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Morgan Sindall Group PLC
20 March 2025

Morgan Sindall Group plc ('the Company')

Annual Financial Report

20 March 2025

Further to the release of the Company's Preliminary Results announcement on 26 February 2025, the Company announces that it has today published and issued to shareholders the 2024 Annual Report and Accounts ('Annual Report'), Notice of Annual General Meeting 2025 and Form of Proxy. In addition, it has published its 2024 Responsible Business Data Sheet, 2024 Gender Pay Gap Report and 2024 Modern Slavery and Human Trafficking Statement. The following documents can be downloaded from the Company's website:

- 2024 Annual Report - https://www.morgansindall.com/investors/reports-and-presentations
- Notice of Annual General Meeting 2025 - https://www.morgansindall.com/investors/annual-general-meeting
- 2024 Responsible Business Data Sheet - https://www.morgansindall.com/investors/reports-and-presentations
- 2024 Gender Pay Gap Report - https://www.morgansindall.com/investors/governance
- 2024 Modern Slavery and Human Trafficking Statement - https://www.morgansindall.com

The Annual Report has been prepared using the single electronic reporting format required by the Transparency Directive Regulation. The Annual Report 2024, Notice of Annual General Meeting and Form of Proxy in unedited full text have been submitted to the Financial Conduct Authority's national storage mechanism ('NSM') and will shortly be available via the NSM website at https://data.fca.org.uk/#/nsm/nationalstoragemechanism.

The Company will hold its Annual General Meeting (AGM) at 10.00am on Thursday, 1 May 2025 at the offices of Morgan Sindall Group plc, Kent House, 14-17 Market Place, London W1W 8AJ.

We are looking forward to seeing shareholders at the AGM in person. The Company will notify shareholders of any changes to the AGM via a Regulatory Information Service and on the AGM page of the Company's website. We encourage shareholders who cannot attend the meeting to submit any questions on the business of the AGM in advance of the meeting by email to cosec@morgansindall.com (marked for the attention of the General Counsel & Company Secretary). We will endeavour to publish (on an anonymised basis) any questions received before 10.00am on Tuesday, 29 April 2025 and our responses to those questions on our website prior to the AGM. Following the AGM, we will publish on our website (on an anonymised basis) the full set of questions received including those received after 10.00am on Tuesday, 29 April 2025 and our answers to those questions. However, we reserve the right to edit questions or not to respond where we consider it appropriate, taking account of our legal obligations.

In accordance with the requirements of Rules 4.1 and 4.1.8 of the Disclosure Guidance and Transparency Rules, a description of the principal risks and uncertainties affecting the Group is set out in Appendix 1 to this announcement. The Company's Preliminary Results announcement released on 26 February 2025 contained all other information required by DTR 6.3.5.

ENQUIRIES:

Morgan Sindall Group plc Tel: 020 7307 9200
Helen Mason, General Counsel & Company Secretary

Appendix 1

We have a clear governance framework in place for managing risk throughout our operations. Our risk governance model ensures that our principal risks and robust internal controls are under regular review at all levels.

Our operational teams are highly skilled in their fields and valued for their ability to identify and manage the risk embedded in our day-to-day operations. Their mix of knowledge and experience is a valuable resource at all key stages, from project selection, through bidding to project delivery. A detailed system of delegated authorities allows our people the ability to perform while at the same time being responsible and accountable for their actions. Our senior management teams at divisional and Group level, aided by our internal reporting process, maintain oversight to ensure that all decisions and actions remain in line with our expectations and risk appetite.

Principal risks

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Our principal risks are those we consider the most significant in terms of potential impact to the business and have been extensively reviewed.

In its annual review of the Group's risk appetite, the Board noted that our markets remain structurally secure. Our business model is supported by increased levels of public investment confirmed in the Autumn Budget, particularly in affordable housing, town regeneration, critical infrastructure, schools, health and other construction-related activity. The Board also noted the easing of inflation and a more predictable and manageable trading environment. However, uncertainty remains around interest rates (albeit likely to keep falling), the change in government could impact consumer confidence particularly in the housing market, and supply chain solvency issues continue to elevate certain risks towards the upper end of our appetite. The Group's current strategy is well suited to deal with these issues but, given their fluidity, the Board will closely monitor the situation during 2025 and take appropriate action should the need arise.

