

Environmental, Social & Governance

Report 2025

MCLAREN



ESG

The McLaren Way is the overall business management system that embeds our culture, values, and behaviours in all business activities, providing a consistent approach through which ESG commitments are delivered.



Together

McLaren is a team. Working together we exceed expectations. We recognise and celebrate the fact that the best teams are diverse in nature and thrive in a culture that is open and inclusive, making us stronger and more effective to safely deliver outstanding projects.



Agile

We are problem solvers and thinkers. We deliver real world solutions against any building challenge.



Supportive

Our people are our greatest strength: their well-being is fundamental to our shared success. We empower our colleagues to develop to their full potential and enhance communities we work within.



Proud

We are proud of our projects and the positive impact that they have on local communities. We are proud of our position in the market and the relationships we have with our customers.



Behaviours

We deliver our behaviours by being customer-focused creating a positive culture that includes everyone. We are focused upon the governance required to deliver building safety, quality and sustainability for building users in the long term. We continue to listen, understand and remain focused upon continuous improvement.

Our key ESG objectives are to protect and enhance the environment, reduce our impact upon climate change, add value to communities within which we work, and ensure we can evidence and deliver our commitments through robust corporate governance and accountability.

In response to the needs of our customers, their investors, building users, and an evolving legislative framework during 2023/ 2024 the business has invested heavily in new business systems, and corporate governance (The McLaren Way).

Our ESG strategy is a core part of The McLaren Way and brings core policy commitments together to provide a coherent approach to how we work:

- **ESG:**
ESG Position
- **Environment:**
Sustainability Policy and Environment Policy
- **Social:**
Social Value Policy, Inclusion Policy, and Anti-Modern Slavery & Human Trafficking Policy
- **Governance:**
Health, Safety & Wellbeing Policy, Digital Information Management Policy, Supply Chain Policy, Building Safety Policy, Construction Quality Management Policy, Business Continuity & Information Security Policy.

Each of the policies has a Main Board sponsor, accountable person, and technical specialist to drive a culture of continuous improvement and excellence through The McLaren Way.

Our Group CEO has ultimate responsibility for the delivery of our ESG commitments. Governance is delivered through reporting of data and metrics to the Main Board from project teams, business units, the ESG Committee, Technical Leadership Team, and Senior Leadership Team.

The Main board ensures all operational and functional structures of the business are accountable for our commitment to the environment and society.

The McLaren Way (TMW) is the Business Management System for McLaren Construction Limited. It is designed to ensure the business is legally compliant, governed, regulated and accredited as necessary. It is also structured to ensure the business is organised and operates so that it can deliver its product in the most efficient and effective way.



Environment



McLaren Group Non-Financial Information Statement (NFIS)

Board level

McLaren Group has implemented a governance framework to ensure climate-related risks and opportunities are systematically overseen at the highest level. The Main Board (MB), led by the Group Chairman, is accountable for McLaren's climate strategy, providing oversight and guidance on sustainability goals. Meeting quarterly, the MB evaluates McLaren's progress on climate targets, assesses emerging risks, and endorses or adjusts strategies in response to evolving market conditions and regulatory demands. The MB agrees on all policy positions as recommended by suppliant group management Boards, including group commitments to limit climate change via our actions. This structured approach reinforces McLaren's commitment to embedding sustainability into core business functions and supports implementation of both internal policies and international climate standards.

The MB relies on regular reporting from key executives to stay informed on climate-related matters. The Group Pre-Construction Director, the Head of Sustainability, and the Group Environment Manager are responsible for executing McLaren's sustainability strategies and for ensuring compliance

with established policies, including the Sustainability Policy, Environmental Policy, and Waste Policy. The MB approves or declines technical recommendations presented by the Senior Leadership Team (SLT), Technical Leadership Team (TLT) and Sustainability Leadership Team and instructs responding boards to enhance performance if required.

Management level

The MB relies on regular reporting from key executives to stay informed on climate-related matters. There is also management level responsibility from the Group Director of Safety, Health, Environment and Quality (SHEQ) and the Group Environment Manager. Climate-related risks and opportunities management is then devolved to the different regional managing directors, responsible for each business unit. The MB approves or declines technical recommendations presented by the Senior Leadership Team, Technical Leadership Team and Sustainability Leadership Team and instructs suppliant boards to enhance performance if required.

McLaren's governance framework extends throughout the organisation, incorporating sustainability into decision-making at significant project and operational stages. TLT and SLT hold cross-functional meetings to discuss emerging climate risks, industry trends, and performance against sustainability targets. This approach not only facilitates broad engagement across departments but also ensures that McLaren's climate strategy is responsive to external factors, such as regulatory updates and advances in sustainable construction practices. Technical compliance with legislation is a standing agenda item – and includes compliance with environmental, climate change, building regulations and health & safety legislation and it is the responsibility of the Group Pre-Construction Director to bring technical compliance items to the MB.

Additionally, they report directly to the MB on critical climate metrics, particularly around Scope 1 and 2 emissions, enabling the MB to monitor McLaren's progress towards net-zero goals. This governance structure supports clear accountability and ensures that climate-related issues are addressed at both strategic and operational levels.

