currency swaps at inception to mitigate the foreign exchange risk.

There are minor foreign currency risks arising from the Group's operations both in the UK and through its limited number of international activities. Currency exposure to international assets is hedged through inter-company balances, so that assets denominated in foreign currencies are matched, as far as possible, by liabilities. Where exposures to currency fluctuations are identified, forward exchange contracts are completed to buy and sell foreign currency.

The Group does not enter into speculative transactions.



### Going concern

The Directors are satisfied that the Group has adequate resources to meet its obligations as they fall due for a period of at least 12 months from the date of approving these financial statements and, for this reason, they continue to adopt the going concern basis in preparing these financial statements.

Further information on this assessment is detailed in note 1 of the consolidated financial statements on page 154.

### Viability statement

The UK Corporate Governance Code requires the Board to explain how it has assessed the prospects of the Group, over what period it has done so and why it considers that period to be appropriate.

### Assessment period

Consistent with the practice of previous years, the Board has assessed the prospects of the Group over a period of three years from 30 June 2024, taking account of its current position and the potential impact of the Group's principal risks and uncertainties (the 'PRUs') which is set out in this Annual Report and certain other risks referred to below.

The Board has identified a three-year period as being a period over which it believes it is able to forecast the Group's performance with reasonable certainty, principally because:

- The Group's internal forecasting covers a three-year period;
- The tender process and delivery programme for a number of the Group's projects can, together, take a period of up to approximately three years; and
- The visibility of the Group's secured work and bidding opportunities can reasonably be assessed over a three-year period.

In February 2024 the Group completed a refinancing of its principal debt facilities. With £400m of facilities, post January 2025, the Group has secured significant committed funding to support its long-term sustainable growth plan.

### Assessment process

The work required to support the viability statement was undertaken by management, with the following being a summary of the key elements of the assessment process:

- The model used as the basis of the assessment included a number of key assumptions (please see 'Key assumptions') and was subject to stress-testing (please see 'Stress-testing')
- The process considered the Group's current performance and future prospects, strategy, the PRUs and the mitigation of the PRUs

The process included a review of certain other risks relating to the Group, including macroeconomic and political risks affecting the UK (and global) economy, and risks relating to the Group's trading, the Group's pensions, the availability of the Group's finance facilities, systemic margin erosion, the execution of the Group's strategy, the supply chain, inflationary impacts and certain project-specific risks.

### Key assumptions

The key assumptions within the model used to support the viability statement include:

- No material changes to Group operations, including no material acquisitions or disposals;
- The Group maintains its position as one of the leading providers of construction and infrastructure services to Government and regulated entities;
- The Group operates within its financial covenants under its principal debt facilities during the review period;
- The Group's facilities are repaid on their respective maturity dates during the review period; and
- The Group makes payments to the pension schemes in line with the deficit recovery plan.

### Stress-testing

Management assessed the financial impact of a number of severe but plausible downside scenarios (both individually and in combination) by overlaying them against the three-year business plan. These scenarios included:

- An adverse impact on the Group's forecasts, including a lower than forecast volume, an erosion of forecast margins and a reduction in the win rate of any revenue which is to be obtained;
- A certain level of loss-making contracts having an impact on the Group's reported profit and cash over the review period; and
- The application of certain, additional macroeconomic factors which may impact the Group, including the impacts of inflation and interest rate risk.

Management also considered offsetting mitigating actions that could be taken in such a scenario. In addition, management have concluded that any adverse financial impacts from changes to operations regarding ESG initiatives would be offset by opportunities which present the Group with additional volumes and profits over the period of assessment.

### Viability statement

The Board therefore has a reasonable expectation that the Group has adequate resources to continue to operate and to meet its liabilities as they fall due across the three-year review period.

## Section 172 statement

The Board recognises the importance of effective stakeholder engagement and that stakeholders' views should be considered in its decision making. We see stakeholder engagement as key to the delivery of our purpose and strategy and therefore our long-term sustainable success. Although there are often competing interests and priorities involved, having an understanding of what matters to our stakeholders allows the Board to consider a wide range of factors.

During the year, the Directors believe that they have acted to promote the long-term success of the Group as set out in section 172(1) (a) to (f) of the Companies Act 2006.

### Matters considered by the Board

Below are examples of decisions taken by the Board during the year and how stakeholder views and inputs, as well as other section 172(1) considerations, were considered.