Strategic risk

A. Economic change and uncertainty			
Public sector spending commitments, as confirmed in the Autumn Budget, continue to support our business model. Prior headwinds have continued to ease, with inflation stabilising and some positive progress in the trajectory of interest rates, and the economy, households and businesses remaining resilient. We believe the diversity of our operations, quality and volume of our pipeline of opportunities, and secured short- and medium-term workload will provide a level of insulation against any specific adverse market conditions where they occur			
Risk description	**Update on risk status**	**Mitigation**	**Change in risk**
There could be fewer or less profitable opportunities in our chosen markets, including a decline in construction activity caused by macroeconomic shifts. Allocating resources and capital to declining markets or less attractive opportunities would reduce our profitability and cash generation.	• Sustained operational delivery, a high-quality order book and a strong balance sheet underpin our competitive position in our sector and give confidence to our clients, employees and supply chain. • In a volatile market, our strong balance sheet allows us to remain agile, continue to take long-term decisions and respond to opportunities. • The government is continuing to invest in areas that complement our strategy, including affordable housing, education, health, critical infrastructure and town regeneration.	• Our business model is designed to provide a mix of earnings across different market cycles. The diversity of our operations protects against fluctuations in individual markets while our decentralised approach enables our divisions to respond quickly to change. • The Board regularly reviews the economic environment to assess whether any changes to the outlook justify a reassessment of our risk appetite or business model. • We stress-test our business plan against the current economic outlook to ensure our financial position is sufficiently flexible and resilient. • We are strategically focused on a high-quality order book underpinned by a strong balance sheet and financial strength. • A high proportion of our secured workload is with public sector and regulated entities via long-term arrangements, with a healthy level of demand and typically preferential terms. • We continue to be very selective and our procurement routes, margins, contract terms and secured workload remain favourable. • We use analytical software to enhance our understanding of our medium-term pipeline quality and risk, enabling us to predict trends more accurately and adjust our strategy in response.	Stable **Responsibility** The Board **Strategic priority** • Increase our quality of earnings • Secure long-term workstreams • Maintain a strong balance sheet

Strategic risk

B. Exposure to the UK residential market			
The government's additional support for the UK's housing needs continues to complement our partnerships model and affordable housing offering. Positive trends include the interest rate trajectory, inflation regression, mortgage availability and the government's commitment to unlocking planning constraints, although this is likely to take some time to resolve. The recovery in the residential market will also be influenced by the cost of living, future changes in interest rates and the pace at which government commitments can be delivered.			
Risk description	**Update on risk status**	**Mitigation**	**Change in risk**
The UK housing sector is strongly influenced by government stimulus and consumer confidence. Inflationary and interest rate pressures could challenge scheme viability, slowing down decision-making and project	• While uncertainty remains in the market, there has been some progress as described above. • In Mixed Use Partnerships, there are short-term viability challenges to navigate due to build cost pressures versus plateaued sales values. Our model	• A rigorous three-stage formal appraisal process is undertaken before committing to development schemes and capital commitments. • We work closely with public sector partners and government agencies such as Homes England to	Stable **Responsibility** The Board, executive directors and divisional senior management teams **Strategic priority** • Increase our quality of