In addition to internal oversight, McLaren collaborates with external sustainability advisors and task groups such as the United Kingdom Green Building Council (UKGBC) and the Sustainability Chain Supply School (SCSS) to inform its climate governance framework. The UKGBC aims to influence policy by identifying the pathways to propel the build environment forward sustainably and driving solutions to transform buildings, communities and cities. The SCSS offers training and resources shaped by industry partners and sector needs, helping businesses prepare for upcoming sustainability challenges and assisting in upskilling their employees and supply chains.

These partnerships allow McLaren to stay informed on the latest developments in environmental regulation and best practices for managing physical climate risks, such as extreme weather events, which may impact its operations and supply chain. By integrating both internal and external expertise, McLaren's governance model is well-equipped to manage the complexities of climate resilience and sustainability in the construction sector. At a Group level external expertise cover areas such as International Financial Reporting Standards (IFRS) compliance, Green House Gas Protocol reporting and embodied carbon support. These consultants support the business from a regulatory reporting perspective, carbon accounting and producing bespoke tools to monitor the business' baselines and produce sustainability key performance indicators.

Physical and transitional risks

To distinguish between the governance requirements of physical and transitional climate risks, we consider their unique focus areas and corresponding oversight mechanisms. Physical risks, such as extreme weather events, are primarily managed through the evaluation of operational vulnerabilities and the implementation of resilience strategies. These risks are monitored by the Group Environment Manager and the Group Director of Safety, Health, Environment, and Quality (SHEQ), ensuring preparedness and compliance with environmental standards.

Transitional risks, on the other hand, are addressed at the strategic level by the Main Board (MB) and the Sustainability Leadership Team, who focus on navigating policy changes, regulatory demands, and shifts in market expectations. This involves aligning McLaren's strategy with evolving climate regulations, low-carbon technologies and stakeholder expectations.

By addressing these risk categories through targeted governance structures, McLaren aims to ensure a comprehensive approach to both immediate operational challenges and long-term strategic transformations.

Strategy (CA 414CB (d,e,f))

McLaren's climate strategy is focused on building resilience and capitalising on opportunities associated with the transition to a low-carbon economy. The McLaren Way, a structured governance and operational framework, provides a roadmap for identifying, assessing, and managing climate-related risks across the lifecycle of each project. This framework categorises climate risks into physical risks, such as acute events like storms and floods, and transition risks, which arise from regulatory shifts, changing client demands and market trends favouring sustainable materials and practices. By categorising risks in this way, McLaren can proactively address them based on their nature, likelihood, and potential impact on operations.

McLaren's strategy includes a robust process for managing both acute and chronic climate-related risks at project level through the Pre-Construction Project Control Plan (PCPCP), which establishes climate-related assessment protocols aligned with McLaren's ISO 14001 and 9001 certifications. The PCPCP is a project and risk management software application, which integrates delivery functions, and Integrated compliance functions (including sustainability and environmental) into a live project management plan. The plan integrates climate risk considerations at each project stage, from early design through to project completion, ensuring that every project incorporates climate resilience as a fundamental component. For instance, in regions or sectors with higher exposure to physical climate risks, such as projects near flood-prone or high-wind areas, McLaren implements specific risk mitigation measures.

The sector specific content of McLaren's climate strategy recognises that different types of projects, such as logistics centres or industrial developments, require tailored approaches due to unique client expectations and regulatory environments. McLaren's strategy emphasises using low-carbon materials, sustainable energy sources, and innovative building techniques to meet both current regulatory demands and anticipated market trends.



The climate strategy is supported by defined time horizons: short-term (1–3 years), medium-term (3–10 years), and long-term (more than 10+ years). These timelines align with McLaren's capital planning and investment strategies, allowing the company to set actionable and realistic goals. In the short term, McLaren has focused on establishing baseline Scope 1 and 2 emissions and achieving net zero carbon for Scope 1 and 2 in FY 2025/26, by eliminating diesel use, and transitioning to renewable energy sources for on-site operations. Medium-term objectives include reducing embodied carbon across the supply chain, enhancing digital reporting, and improving data collection capabilities for climate-related metrics. Long-term goals, such as achieving Net Zero Carbon for Scope 3 emissions by FY 2045/46, demonstrating McLaren's commitment to leading in sustainable construction while contributing to global climate goals.

Our approach to climate scenario analysis

McLaren uses scenario analysis to test the resilience of its business model under different climate futures. This year, the Group focused on incorporating the potential financial impacts on the business as a result of various physical and transition risks and opportunities.

The two key climate scenarios selected to evaluate the potential financial and non-financial impacts on the Group are:

- **Net Zero 2050 Scenario RCP 2.6/IPCC SSP1:** which is associated with 1.5°C temperature rise from pre-industrial times by the end of the century;
- **'Middle of the Road' RCP 4.5/IPCC SSP2:** which is associated with 2-3°C temperature rise from pre-industrial times by the end of the century;

In a 1.5°C scenario, McLaren anticipates increased demand for green construction solutions but also foresees higher costs associated with the transition to sustainable materials. Under a 2-3°C scenario, McLaren expects a greater impact from physical climate risks, such as more frequent and severe weather events, which could disrupt project schedules and increase operational costs. These scenarios inform McLaren's investment in climate resilience, enabling the company to adapt its project planning, supply chain management, and risk mitigation measures to different possible futures.

