Environmental, Social & Governance

Report 2026

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 recognize 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 a merit based 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. They 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.

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)

1. Governance

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 supplicant 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 internation climate standards.

The MB relies on regular reporting from key executives to stay informed on climate-related matters. The Group Pre-Construction Director, the Group Sustainability Manager, 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

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 supplicant 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 Alliance for Sustainability Building Products *(ASBP) and the Sustainability Chain Supply School (SCSS) to inform its climate governance framework. ASBP is an alliance of organisation that share a common goal of increasing the quality, health and sustainability of the build environment through the identification, development and specification of better products and systems, aiding McLaren is identifying low carbon construction products, construction circular economy solutions, and materials validation process'. 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.

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.

2. Strategy

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 and have identified the following climate-related physical and transitional risks. A detailed materiality assessment of these risks is outlined in this section.

Physical Risk	Transitional Risk
Increased Frequency of Extreme Rainfall	Policy and Legal
Rising Temperature and Extreme Heat	Low Carbon Energy
Increased Frequency of Extreme Wind	Workforce Reskilling Needs
Supply Chain Vulnerability	Community Expectations

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.

Scope 1 & 2 Strategy

Our strategy focuses on eliminating fossil fuel dependence, transitioning to renewable energy sources, and driving innovation across our construction sites. By taking a phased approach, we are ensuring that every site under our financial control actively reduces emissions in a structured and measurable way. The strategy is built on the following key principles:

- **Level 0:**
  Usage reduction and innovations.
- **Level 1:**
  HVO procured via McLaren's vetted fuel providers.
- **Level 2:**
  REGO Tariffs – Renewable energy procured via broker.
- **Level 3:**
  Onsite Renewables – Range of options including solar, heat pumps, CHP and battery storage.
- **Level 4:**
  Corporate PPA – Purchase energy directly from renewable generators with a physical or virtual PPA.

Scope 3 Strategy

McLaren have identified a Scope 3 strategy and is committed to achieving Net Zero carbon emissions by 2045/46 with the aim to achieve this through three phases.

- **Phase One (2025/26):**
  Set carbon baselines for the key sectors, identify innovations against our key packages (steel, concrete, façade, temporary works, building services, finishes and drylining), and support small and medium-sized enterprises (SMEs) with training and technology adoption.
- **Phase Two (2030):**
  Overcome current limitations and drive sustainable construction forward through strong partnerships with our supply chain and the adoption of new solutions that support our goals.
- **Phase Three (2045):**
  Push innovation even further. Develop cutting-edge technologies to drive the industry toward more efficient, low-carbon practices that can address and close the sustainability knowledge gaps in the industry.

McLaren Innovation Pathways

We believe in early collaboration with our stakeholders, exploring innovation pathways, and reducing carbon emissions. Working together, our Sustainability and Project teams create strategic roadmaps and understand the feasibility of implementing innovations on projects, considering carbon, cost, programme, and design implications. This allows our clients to make informed decisions tailored to their projects, which also benefits the wider community.

Circular economy:
Prioritising retention, reuse, and recycling of materials, and we view our existing buildings and refurbishment projects as material banks. Where possible, we strive to create a fluid market where our competitors are also our collaborators. We work closely with organisations like Reusefully and Maconda to identify and catalogue materials for reuse at project inception. We collaborate within, as well as with, the wider industry to keep valuable resources in circulation. We're also patron members of ASBP (The Alliance for Sustainable Building Products).

Design solutions:
Design is where some of the biggest impact lies. We start early and choose wisely – finding engineering solutions to optimise design and material specifications. Our Project teams also conduct Optioneering workshops during tender and project kick-off to challenge design and specifications. We focus on our successes and lessons learned from previous projects, using them to maximise efficient and sustainable outcomes.

Product solutions:
Once carbon reduction through circular economy and design solutions have been embedded and implemented, the use of lower carbon alternatives is also explored. The sustainability and supply chain teams are consistently on the lookout for innovative materials and technology, by engaging with suppliers and simultaneously expanding our approved sub-contractors and recommended supplier list.

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.

The analysis of the climate related risks and opportunities from project level through to the management structures are fully integrated into The McLaren Way. This is done through our project activities and risk management application (the PCP "Project Control Plan"), which is fully integrated into group reporting structures. 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.

Inset Strategy

The Supply Chain Inset Strategy is designed to accelerate McLaren's sustainability goals by reducing Scope 3 emissions through collaboration with supply chain partners, particularly SMEs. It supports McLaren's Net Zero roadmap and embeds sustainability into procurement and delivery processes. Additionally reflecting the principles outlined in the Oxford Principles for Net Zero Aligned Carbon Offsetting, McLaren considers direct emissions reduction measures first before exploring offsetting strategies.