commencement. If mortgage availability, affordability or consumer confidence is reduced, this could impact on demand and make existing schemes difficult to sell and future developments unviable, reducing profitability and tying up capital.	allows us to work through this with our partners and, where necessary, seek additional gap funding and sources of finance with better terms. We expect progress in some regeneration projects to slow but not stop. • Constrained planning will remain a frustration in the short term despite the government's intention to address the issue, and it has the potential to delay our schemes. In the longer term, improvements in the system will enable further efficiencies and increase the speed at which we bring developments forward.	secure extra development funding if required. • We use less speculative, risk-sharing development models, subject to viability conditions, that lessen negative impacts from market fluctuations. • On selected large-scale residential schemes, we seek to forward sell and/or fund sections to targeted institutional investors to reduce risk. • Our residential portfolio has a wide geographical spread, protecting against regional market variations, and is geared towards providing an affordable product. • Rather than building up a land bank, we target option agreements with landowners that limit and/or defer long-term exposure and boost return on capital employed. • We regularly monitor and forecast our pipeline of development opportunities and secured workload, which includes monitoring key UK statistics such as unemployment, lending and affordability. • For a large proportion of current schemes, we have the ability to slow (or accelerate) build rates should the need arise. • Our partnership model provides resilience by allowing us to flex scheme phasing, timing, tenure mix and funding structures to suit varying market scenarios. The model can be de-risked by increasing the proportion of contracting work in Partnership Housing, forming strategic joint ventures and increasing the proportion of affordable units.	earnings • Secure long-term workstreams • Maintain a strong balance sheet

Operational risk

C. We cause a major health and safety incident and/or adopt a poor safety culture			
Our first priority is to protect the health and safety of our key stakeholders and wider public. We have continued to focus on improving our safety performance by increasing health and safety awareness and promoting safe behaviours. Our challenge is to keep refining our approach to drive further improvement and ensure that everyone who comes into contact with our work, on and off site, goes home safe and well.			
Risk description	**Update on risk status**	**Mitigation**	**Change in risk**
Health and safety will always feature significantly in the risk profile of a construction business. We carry out a significant portion of our work in public areas and complex environments. Accidents could result in legal action, fines, costs and insurance claims as well as project delays and damage to reputation. Poor health and safety performance could also affect our ability to secure future work and achieve targets.	• Our overall health and safety performance has improved compared to previous years. However, our vigilance remains high and we continually look for ways to drive improvement even further. • In 2024, our Group protecting people forum refreshed our health and safety framework to focus on the following three objectives: - to engage early on health and safety during the design and preconstruction stages; - to be a learning organisation, by strengthening our corporate memory; and - to engage with our supply chain to improve health and safety performance. • We are continuing to build on our objective to create a	• The Board is responsible for health and safety, which is the first item on the agenda at every Board meeting. In addition, our responsible business committee focuses on our health and safety culture to drive better behaviour and performance. • Individuals in each division, and on the Board and Group management team, are given specific responsibility for health and safety matters. • Our Group protecting people forum meets regularly, with representatives from all divisions sharing best practice and exchanging information on emerging risks. • Safety leaders from across	Stable **Responsibility** The Board, Group management team, divisional senior management teams, protecting people forum **Strategic priority** • Secure long-term workstreams • Consistently deliver on our Total Commitments

	forward-thinking and proactive health and safety culture. To support this, the divisions have identified and agreed a set of common 'leading indicators'. These are positive and proactive actions and activities that the divisions promote in a manner that complements their own sector requirements. We firmly believe that this approach will further support the improvement in our day-to-day safety performance going forward.	the divisions hold monthly meetings focusing on addressing and learning from issues and opportunities as they arise. • We have well-established procedures in place including safety systems, audits, site visits, incident investigation and root-cause analysis, monitoring and reporting, reporting of near-miss incidents and incidents that could potentially have resulted in serious injury, and reporting on the implementation of leading indicators. • Our regular health and safety training includes behavioural change, housekeeping on site, and leadership engagement in driving site standards. • Each division's health and safety policy is communicated to all its employees, and senior managers are appointed to ensure the policies are implemented. • We have developed major incident management and business continuity plans, which are periodically tested and reviewed. • All divisions are accredited to ISO 45001 for occupational health and safety. • We continue to offer our colleagues a range of benefits that promote physical and mental wellbeing.	