Potential risks across these two scenarios were assessed in greater depth within the Group's own operations and in the Group's supply chain. Assessments were completed, with support from external consultants, through climate-related workshops and interviews across the business. Quantification of risks and opportunities has been completed where sufficient data is available. It has not been possible to fully quantify all risks and opportunities due to the high levels of uncertainty around climate change and availability of data.

Risks and opportunities have been prioritised to determine which have a significant financial impact on the organisation using both likelihood and financial impact, resulting in a combined climate risk register. Both risks and opportunities are set out in a tabulated format where the distinction between actual and potential impacts is defined through likelihood and exposure. The level of exposure differentiates between actual and potential impacts by assessing whether the risk will be realised currently or in future, based on the actions which the business has taken or plan to take.

Our risk assessment and climate scenario analysis has shown that, in aggregate across all scenarios assessed, the overall climate risk exposure for McLaren is low. Our current understanding of climate-related risks is that any impacts on assets is limited, and risks at a project level can be managed by implementing additional consideration for adaptation and planned mitigation strategies throughout the project lifecycle.

Risks are continuously refined and quantified over time, helping us to develop a comprehensive understanding and integrate climate-related risk management into our ongoing strategy. As new internal and external data emerges, our analysis will keep evolving, and we will actively monitor our climate exposures and action plans within the Group's risk management framework.



Principal climate-related risks and opportunities

Physical risks

With rising global temperatures, extreme weather events are expected to become more frequent and intense, increasing the likelihood of disruptions to the global construction industry and the supply chain. Based on a combination of the likelihood of an event, our operations across regions in the UK and the potential financial impacts, we have identified two potentially significant climate-related physical risks being extreme rainfall and extreme wind both of which from a financial risk perspective fall under client risk and force majeure.

To manage the identified risks, including extreme rainfall, extreme wind, extreme heat and water scarcity, collaboration with specialists -such as drainage engineers, structural engineers, thermal material experts, and water management professionals are essential for effective mitigation.

Risk	Increased frequency of extreme rainfall	Increased frequency of extreme wind
Time horizon	Short to Long term	Short to Long term
Level	Project	Project
Risk description	Increased flooding, project delays, safety risk, changes in legislation and environmental laws.	Compliance with strict building regulations resulting in higher maintenance and design modifications. Site safety and structural integrity.
Likelihood	Almost Certain	Almost Certain
Potential financial impact	–Cost coming from damages and delays. Rising insurance premiums and claims.	–Costs for damages and delays. Delays due to cranes not being in use.
	–Costs of engaging specialists, such as drainage engineer	–Cost for reinforced structures and material upgrades
	–Costs for enhanced drainage systems and site layouts	–Increased compliance costs, safety measures implementation costs
Mitigation/ actions to manage risk	–Enhance drainage systems with revise site layouts and investing in drainage experts.	–Strengthen (temporary) structures. Implement (wind) safety protocol. Invest in wind-resistant designs and equipment.
	–Invest in infrastructure to incorporate climate resilience features.	–Invest in expert support, i.e. structural engineers.
Exposure	Site-level operations and business wide resilience planning.	Site-level operations and business wide resilience planning.

Transition risks

Transition risks arise from the shifting landscape towards a low-carbon economy and stricter regulatory frameworks, which can impose significant challenges for the company. As regulations tighten and new technologies emerge, the Group has identified two key transition risks to manage. Over the coming year where more data is being collected on certain risks key metrics will be produced to better understand and quantify the risk, currently short-term quantification of key transitional risks is highlighted below:

Risk	Regulatory changes	Low carbon energy
Time horizon	Short to Long term	Short to Long term
Level	Project and Group	Project
Risk description	Building to net zero standards, embodied carbon targets and delivering on BREEAM, WELL & NABERS building rating systems. These will impose increased costs across the value chain.	There are risks of increased requirements for low carbon fuels to reduce operating costs and emissions by transitioning to renewable energy and fuels and implementing energy efficiency initiatives into existing processes.
Likelihood	Almost Certain	Almost Certain
Potential financial impact	–Increased operational costs to the business and potential fines for non-compliance	–Increased capital expenditure for low energy products and equipment
	–Increased resource required to manage improving standards including new tools to capture data	–Loss of competitive advantage
	–Increased costs to source materials	–Operational disruptions
Mitigation/ actions to manage risk	–The business is committed to using more sustainable manufacturing processes, such as electric arc furnace steel instead of blast furnace steel, to meet requirements for lower-carbon alternatives. Embedding these practices into standard practice.	–Monitoring energy trends across the UK and globally to determine volatility in energy costs by source.
	–There will be a requirement for more employee training, working with external consultants (embodied carbon) and with a wider range of reporting software.	–Working with energy brokers to secure competitive pricing of energy supply at project level.
	–Collaborate with suppliers to source lower-carbon materials and implement more sustainable logistics practices to stay within emissions thresholds and potentially lower exposure to carbon tax obligations.	–Agreements in place with large-scale providers of alternative fuels, with detailed cost estimation carried out during pre-construction.
Exposure	Low given adaptation and mitigation measures implemented –potential to impact in future.	Medium –volatility in costs for renewable and non-renewable energy sources has the potential to impact in future.