Core Objectives of the Inset Strategy include:

- **Supporting SMEs:**
  Provide training and funding to enable adoption of low-carbon technologies.

- **Reducing Scope 3 emissions:**
  Target embodied carbon in key packages.

- **Responsible sourcing:**
  Integrate sustainability and compliance into supplier selection.

- **Forming innovation partnerships:**
  Drive technology adoption across projects.

The key characteristics of the inset support include providing financial support for SMEs to implement carbon reduction initiatives, upskilling suppliers on sustainability practices through training programmes, integration with Constructionline and Ecovadis to assess suppliers and benchmark, establishing Supply Chain SLAs for sustainability practices (such as HVO fuel use) and mandating enhanced pre-qualification for sustainability, digital security and health and safety checks.

To date, McLaren have implemented several initiatives for carbon reduction including; implementation of Flybrid technology for tower cranes, banning procurement of diesel, smart metering for energy monitoring, Supply Chain SLAs (Service Level Agreements) for HVO procurement, exploration of carbon capture and storage and transitioning to a new broker to implement and evidence to mandate procurement of 100% REGO tariffs to ensure all grid-connected power on McLaren sites are sustainably sourced. In FY2024/25 McLaren have spent £107,543 and £81,150 on the transition to HVO fuel and REGO tariffs, respectively.

McLaren have also embedded sustainability into procurement workflows, created a live KPI tracking which links to supplier performance and put processes in place to prioritise local and UK suppliers through supply chain mapping and global risk management for the business. A survey was sent out to SMEs to understand what they wanted to collaborate on the most with McLaren. The majority of respondents wanted a greater level of training on sustainability and innovation adaptation and therefore McLaren look to focus on this.

Next steps include expanding the SME participation with the inset support, increase adaptation of low carbon innovations and technologies on projects and strengthen the supplier sustainability audits and reporting to enable monitoring, tracking and forecasting. In time, McLaren look to shift the inset support to an inset fund in line with the business's strategy to push and meet the technology barrier.

Offset Strategy

The business aims to be Net Zero for Scope 1 and 2 by financial year end 2025/26, and with the transition to HVO fuel and REGO tariffs implemented McLaren look to purchase carbon credits to offset the associated residual carbon emissions. In line with the business's new "Think Global, Act Local" narrative, McLaren will take the following steps:

Strategy:
Undertake an analysis to identify which United Nation's Sustainable Development Goals (UN SDGs) align most with McLaren sustainability strategy and business activities.

Broker and platform:
McLaren currently work with Verra to purchase credits at project level and therefore look to work with the organisation on negotiations and purchasing for group level offsetting. Projects can be selected from the SDVista pool as these are mapped against the UN SDGs.

Principal Climate-related Risks and Opportunities

The physical and transitional risk and opportunity materiality assessment has been completed against the following:

	Description
Impact	Environmental, Social or Governance Impact or combination
Time Horizon	Short, medium or long term impact • short term (0 to 1 year to 2026); • medium term (1 to 5 years to 2030); and • long term (5 to 20 years to 2045).
Level	Project or Group Level impact
Risk/opportunity description	Detailed description of the outlined risk or opportunity
Likelihood	Likelihood of risk or opportunity occurrence – Low / Moderate / High
Potential financial impact	Qualitative financial impact of risk or opportunity – Low / Medium / High
Mitigation/actions to manage risk/opportunity	Actionable strategies to mitigate risks or manage opportunities
Exposure	Current McLaren status on management of risk and opportunity – Low / Medium / High

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.

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 project preliminaries. Scope 1 and 2 project costs are included within the estimating templates and costs on a project-by-project basis.

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.