People risk

D. We fail to attract and retain the talent we need to maintain and grow the business

Our current success is helping us attract and retain people, and in the short to medium term we are focusing on increasing the Group's diversity.
Where staff retention is challenged, this tends to be influenced by both social and business-related issues, for example lifestyle changes, poaching and an ageing workforce

Risk description	**Update on risk status**	**Mitigation**	**Change in risk**
Skills shortages in the construction industry will remain an issue for the foreseeable future. If we fail to attract and retain the talent required to excel in project delivery and meet our clients' and other stakeholders' expectations, this could damage our reputation and our ability to secure future work and meet our targets.	• Improvements continue to be made to the working environment and investment made in technology and leadership training. Our voluntary staff turnover rate was 11% in 2024, compared to 12% in 2023. • We are responding to the challenge of an ageing employee population and undertaking work to improve our diversity and inclusion. • We are considered a leader in the sector in addressing climate emissions, which should help attract new recruits. We also offer an increasing digital emphasis and improved working environments, practices and employment packages. However, it is recognised that the sector has work to do in terms of being attractive and the first choice for young people.	• We empower our people and give them responsibility together with clear leadership and support. • We offer them a strong Group culture and attractive benefits, working environments, technology tools and wellbeing initiatives to help improve their working lives. • We conduct employee engagement surveys and monitor joiner and retention metrics including voluntary staff turnover. We carry out annual appraisals that provide two-way feedback on performance, and conduct exit interviews when people leave. • Our succession planning includes identifying and developing future skills. • We provide training and development to build skills and experience, such as our leadership development and graduate, trainee and apprenticeship programmes.	Stable **Responsibility** The Board, Group management team, divisional senior management teams **Strategic priority** • Secure long-term workstreams • Excel in project delivery for our clients • Consistently deliver on our Total Commitments

Financial and operational risk

E. Partner insolvency and/or adverse behavioural change			
Some partners may have been trading with stretched finances following the pandemic, the unwind of government measures introduced to support business recovery, and the reverse-charge VAT initiative. More recent mainstream contractor failure and inflation and interest rate increases continue to put further pressure on their balance sheets, leading to a greater likelihood of failure.			
Risk description	**Update on risk status**	**Mitigation**	**Change in risk**
An insolvency of a key client, subcontractor, joint venture partner or supplier could disrupt project works, cause delay and incur the costs of finding a replacement, resulting in significant financial loss.	• Supply chain insolvency risk has increased following some well-publicised failures in the mainstream contractor market. • Where supply chain failures have occurred, they have been disruptive but manageable, with costs being absorbed at project level by utilising contingency and/or, in a small number of instances, a reduction in margin which has not been material to the Group. • We have nurtured close relationships with our supply chain as part of a long-term strategy, sharing our values and desired behaviours, so that we can provide an offering our clients can rely on. • We use supply chain credit checks but the information is somewhat historical. Our relationships with our suppliers mean we can monitor the situation in real time, by gaining transparency and understanding their levels of exposure, and our operational teams are highly alert to early signs of stress. This gives us a better chance of stepping in if needed. • The strength of our balance sheet gives us the option of helping our supply chain partners manage short-term issues, such as cash flow, if and as deemed appropriate. • Our strategy has been to reduce payment days and our supply chain partners regard us as dependable and responsible. In addition, we do not hold any cash in the form of retention from our preferred supply chain partners, which helps reduce their cash flow pressures and the likelihood of failure.	• Our business model and order book are predominantly focused on public sector and regulated industries and commercial customers in sound market sectors, reducing the likelihood of a material customer failure. • We carry out rigorous due diligence preconstruction, particularly on commercial clients and key supply chain partners, including a focus on payment behaviours, cash terms and profiling, and likely liquidity outcomes. Mitigation could include obtaining, where necessary, relevant securities in the form of guarantees, bonds, escrows and/or more favourable payment terms, or, in some cases, declining a project. • Formal due diligence is carried out when selecting joint venture partners, including seeking protection in the event of default by one of the partners. Joint ventures require executive director approval. • We work with preferred or approved suppliers where possible, which aids visibility of both financial and workload commitments. • Our business model reduces the concentration of supply chain risk as our divisions operate in different markets and geographical regions, using local supply chains. This helps ensure we do not overstress suppliers' finances or operational resources. • Our predominant negotiated and two-stage procurement routes[1] allow us to select supply chain partners with optimal credentials tailored to each project, including qualitative, behavioural, resourcing and financial. This enables predictable outcomes for the Group, our clients and our supply chain. • We rigorously monitor work in progress, debts and retentions.	Increase **Responsibility** The Board, Group management team, divisional senior management teams **Strategic priority** • Maintain a strong balance sheet • Secure long-term workstreams • Deliver on our Total Commitments

1 Negotiated and two-stage procurement routes allow us early engagement in the project and greater visibility, influence and certainty over pricing and programming.