Transition opportunities

Transition opportunities emerge from the growing demand for sustainable construction practices and low-carbon solutions. McLaren has identified two main areas where the business can proactively position itself as a leader in the market, for increased profitability and long-term growth in a competitive landscape:

Opportunity	Regulatory changes	Low carbon energy
Time horizon	Medium -Long term	Short -Medium term
Level	Own operations	Project and own operations
Opportunity description	Market shifts toward greener buildings and a low-carbon economy present McLaren with the opportunity to gain a competitive edge, by meeting growing demand for sustainable infrastructure and being recognised as specialists in climate-resilient construction.	There are opportunities to reduce operating costs and emissions by transitioning to renewable energy and fuels and implementing energy efficiency initiatives into existing processes. This reduces exposure to increased costs for non-renewable energy sources.
Likelihood	Almost Certain	Almost Certain
Potential financial impact	–Increased market share	–Reduced costs by sourcing renewable energy
	–Increased revenue	–Reduced carbon tax
Actions to manage opportunity	–Position the business as a leader in climate-resilient construction by incorporating innovative designs and materials that are better suited to withstand higher temperatures and other climate-related challenges.	–Implementation of policies which support our net zero carbon targets which looks to eliminate the use of McLaren’s liquid fossil fuels construction sites as early as 2025
	–Continue to monitor for heavy reliance on specific materials, to reduce the risk of supply constraints.	–Adoption of hydrotreated vegetable oil and the electrification of plant
	–Plan for the likelihood that beyond inflation, construction companies will see increased costs, timelines and adjustments to construction practices. Incorporate these trends into considerations which influence business strategy and financial planning reviews on an annual basis.	–All new McLaren construction sites run off a renewable energy tariff and this is monitored as part of our annual carbon reporting process.
Exposure	High –given specialised expertise in construction (heavy cut and carve) we are well positioned to be able to capitalise on opportunities and offset risks based on our adaptation and mitigation measures.	High –given our ability to collaborate with our supply chain partners to source low carbon energy (fuel or electricity), we are able to maximise our ability to transition to a low carbon economy.

To ensure the company effectively navigates these transition risks and opportunities, they are evaluated on a regular basis through comprehensive risk assessments and performance metrics, allowing for informed



decision-making and strategic adjustments. This process is crucial for enhancing resilience and aligning with McLaren’s overall risk management framework.

Assumptions

Throughout the non-financial information statement there are several assumptions made. These are generally within but not limited to the scenario analysis section. These assumptions are listed below and relate to transition risk, market risk and risk management and mitigation.

Transition risks

- Policy and legal risks: evaluating the potential impact of regulatory changes (e.g., building regulation, carbon pricing, emission reduction targets) on operational expenses and compliance obligations.
- Technology risks: analysing the costs and benefits of adopting new technologies to reduce emissions and enhance energy efficiency (e.g. transitioning away from fossil fuels).

Market risks

- Judgment: assessing shifts in consumer demand for products and services as preferences move

towards more sustainable materials and buildings (e.g. reused raised access floors and BREEAM & net zero in construction).

- Estimate: Forecasting changes in revenue and market share resulting from these shifts (e.g. more heavy retrofit projects instead of new build in city centres).

Risk management/mitigation

- Judgment: identifying and prioritising climate-related risks and opportunities (e.g. flooding and high winds over other climate related risks).
- Estimate: allocating resources and establishing cost plans for mitigation and adaptation strategies based on information provided by clients (e.g. investing in embodied carbon as a group or choosing to mitigate flooding in a flood zone area).

Net zero budget and forecast

Short term cost (Integrated Compliance function) are included within the Group overhead while project costs for the Sustainability Team are included within

3. Risk Management (CA 414CB (b,c))

McLaren's approach to climate risk management is embedded within its broader corporate risk management framework, ensuring that climate risks are prioritised alongside other business risks. The McLaren Way, the Group's governance and operational framework includes a series of defined "gateways" at significant project stages to systematically assess and mitigate climate-related risks. Each project's climate risks are recorded in a project-specific risk register and escalated to the MB as needed. This process enables the MB to review climate-related risks in the context of financial and operational performance, promoting a balanced approach to decision-making.

A key element of McLaren's risk management approach is the use of the Project Control Plan (PCP) which mandates climate risk assessment as part of every project's planning and execution. Gateway 4, or tender settlement, is a crucial checkpoint where the MB assesses project proposals in light of climate risks, including the potential cost implications of meeting net zero carbon targets. There is a requirement for the project tender team to consider "Climate Change" linked to a project risk register through our governance gateways 3–6. All

projects are "settled" with sign off by a managing director and the Group Chief Executive Officer who review the project risk register. Risk management is also integrated into McLaren's working processes through our ISO 14001 (Environmental Management System) and 9001 (Quality Management System) accreditations, both of which have been held for over for 16 years.