Risk	Increased Frequency of Extreme Rainfall	Increased Frequency of Extreme Heat
Impact	Environmental/Social	Environmental/Social
Time Horizon	Short to Long Term	Short to Medium Term
Level	Project	Project
Risk Description	Increased flooding, project delays, safety risk, changes in legislation and environmental laws.	Number of days with high temperatures is increasing, this is particularly made worse in cities where the urban heat island effect contributes.
Likelihood	Moderate	High
Potential Financial Impact	• Cost coming from damages and delays. • Rising insurance premiums and claims. • Costs of engaging specialists, such as drainage engineer. • Costs for enhanced drainage systems and site layouts alongside existing infrastructure replacement and maintenance.	• Increased insurance ad premiums. • Increased cost as a result of project programme extensions and productivity due to workers not being able to work in heat for prolonged periods of time. • Costs for damage to infrastructure and maintenance due to material degradation.
Mitigation/ Actions to Manage Risk	Where applicable (based on sector & geography): • Enhance drainage systems with revised site layouts and investing in drainage experts. • Invest in infrastructure to incorporate climate resilience features. • Sustainable urban drainage solutions based on a flood risk assessment. • Site specific flood risk action plans (such as sandbags, raising materials away from ground, building trenches before water courses, designated area for excess water collection). • Use of permeable temporary surfaces to stop standing water. • Frequent drainage inspections.	Where applicable (based on sector & geography): • Adapt construction programme and site practices to minimise and account for heat-related disruptions. • Strengthen site infrastructure and logistics against extreme heat through consistent monitoring and forecasting. • Adapting PPE for site workers. • Procure low energy use air conditioning units. • Cool down areas – eco cabins, better insulation, glare control (designing site cabins the way the building is designed for temperature control). • Temporary shading devices. • Adjusting site worker shifts.
Exposure	Increased Frequency of Extreme Rainfall	Rising Temperatures and Extreme Heat

Increased Frequency of Extreme Wind	Supply Chain Vulnerability
Environmental/Social	Social/Governance
Medium to Long Term	Short to Long Term
Project	Project & Group
Compliance with strict building regulations resulting in higher maintenance and design modifications. Site safety and structural integrity	Physical climate risks affecting suppliers (e.g. flooding in material production zones) can lead to delays and social unrest among dependent communities.
Moderate	High
• Costs for damages and delays. Delays due to cranes not being in use. • Cost for reinforced structures and material upgrades. • Increased compliance costs, safety measures implementation costs.	• Increased material costs and inflation. • Project delays and contractual penalties. • Supply chain financial instability can cause need to increase contingency budgets to absorb losses which directly affects McLaren activities.
Where applicable (based on sector & geography): • Strengthen (temporary) structures. • Implement (wind) safety protocol. • Invest in wind-resistant designs and equipment. • Invest in expert support, i.e. structural engineers. • Adapting PPE for site workers - Making sure helmet chin straps are properly secured. Adding cord to safety glasses. • Covering stockpiles and skips. • Adapt scaffolding to suit high winds (e.g. perforated material). • Adapting site worker shifts – right work for the right conditions. • Dust control. • Inspections of tall plant or equipment at height (tower crane).	Where applicable (based on sector & geography): • Localise supply chain to reduce long-distance logistics through supply chain mapping. • Use technology to track supplier performance as well as access broader supplier bases to enable agile procurement decisions. • Diversify suppliers to mitigate dependency on single supplies.
Increased Frequency of Extreme Wind	Supply Chain Vulnerability

Physical Opportunities

Physical opportunities arise from the increasing need to adapt to climate-related risks and enhance resilience in the built environment. McLaren has identified four key areas where the business can leverage its capabilities to deliver value through climate-resilient infrastructure and innovative design solutions, supporting long-term growth and stakeholder confidence:

Physical Opportunity	Increased Frequency of Extreme Rainfall	Increased Frequency of Extreme Heat
Impact	Environmental	Environmental
Time Horizon	Short to Long Term	Medium to Long Term
Level	Project	Project
Opportunity Description	Adapt construction practices and infrastructure to manage water more effectively, reducing delays and damage while enhancing resilience.	Implement heat-resilient strategies to protect workforce productivity and infrastructure integrity, while reducing long-term operational costs.
Likelihood	Almost Certain	Almost Certain
Potential Financial Impact	• Avoidance of project delays. • Reduces insurance claims and premiums through flood mitigation. • Lower maintenance and repair costs from damage.	• Maintain productivity. • Extend asset lifespan by reducing heat related damage. • Lower health related costs through proactive worker protection.
Actions to Manage Opportunity	Where applicable (based on sector & geography): • Installation of advanced drainage and flood protection systems (including blue roofs to encourage rainwater harvesting for operational use). • Adjust site activities to reduce disruption through weather forecasting. • Design site layouts to effectively manage water flow and run off.	Where applicable (based on sector & geography): • Use passive cooling designs. • Monitor worker health through training and technology. • Manage worker shifts.
Exposure	Medium – given Site-level operations and business wide resilience planning.	Medium – given Site-level operations and business wide resilience planning.