S.172 factors

Read more

#### Consequences of decisions in the long-term

- Our business model
- Our strategy
- Our marketplace
- Building for a Sustainable World
- Built by Brilliant People™
- TCFD report
- Our stakeholders
- How we manage risk
- Directors' Remuneration report

#### Interests of the Company's employees

- Our business model
- Building for a Sustainable World
- Built by Brilliant People™
- Our stakeholders
- How we manage risk
- Directors' Remuneration report

#### Foster the Company's business relationships with suppliers, customers and others

- Our business model
- Our marketplace
- Building for a Sustainable World
- Our stakeholders
- How we manage risk

#### Impact of operations on communities and the environment

- Our business model
- Building for a Sustainable World
- TCFD report
- Environmental, Social and Governance Committee report

#### High standards of business conduct

- Our business model
- Building for a Sustainable World
- How we manage risk
- Corporate governance report

#### Acting fairly between members

- Our stakeholders
- Directors' report

## Acquisition of the rail assets of Buckingham Group Contracting Limited

The Group's capital allocation policy includes value-accretive acquisitions. In September 2023, the opportunity to acquire substantially all of the rail assets of Buckingham Group Contracting Limited was presented to the Board. The Board considered how the acquisition would accelerate Kier's existing rail strategy, provide certainty of supply for Kier's HS2 joint venture, Eiffage Kier Ferroviaire BAM, and would be a good cultural fit.

Alongside these benefits, the Board considered the needs of other key stakeholders such as customers, employees, supply chain partners, and the benefits the acquisition might create for them.

## Non-financial and sustainability information statement

The information below summarises how we comply with non-financial performance and sustainability reporting requirements and is produced to comply with sections 414CA and 414CB of the Companies Act 2006 and signposts where in the Annual Report you can find more information.

Reporting requirements	Kier policy/standards <sup>1</sup>	Read more
<b>Anti-corruption and anti-bribery</b>	Anti-Bribery and Corruption Policy (including Gifts and Hospitality)	Pages 95 and 108
<b>Employees</b>	Code of Conduct Diversity & Inclusion Policy Health, Safety and Wellbeing Policy Real Living Wage Policy Whistleblowing Policy	Pages 37–43, 48–55 and 95
<b>Environmental matters</b>	Environmental Policy Sustainability Policy	Pages 36–38, 44–47 and 55–57
<b>Respect for human rights</b>	Code of Conduct Anti-Slavery and Human Trafficking Policy Data Protection Policy	Pages 37 and 40
<b>Social matters</b>	Sustainability Policy	Pages 36–47
<b>Business model</b>	Description of the Group's business model	Pages 15–17
<b>Non-financial KPIs</b>	Description of the non-financial key performance indicators relevant to the Group's business	Page 35
<b>Principal risks</b>	Description of the principal risks relating to the matters set out in section 414CB(1) of the Companies Act 2006 arising in relation to the Group's operations, and how those principal risks are managed	Pages 68–76
<b>Climate-related financial disclosures</b>	TCFD report	Pages 58–64

1. All Kier Group policies are available on the Company's website.

### Implementation of policies

Online training on key policies (delivered offline where required) is carried out across the Group and is refreshed biennially. The training modules include scenarios and tests to enhance the understanding of, and compliance with, the policies by all employees.

All employees, contractors and third parties are encouraged to report any circumstances where there is a suspected or actual breach of any of the policies, applicable laws, or the standards as set out in the Code of Conduct, either through their managers, the confidential 'Speak-Up' helpline (which is run by an independent company, Safecall) or directly to the Corporate Compliance team. Further information on whistleblowing can be found on page 95. Kier views infringements of the policies, procedures and related guidance seriously and reserves the right to take disciplinary action in the event of non-compliance. All reported incidences of actual or suspected breach of any of the policies are promptly and thoroughly investigated.

The Executive Committee receive assurance via twice-yearly divisional and functional management statements confirming the extent to which employees have been provided access to our corporate policies, that appropriate training has been undertaken as required and that there are no unreported breaches.

The Board and the Risk Management and Audit Committee receive regular compliance updates from the Group Legal and Compliance Director.

This Strategic report on pages 1–84 (inclusive) was approved by the Board and signed on its behalf by:

**Andrew Davies**  
Chief Executive

**Simon Kesterton**  
Chief Financial Officer

11 September 2024