A part of the review process for risks, opportunities and trends of climate-related items is, review of the PCP reviewed by the sustainability team when the project has moved into the construction phase. The trends which come out of the review process are raised by the Head of Sustainability at Technical Leadership Team and Sustainability Leadership Team meeting and raised further at the MB where required. By embedding climate considerations into decision-making processes at both the project and executive levels, McLaren ensures that sustainability risks are managed consistently and effectively across the organisation.

The integration of climate risk data into digital platforms also enhances McLaren's risk management capabilities by providing real-time insights on project-level emissions, energy use, and other environmental metrics. This data-driven approach will allow for effective monitoring and supports data aggregation for group-level analysis, providing executive management with a comprehensive view of McLaren's climate risk exposure. Additionally, McLaren's external advisors contribute sector-specific expertise, particularly for projects in areas with high physical climate risks, such as flood-prone or coastal regions. This support enables McLaren to mitigate these risks pre-emptively, safeguarding both project timelines and financial outcomes. The business has also increased the size of the Sustainability and Supply Chain Team's and rolled out more training of colleagues to ensure climate risk management and carbon reduction commitments are embedded within the business and understood by our employees.

4. Metrics and Targets (CA 414CB (g,h))

McLaren has set clear targets to guide its climate strategy and established metrics to track progress on emissions reduction and other sustainability goals. The company's primary climate objective is to achieve net zero Carbon (with offsets) for Scope 1 and 2 emissions by FY 2025/26, with Scope 3 emissions targeted for FY 2045/46. Net zero carbon (with offsets) means that at the end of FY 2025/26 McLaren Construction Group will offset its outstanding Scope 1 and 2 emissions which have not yet been eliminated from our operations (no more than 10% from the baseline year of 2022/23).

The carbon credits will be purchased in December 2026 after the annual carbon audit of FY25/26 has concluded and thereafter. The same will apply to FY45/46 when the Scope 3 target is realised. After the offset payment has been made and credits have been received the claim to net zero will be made by the company if the above obligation has been met. Any offsets will be purchased through an international recognised standard e.g. Gold Standard, UKGBC Net Zero Carbon Build Standard.

The MB is set for a formal review to appoint McLaren's named carbon offset partner in Q1/Q2 2025. The principle of an offset strategy has been agreed and a due diligence review process of the partner will be put in place and is supported by the MB. A full disclosure of the offset partner will be made in the FY24/25 Directors Report.

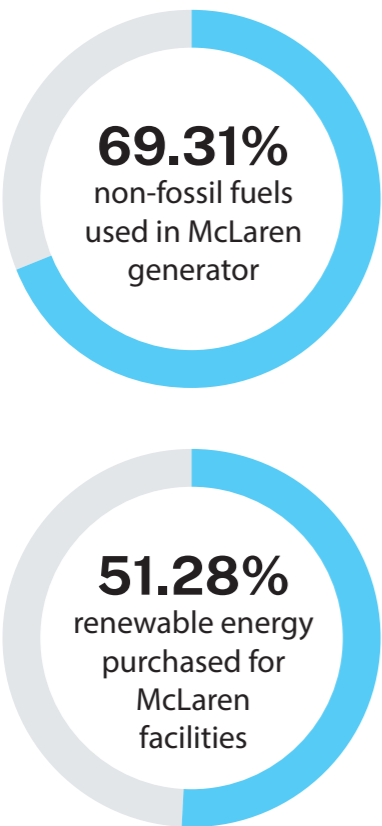


project preliminaries. Carbon offset costs for Scope 1 and 2 will be included in FY25/26 management accounts in line with the offset strategy. Scope 1 and 2 project costs are included within the estimating templates and costs on a project-by-project basis.

Scope 1 and 2 emissions

Transition to non-fossil Fuels: to reach this target, McLaren aims to transition 100% of its generators to run on non-fossil fuels. This is a key step toward reducing reliance on carbon-intensive energy and this transition is already significantly lowering on-site emissions during construction. In FY23/24 the percentage of non-fossil fuels used in McLaren generators was 69.31%.

Renewable energy commitment: McLaren has committed to sourcing 100% renewable energy (REGO-backed) for its offices and sites where energy supply is within its control. This helps align all controlled facilities with McLaren's sustainability standards, directly supporting the company's Scope 1 and 2 net zero targets. In FY23/24 the percentage of renewable energy purchased for McLaren operated facilities was 51.28%. These ambitious targets align McLaren with the UK's Carbon Reduction Plan (PPN06/21) and ensures compliance with both national and international climate standards. These targets are supported



by detailed tracking and reporting systems, which include project-level metrics and key performance indicators that measure Scope 1, 2, and specific elements of Scope 3 emissions across McLaren's operations and supply chain.