Financial risk

F. Inadequate funding			
We have committed loan facilities of £180m which, together with our strong cash position, provide the Group with significant headroom.			
Risk description	**Update on risk status**	**Mitigation**	**Change in risk**
A lack of liquidity could impact our ability to continue to trade, or restrict our ability to achieve market growth or invest in partnership schemes.	• Our loan facilities of £180m were extended by one year, £165m to October 2027 (with a provision to extend to 2028) and £15m to June 2027. • During the reporting period	• We have a Group-led disciplined capital allocation process for significant project-related capital, which takes into consideration future requirements and return	Stable **Responsibility** Executive directors, Group tax and treasury director, divisional senior management

	and for the foreseeable future, our average net daily cash continues to be healthy and indicates the cash-backed nature of the business. • Our balance sheet continues to provide assurance for our stakeholders and allows us to continue investing in partnership schemes while remaining selective in construction.	on investment. • We monitor our cash levels daily and conduct regular forecasting of future cash balances and facility headroom. • Our long-term cash forecasts are regularly stress-tested.	teams **Strategic priority** • Maintain a strong balance sheet

Financial risk

G. Mismanagement of working capital and investments

Our strong balance sheet and cash position continue to support investment in long-term partnership schemes and protect against economic downturn, allowing us to make the right long-term decisions.

Risk description	Update on risk status	Mitigation	Change in risk
Poor management of working capital and investments leads to insufficient liquidity and funding problems.	• Our ongoing focus on working capital management has enabled us to maintain levels similar to prior years while continuing to maintain payment practices that are favourable to our supply chain and investment in partnerships. • Our cash position is not supported by any form of supply chain debtor finance and gives a clear indication of our financial health. • We continue to maintain a positive momentum in cash management in construction due to a combination of improved returns, cash optimisation and cash conversion. • Our average net daily cash for the period demonstrates our disciplined working capital management.	• Our delegated authorities require that capital and investment commitments are notified and signed off at key stages with senior-level approval. • We reinforce a culture within our bidding and project teams of focusing on cash returns to ensure they meet expectations. • We monitor and manage our working capital with an acute focus on any overdue work in progress, debtors or retentions. • We monitor cash levels daily and produce regular cash forecasts. • We manage our capital on partnership schemes efficiently, for example through phased delivery, institutional and government funding solutions, and forward funding where possible.	Stable **Responsibility** Executive directors, Group tax and treasury director, divisional senior management teams **Strategic priority** • Maintain a strong balance sheet

Operational risk

H. Poor contract selectivity and/or bidding

The quality of our long-term secured workload in our predominantly public and regulated industry sectors should safeguard our future performance, allowing us to continue selecting the right projects. Client budgets, while more aligned to inflation, remain stretched, which results in preconstruction periods taking longer. We continue to maintain sensible contingency levels, and some contracts contain mechanisms for passing through inflationary costs, particularly on the essential and critical infrastructure work we carry out.