Increased Frequency of Extreme Wind	Supply Chain Vulnerability
Environmental	Social/Governance
Short to Long Term	Short to Long Term
Project	Project & Own operations
Strengthen structural and operational resilience to wind events, reducing damage and downtime while improving safety and compliance.	Build a more agile and diversified supply chain to reduce exposure to disruptions and improve cost control and delivery and quality reliability.
Almost Certain	Certain
• Avoidance of emergency repair costs and therefore project delays. • Reduces insurance premiums.	• Improve cash flow stability. • Avoid cost overruns due to material delays.
Where applicable (based on sector & geography): • Reinforce temporary structure and secure loose material. • Include extreme win mitigation and protocol into design documentation. • Forecast wind events through technology.	Where applicable (based on sector & geography): • Diversify supplier base and prioritise localised material sourcing. • Conduct regular supplier risk assessments.
Medium – given Site-level operations and business wide resilience planning.	High - given our ability to collaborate with our supply chain, we are able to maximise our ability to transition to a low carbon economy.

Transitional Risks

Transitional 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:

Transitional Risk	Policy and Legal	Low Carbon Energy
Impact	Environmental	Environmental
Time Horizon	Short to Long Term	Short to Long Term
Level	Project & Group	Project
Risk Description	Introduction or tightening of carbon taxes or emissions trading schemes could increase operational costs. Changes in regulations, stricter emissions standards, carbon pricing, mandatory reporting requirements, climate-related financial disclosures – such as the introduction of CBAM (Carbon Border Adjustment Mechanism). 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.	Challenges in adopting low-carbon energy sources, including infrastructure changes and regulatory adjustments. 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	High	High
Potential Financial Impact	• Increased operational costs to the business and potential fines for non-compliance. • Increased resource required to manage improving standards including new tools to capture data. • Increased costs to source materials.	• Increased capital expenditure for low energy products and equipment. • Loss of competitive advantage. • Operational disruptions.

Workforce Reskilling Needs	Community Expectations
Social/Governance	Social
Short to Long Term	Short to Long Term
Project & Group	Project & Group
Transitioning to low-carbon construction methods may require retraining staff, with associated costs and productivity risks.	Public and stakeholder pressure for sustainable practices may lead to reputational risks if not met, especially in high-profile projects.
High	Moderate
• Upfront costs associated with training and development programs. • Productivity disruption due to time associated with training. • Costs associated with retaining skilled staff, such as recruitment and retention costs.	• Increase in social value delivery costs on projects to meet expectations. • Loss of future contracts is requirements and expectations are not met, leading to loss in competitive advantage. • Additional costs for tracking, monitoring and reporting for compliance and ESG performance.

Transitional Risk	Policy and Legal	Low Carbon Energy
Mitigation/ Actions to Manage Risk	• Increased operational costs to the business and potential fines for non-compliance. • Increased resource required to manage improving standards including new tools to capture data. • Increased costs to source materials. Where applicable (based on sector & geography): • 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 by following a "Think Global, Act Local" narrative. • There will be a requirement for more employee training, working with external consultants (embodied carbon) and with a wider range of reporting software. • 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. • Green certifications credits related to climate change, highlight areas of focus and work on innovation credits. Pushing for innovation with clients and producing project specific strategies.	• Increased capital expenditure for low energy products and equipment. • Loss of competitive advantage. • Operational disruptions Where applicable (based on sector & geography): • Monitoring energy trends across the UK and globally to determine volatility in energy costs by source. • Working with energy brokers to secure competitive pricing of energy supply at project level. • Agreements in place with large-scale providers of alternative fuels, with detailed cost estimation carried out during pre-construction. • Checking authenticity and sustainable procurement of HVO. • Reducing reliance on the grid (solar panels on site cabins). • Checking energy demands and efficiency of office equipment (laptops, fridges etc).
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.

Workforce Reskilling Needs	Community Expectations
• Upfront costs associated with training and development programs. • Productivity disruption due to time associated with training. • Costs associated with retaining skilled staff, such as recruitment and retention costs. Where applicable (based on sector & geography): • Undertake frequent skills gap analysis to align skills with future project needs. • Collaborate with well known schemes, professional institutions and government programs to co-fund and deliver targeted training. • Provide flexible learning to reduce disruption and improve engagement. • Regular site toolbox talks to touch on all site risks (physical and transitional). • Offer learning opportunities (drop-in sessions) on specific topics. • McLaren are hosting an Innovation event – to upskill, encourage engagement of internal and external stakeholders. • Internal monthly communications.	• Increase in social value delivery costs on projects to meet expectations. • Loss of future contracts is requirements and expectations are not met, leading to loss in competitive advantage. • Additional costs for tracking, monitoring and reporting for compliance and ESG performance. Where applicable (based on sector & geography): • Embed social value in procurement strategy and project programme. • Use digital tools to automate and communicate social value delivery and encourage engagement. • Align expectations early on through early engagement with local communities. • Bespoke community engagement initiatives. • Exceeding S106 commitments – going beyond standard practic.
Low - given adaptation and mitigation measures implemented – potential to impact in future.	Low - given adaptation and mitigation measures implemented – potential to impact in future.