To ensure the accuracy and reliability of these KPIs, McLaren's emissions calculations follow the standards outlined in the Greenhouse Gas (GHG) Protocol Corporate Standard and the Streamlined Energy and Carbon Reporting (SECR) guidelines. These metrics are regularly reviewed by the Main Board and updated as McLaren progresses toward its net zero Carbon targets. Additional data collection platforms enable real-time tracking of project emissions, energy consumption, and waste metrics. Compliance with data reporting is monitored on a monthly basis with site compliance required to be above 95% to meet internal standards. The Head of Sustainability is responsible for ensuring the compliance of carbon data and data assurance across the group and compiling ESOS, SECR, PPN06/21 and IFRS reporting.

Scope 3 emissions

McLaren has set an ambitious goal to reach net zero (with offsets) for all Scope 3 emissions by FY 2045/46. This includes all indirect emission within

McLaren's value chain, including emissions from purchased goods and services, waste disposal, and transportation.

Advancements in Embodied Carbon Data: McLaren have conducted detailed embodied carbon assessments across various projects to improve its data accuracy and develop sector-specific carbon baselines for its purchased goods and services. With this more reliable data, the company is shifting from a cost-to-carbon model to a more precise and robust embodied carbon approach in live projects. This shift will enable more accurate carbon reporting and allow McLaren to set data-drive, project-specific carbon reduction targets.

Supply Chain Innovation and Partnership: McLaren is working closely with its suppliers to reduce Scope 3 emissions. Developing partnerships that focus on circular economy practices, product and design solutions, and cutting-edge delivery methods, McLaren aims to encourage the adoption of low-carbon and resource-efficient technologies across its value chain. These collaborations aim to push the technological boundaries and focus on the big eight carbon-intensive material to achieve the largest carbon reductions required to meet McLaren's long-term net zero objectives.

Decarbonisation Support for SMEs: Recognising the role of small and medium enterprises (SMEs) in its value chain, McLaren is dedicated in helping these businesses to cut their carbon footprints. Through

inset schemes and targeted support, McLaren provides resources and guidance to enable SMEs to reduce their carbon footprints, making them active contributors to McLaren's boarder sustainability objectives. The approach helps to build resilience and carbon-conscious practices through the entire value chain.

Embodied carbon emissions are currently monitored on a project-by-project basis where there is a client requirement but are not currently reported at a business level. McLaren's long-term approach to Scope 3 emissions reduction includes establishing sectoral baselines for embodied carbon. This data informs strategic partnerships across McLaren's supply chain to develop innovative carbon reduction solutions, especially in material-intensive projects like industrial and logistics centres. As part of its commitment to transparent and accurate reporting, McLaren is aligning its emissions tracking with the Science Based Target initiative (SBTi).



Social

Social impact

McLaren considers social value in how it employs people, engages with communities, and buys products and services. Our Social Value Policy objectives are focused around adding long term value to local communities, improving local quality of life, creating employment and training opportunities.

Through the year we have integrated our social value objectives within The McLaren Way delivering tangible social value within the local communities within which we work.

Highlights:

28 colleagues

joined the McLaren Apprenticeship Programme over the 12 months, with a 92% retention rate for our apprenticeship programme.

8 T-Level placements

in collaboration with the Department for Education, Education Training Foundation and Construction Youth Trust as part of our T-Level Industry Placement Scheme. We supported students completing the Design, Surveying, Planning, and Onsite T-Level qualifications. Two of these students progressed on to McLaren's Apprenticeship Programme.

55 work experience

placements providing technical and onsite experience.

Amber
transforming lives

Working with Amber Foundation we supported young people to transform their lives by helping them move away from homelessness, out of unemployment and work towards better, brighter and healthier future. McLaren created a rotational work experience programme to support individuals in gaining insight, experience, and knowledge of construction and guidance on their chosen career pathway. Two young people were placed on the programme with one progressing on to McLaren's Apprenticeship Programme.



Partnered with O'Neill and Brennan and the New Futures Network (NFN) to pilot the Constructing Futures Programme supporting people from prison to resettle back into work. This is a ministry of justice initiative created to help prisons gain relationships with employers. Two individuals were placed on this programme with one progressing on to a full-time job.



Our People

In response to foreseen growth, market expectations and evolving legislation around building safety, we have made substantial investments in the human resource and learning and development teams who support the leadership and project teams in delivering McLaren values, culture and behaviours across the business.

With business growth continuing across all sectors and geography a refined employer value proposition has new highly skilled colleagues into the business during YE22/23.

Attraction & Retention

To attract talent to industry at the earliest stage the HR team have developed long-term relationships with key primary, secondary and tertiary education facilities to inspire young people to enter the construction industry, either with McLaren or the supply chain.

During the year the business has supported work placements and directly employed apprentices and T levels covering Quantity Surveying, Design Management, Operations, I.T.

Currently, 28 people are enrolled on the apprenticeship programme, with a 92% retention rate and we have diversified the functional areas in which apprentices are placed.

The success of the attraction and retention strategy included developing and delivering a clear and consistent set of values and behaviours supported with a code of conduct, cascaded through a clear colleague communication and engagement both internally and externally.