Risk description	Update on risk status	Mitigation	Change in risk
In a volatile market where competition is high, a division might accept a contract outside its core competencies or for which it has insufficient resources. If a contract is incorrectly bid, this could lead to contract losses and an overall reduction in gross margin. It might also damage our relationship with the client and supply chain, leading to a reduction in work volumes.	• Our order book consists of a high proportion of public sector, regulated industry and framework clients with typically healthier risk profiles and is secured in limited competition. • We have not changed the sectors or markets we operate in and are therefore unlikely to engage in a project outside of our capability. In construction, the majority of our work has been secured via negotiated and two-stage procurement routes. • Input cost pressures have eased with our older inflation-impacted projects now largely completed and newer projects benefiting from more realistic customer budgets and greater pricing stability in the supply chain.	• It is part of our strategy and culture to be selective in our work by targeting optimal markets, sectors, clients and projects. • We limit our participation in open market bids, conducting a large proportion of our projects via framework or joint venture arrangements with repeat clients who share our values. This provides a high probability of predictable and successful outcomes. • When bidding, we aim for negotiated and two-stage procurement routes that allow us early engagement and collaboration, including the early identification of the most appropriate supply chain delivery partners. • Our divisions select projects according to pre-agreed types of work, project size, contract terms and risk profile. A multi-stage process of bid review and approval includes tender review boards, risk profiling and a system of delegated	Stable **Responsibility** Executive directors, divisional senior management teams **Strategic priority** • Increase our quality of earnings • Excel in project delivery for our clients • Secure long-term workstreams • Maintain a strong balance sheet

		authorities to ensure approval at appropriate levels of management. • We profile the skills and capabilities required for the project to ensure that we allocate the right people. • Our divisions have processes in place to select supply chain partners who match our expectations in terms of quality, sustainability and availability. • We conduct a robust review of our pipeline and bids at key stages, including rigorous due diligence and risk assessment, and obtain senior-level approval.	

Operational risk

I. Poor project delivery (including changes to contracts and contract disputes)			
Our focus on project selectivity, the quality of our order book and our close engagement with our supply chain partners helps reduce the probability of poor performance. Inflationary pressures have eased, although stretched client budgets, supply chain finances and any related change in behaviours could increase the risk of disputes and/or failures. However, our longstanding relationships and focus on customer experience help us navigate significant issues when they arise.			
Risk description	**Update on risk status**	**Mitigation**	**Change in risk**
Changes to the scope of works and contract disputes could lead to costs being incurred that are not recovered, loss of profitability and delayed receipt of cash. Failure to meet client expectations could incur costs that erode profit margins, lead to the withholding of cash payments and impact working capital. It may also result in reduction of repeat business and client referrals. Not understanding the project risks may lead to poor delivery and could result in reputational damage and loss of opportunities. Ultimately, we may need to resort to legal action to resolve disputes, which can prove costly with uncertain outcomes as well as damaging relationships.	• Inflationary pressures have eased and newer projects are benefiting from client budgets more aligned with the impacts of inflation; however, in some instances it can take time to remodel a scheme to ensure it is viable and this can lengthen the preconstruction period. • There is a recognised shortfall in the construction labour market, exacerbated by impacts from Covid and Brexit. However, in the short term, while we have seen issues, we, together with our supply chain, are managing the situation. • We have responded to the Building Safety Act, which primarily deals with building regulations and fire safety, with Construction, Partnership Housing and Mixed Use Partnerships having updated their methodology to ensure that project specifications remain compliant. This includes a complete refresh of design management and procedures, increased on-site scrutiny and records, and engagement of independent fire consultants on more complex schemes. • In terms of the Building Safety Act, we continue to actively engage with the Ministry of Housing, Communities and Local Government and have committed to rectifying issues with appropriate remedial activity which is being undertaken and expenditure provided for, with cash anticipated to be expended over the next one to two years. Some of this may be recoverable, but will take time to resolve.	• We have well-established systems of measuring and reporting project progress and estimated outturns that take into account contract variations and their impact on programme, cost and quality. • The strength of our supply chain relationships and preference to work with selected partners reduces the probability of project failure and helps to ensure we deliver predictable outcomes. • Where legal action is necessary, we notify the Board, take appropriate advice and make suitable provision for costs. • Formal internal peer risk reviews highlight areas of improvement and share best practice and lessons learned. • Various Perfect Delivery[1] initiatives focus on improvements in product quality and predictability and client experience. • Regular formal and informal stakeholder feedback allows us to intervene when required and refine our offering to provide exceptional outcomes. • We continue to use and enhance our digital project management tools and commercial metrics that highlight areas for focus and provide early warnings, enabling early intervention in the construction cycle. • Our divisions have worked closely with our supply chain for many years, providing predictable workloads and prompt payment. Maintaining good supply chain relationships has helped us navigate labour and/or materials availability issues.	Stable **Responsibility** Executive directors, divisional senior management teams **Strategic priority** • Increase our quality of earnings • Excel in project delivery for our clients • Secure long-term workstreams • Maintain a strong balance sheet

1 Perfect Delivery status is granted to Fit Out, Construction and Infrastructure projects that meet all four client service criteria specified by the division.