Teams including sustainability, digital innovation, learning and development and inclusion have welcomed new colleagues who bring new expertise in these areas, reflecting our ambition to build technically strong and diverse teams, while solidifying our reputation as an inclusive organization.

We are committed to closing the Gender Pay Gap and have implemented new family friendly policies throughout the year such as enhanced paternity, maternity, surrogacy and adoption.

These new policies are part of our commitment to maintain and equalise the middle quartile of 13.75% with the Upper middle quartile of 2.5% within a five year plan.

Engagement with our colleagues is a key part of business retention with surveys, engagement groups, inductions implemented to provide continuous two way communication between colleagues and the business.



Succession and Business Planning

The identification of critical roles and succession planning have been a core part of business risk management. This has been aligned with the annual performance appraisal process, competency assessments, nine box grid, training and competency strategy.

Inclusion

Through our development and inclusion lead our inclusion forum will drive the implementation of our inclusion strategy. Inclusion is embedded in everything we do at McLaren; it goes beyond inclusive hiring practices, we foster a culture where everyone feels welcome, supported, and valued from their very first day. We want our colleague to reflect the diversity of the local communities that we serve, and we aim to be a place where people can be free to be themselves no matter what their identity or background. By creating a working environment in which individuals can utilise their skills and talents to the full without fear of prejudice or harassment, we aim to create a culture where everyone can reach their full potential.



We also prioritise collaboration with our supply chain partners to ensure inclusivity is a shared goal. Our Inclusion strategy focuses on four key areas:



1. Our values, culture, behaviours

- Include and engagement with McLaren Colleagues through our forums
- Include new starters though induction, mentoring, buddying programmes.
- Include and facilitate industry entry with schools and colleges.



2. The McLaren Way

- Include colleagues in building technical solutions.
- Include colleagues in a single way of working.



3. Communities

- Include communities through our social value plans.



4. Supply Chain

- Include local communities with local procurement.
- Include SME in out project by providing market entry opportunities

Health & wellbeing

We continue our partnership with Lighthouse, a construction industry charity that provides emotional, physical and financial wellbeing support to construction workers and their families. To support the wellbeing of McLaren colleagues, we have established a wellbeing forum focused upon the wellbeing of colleagues and the communities we work in. We also partner with our key benefit providers to provide the whole range of support services from healthcare to mental health.

Governance



H&S

Our aim remains to provide a working environment that is free from harm by promoting a clear and positive safety culture, ensuring the wellbeing of all parties involved with our work. The health and wellbeing of our people is critical to how our business operates. Our "Work Safe Home Safe" programme has been re-focused into three clear headings, "Communicate, Be Aware, Be Accountable," and over the period, has achieved the improvement of our health and safety results:

RIDDOR:

27% reduction

in incidents over from 7 in 2023 to 5 in 2024

2024 AFR is 0.06

Accident Incident Rate:

2024 AIR is 14.12

95% below construction industry/ HSE average of 296

RoSPA and British Safety Council: Gold Medal Award achieved for 2024, for the 7th consecutive year.



Assurance & Risk Management

Assurance

Our in-house assurance team delivered the following ISO accreditations within The McLaren Way for YE23/24

ISO14001
Environmental Management Systems

ISO 45001
Occupational Health & Safety

ISO 9001
Quality Management Systems

ISO 27001
Information Security

ISO 19650
Building Information Modelling

Risk Management

Through The McLaren Way, the business continues to monitor, and horizon scan the impact of national and global events upon materials and labour availability and price risk, ensuring project contract negotiations respond to market risk.

The McLaren Way provides a risk management framework which includes:

- Governance & Oversight
 - The Main Board accepts overall responsibility
 - Oversight of risk framework
 - Review annually
 - Assurance and Risk Management team oversight
- Group Risk Management
 - CEO to monitor risk profile of the business
 - SLT –biannual review of risks
 - Risk Steering committee quarterly review
- Business Risk Management
 - Adoption of risk management system
 - Deal with diverse business units
 - Risk escalation process
- Operational Risk
 - Gateway process (GW1–12)
 - Risk profile review at each gateway

McLaren's relationship with its supply chain has been a key area of focus with commercial and performance checks continuing throughout the delivery of projects to ensure any potential risk in the performance of the supply chain is effectively managed.

Supply Chain

We are committed to nurturing strong, ethical and sustainable relationships throughout our supply chain. Through The McLaren Way we stringently adhere to legal and regulatory standards and consistently enforce those standards across all our operations.

To ensure regulatory compliance, ensure competency, and reduce the risk of supply chain failure we have enhanced our in-house pre-qualification process to include financial stability, digital capability, digital security, building safety and health safety.

Through our enhanced process' we have linked real time procurement with live on site KPI performance ensuring we manage exposure to key suppliers and ensure live project performance is captured during appointment decision making process.

We are further supported by Constructionline which includes health and safety, sustainability, social responsibility (equal rights), security (e.g GDPR), on-site facilities, and quality systems, and all supply chain are required to maintain Gold or Platinum Constructionline status.

Further advances in our supply chain strategy during 23/24 have been to focus upon our scope 3 sustainability objectives by supporting SME's to low carbon technologies through our inset training and investment fund.

To support local communities we continuously engage with local and UK suppliers to reduce supply chain risk, alongside reviewing our third tier manufacturing supply chain reducing risk by promoting re-shoring and UK manufacturing.



Anti Modern Slavery (AMS)

The Government's Modern Slavery Assessment of McLaren AMS process ranks McLaren within the 'Green Band' of low risk suppliers.

Through a process of continuous improvement our policy objectives have been enhanced to include the following objectives:

- ensuring we embed a culture of ethical principles and accountability.
- ensuring we embed ethical procurement across our supply chain.
- ensuring due diligence across all our operations.

As one of our key policy theme's surrounds ethical procurements across our supply chain. Some of the ways we proactively commit to this include:

- Identifying necessary suppliers to complete the Modern Slavery Assessment Tool and aiming for an 85% supplier completion rate
- Fostering an environment of ownership and compliance, we monitor each link in the supply chain to guarantee with absolute certainty that due diligence is carried on in the next link in the chain.
- We acknowledge areas recognised as high risk within the supply chain, and across all areas, implement specific diligence toward procurement.

Building Safety

The main board has approved a strategic plan to embed a culture of building safety within The McLaren Way by investing in our our Assurance and Risk Management, Supply Chain, Digital and Project Quality Control processes.

To inform our response to the Building Safety Act and achieve industry best practice, McLaren is a signatory to Building a Safer Future (BSF), is pursuing BSF Champion status, and is part of the industry led Get It Right Initiative (GIRi) and Constructing Excellence (CE), and contributes to the HSE Industry Competence Committee by being a member of the sector led Construction Management Delivery team.

As a Principal Contractor, and Principal Designer (depending upon the form of contract) McLaren competency frameworks have been developed and aligned to PAS 8672: 2022 competence of individual Principal Contractors, and PAS 8671: 2022 competence of individual Principal Designers.

All job families that have an impact upon quality, compliance and building safety have a defined job description, and form part of the McLaren response to the Building Safety Act by aligning the job families listed below with competencies:



Competencies have been mapped to each of the job families in seven key areas of competency, this is to ensure skills, knowledge, experience, and appropriate behaviors are recorded in a dynamic personal development plan, which is tracked, mapped, recorded, and validated through the McLaren “Competency Hub”

Further, the business has committed to building upon its digital capability (accredited to ISO19650) by developing a fully integrated digital Building Safety Act process on the Asite digital centre of excellence which includes all project phases from pre-construction, design, operations, snagging, archive and data.

All our past High Risk Residential projects have been audited in line with evolving building safety legislation.

The timeline of our technical review of High-Risk Residential Building has followed contemporary events and evolving legislation:

- **2017**
Focus upon ACM Panels + Insulation res buildings 18m+
- **2018 December**
Reg 7 amendments (Ban on Combustible materials res buildings 18m+)
- **2019 April**
Further third Res Projects Archive review
- **2020 January**
Focus upon HPL (High Pressure Laminates) residential projects 18m+
- **2023 April**
Mandatory registration of high-rise buildings

Audits of pre 2017 projects included the design and materials data of past projects revealed that we had limited exposure to ACM panel, Combustible Materials & HPL products

Upon request we have provided design and installation records, and reviewed installation queries presented to us by customers enabling them to fulfil their obligations to register their buildings with the regulator by April 2023.



Digital

Digital integration, data management, statutory compliance, and streamlined processes, enable us to deliver projects that are efficiently designed, constructed, and managed. In response to evolving Building Safety and Digital Security legislation, and the digital expectations of all project stake holders the group has invested in digital tools, resource, training, adoption and innovation, successfully delivering year three of a five-year digital transformation programme.

Our dedicated digital information management team have successfully integrated and deployed four core digital tools within the business, Dalux, A Site, Open Space and Microsoft teams within the McLaren Way alongside a number of other key software platforms including the McLaren Competency Hub and BIMCollab.

Highlights:

Deployed the field tool to

over 90%

of all McLaren projects

>100,000

tasks and forms raised in Dalux

766+

McLaren colleagues using new digital tools

1,800+

external users including customers, designers and subcontractors

This deployment ensures we deliver digital information required for building safety on all sectors, alongside a flexible approach which ensures that solutions are always tailored to suit project requirements and customer needs, delivering tangible value and certainty with regards to programme, quality and cost.

The next phase of the digital delivery plan will be to focus upon data analytics aligned with risk management and continuous improvement.



Business Continuity

Projecting the interests of both our clients and business is a fundamental part of the work we do. Our business continuity team are highly specialised in identifying, assessing, and mitigating business risks, ensuring that potential disruptions are anticipated and effectively managed. With expertise in disaster recovery, they develop strategies to safeguard critical operations, allowing for seamless recovery in the event of unforeseen challenges. McLaren colleagues are all accountable for ensuring the work they do maintains operational excellence and awareness to risk.

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