Operational risk

J. Cyber activity and failure to invest in IT			
To protect against increasing cyber attacks, we invest in security controls and partners, including liaising with government security advisers.			
Risk description	**Update on risk status**	**Mitigation**	**Change in risk**
Investment in IT is necessary to meet the future needs of the business in terms of expected mobility, growth, security and innovation. It is also essential to avoid a cyber incident that could cause reputational and operational impacts and/or a loss of data or intellectual property that could result in significant fines and/or prosecution. Criminal activity continues to increase and, while we are confident in our security strategy, it is continually checked and challenged.	• During the year, we re-certified to ISO 27001 and the government's Cyber Essentials Plus Scheme. • We have continued to enhance our visibility of security events and 'indicators of compromise' (signs of a data breach) using the latest technologies. In 2024, we implemented additional controls to ensure we continue to innovate and respond to emerging threats. • The Board has agreed a rolling security strategy, supported by continuous improvement and review. This ensures we remain aware of emerging risks and changes to the threats we face. Our IT security steering group is provided with additional funding as needed. • As part of our digital resilience programme, we have continued to run workshops hosted by industry experts to educate key stakeholders around incident response best practices, focusing on business, technical and legal impacts of a major incident. We have also taken a significant step forward with our investment in new backup and disaster recovery capability, providing immutability of our data and fast recovery times. • Data/business intelligence, digital construction and AI are at the forefront of our technology investment. To support the seamless delivery of these new technologies, we have also delivered our next-generation, modern data network. This both improves the security of our network and enhances access to cloud services. • We have continued to invest in cloud platforms to expand functional capabilities and resilience and have prepared for the expected acceleration to cloud-hosting away from data centres on the premises.	• We have a dedicated Group team focused on providing a stable and resilient IT environment with continued investment in core infrastructure, security and applications. Our divisional IT teams focus on business-specific digital transformation. • Our Group head of information security and compliance presents an update to the Board on a biannual basis to ensure oversight and challenge. • We adopt best practices to secure our people and data. We certify to the ISO 27001 Standard and align ourselves with other appropriate frameworks. • We commission an external industry expert to conduct regular cyber risk analysis on every device used in our network. The data collected is independent of our other security systems and acts as an audit of our security controls and their effectiveness. • We engage with industry-leading partners to adopt appropriate technologies to protect the Group. • Our IT security steering group provides governance and oversight of the Group's cyber strategy and strength, resources and funding. • We run regular audits using different parties (both technical and non-technical) to confirm that our controls remain effective. Audit reports are shared with the IT security steering group. • We train all our employees in data protection and information security including awareness and responsibilities. • We follow the National Cyber Security Centre's guidance on third-party risk management and perform ongoing risk assessments of our digital supply chain partners. • Our investment in IT enables all our people to work remotely and securely with minimal inconvenience.	Stable **Responsibility** The Board, Group management team, IT security steering group (reporting to the chief financial officer) **Strategic priority** • Increase our quality of earnings • Excel in project delivery for our clients • Secure long-term workstreams • Maintain a strong balance sheet

Strategic and operational risk

K. Climate change			
We have been recognised as leaders in our sector for our work in reducing carbon emissions. However, there is still much to do as we progress towards our 2045 goal of net zero.			
Risk description	**Update on risk status**	**Mitigation**	**Change in risk**
For detailed information on our climate change risks, mitigations and opportunities, see our 2024 annual report on our website for our Task Force on Climate-related Financial Disclosures. Our 2024 annual report sets out our climate governance, indicating Board oversight and management's responsibilities.			Stable **Strategic priority** • Secure long-term workstreams • Consistently deliver on our Total Commitments

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