Transitional Opportunities

Transitional opportunities emerge from the growing demand for sustainable construction practices and low-carbon solutions. McLaren has identified four 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:

Transitional Opportunity	Policy and Legal	Low Carbon Energy
Impact	Environmental	Environmental
Time Horizon	Short to Long Term	Short to Long Term
Level	Own operations	Project & 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	High	High
Potential Financial Impact	• Increased market share. • Increased revenue.	• Reduced costs by sourcing renewable energy. • Reduced carbon tax.
Actions to Manage Opportunity	Where applicable (based on sector & geography): • 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. • Continue to monitor for heavy reliance on specific materials, to reduce the risk of supply constraints. • 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.	Where applicable (based on sector & geography): • 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. • Adoption of hydrotreated vegetable oil and the electrification of plant. • 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.

Workforce Reskilling Needs	Community Expectations
Social/Governance	Social
Short to Long Term	Short to Long Term
Project & Own operations	Project & Own operations
Reskilling the workforce and stakeholders presents a strategic opportunity to enhance productivity, raise awareness, and align with group level compliance and project expectations.	Meeting rising community expectations around climate action and social value offers reputational and commercial advantages. Reputational advantage when projects deliver measurable local benefits.
High	High
• Improved workforce capabilities which mitigates skills shortages and avoids project delays and inflated labour costs.	• Increased competitiveness. • Reduces planning risks.
Where applicable (based on sector & geography): • Developing internal training pathways which are short, flexible and encourages engagement. • Embed skills planning into strategy. • Partnering with well-known institutions and programs to scale training delivery.	Where applicable (based on sector & geography): • Quantify social value to measure and report community impact, through tools like TOMS. • Early engagement with communities to understand what is needed and important to that project and area, therefore finding relevant and impactful initiatives. • Integration of community expectations into bid and delivery strategies.
Medium – Upskill being implemented internally, with plans to focus on SMEs with training and technology.	Low – given our ability to engage early, quantify and strategise to find group or project relevant initiatives.

3. Risk Management

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.

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 market risk and risk management and mitigation. These assumptions are also subject to review as part of continuous improvement in data quality to meet IFRS forward-looking expectations.

Market risks

Judgement: 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

Judgement: 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).

Global Risk and Business Resilience

The future strategy for sustainability at McLaren is moving away from certifications and carbon, with these workstreams being business as usual, and towards focusing on global risk management and business resilience. With this new pathway, there is fundamental integration required between the supply chain and sustainability teams.

Supply Chain Mapping

The next financial year (2025-2026) will see a focus on supply chain mapping and materials validation. The supply chain and sustainability team are focusing on mapping our key packages, from the origin of raw materials, to manufacturing and fabrication before arriving at our sites.

Materials Tracking and Validation

The Material Validation Process ensures that all materials used on site:

- Align with preconstruction design and specifications
- Comply with the relevant requirements of Building Regulations
- Comply with Sustainability Regulations and Requirements
- Comply with Project Quality Management (PQM) Requirements
- Are traceable from procurement to installation

This process is governed by the Material Validation Schedule (MVS), which is embedded in the Project Control Plan (PCP) and linked to digital platforms like Asite, Dalux, and Inndex.

The MVS is split into three parts, with an owner assigned to each: Pre-Construction and Delivery followed by Validation, to capture material validation from Gateway 3 through to 10.

CBAM

For global risk management and business resilience CBAM (Carbon Border Adjustment Mechanism) will be one of McLaren's priorities, also captured within McLaren's wider legal register. CBAM readiness supports McLaren's transition risk management and strengthens long-term resilience to carbon pricing mechanisms.

A priority for McLaren is understanding the potential impacts of CBAM.

Set to launch on 1 January 2027, CBAM will apply a carbon price to certain emissions-intensive goods imported into the UK, including the following which McLaren have influence on:

Iron and steel | **Cement** | **Aluminium**

This price will reflect the carbon cost that would have been paid if the goods were produced in the UK under the UK Emissions Trading Scheme (ETS) and Carbon Price Support (CPS). Key actions for McLaren to minimise any upcoming risk as a result of CBAM:

- Conduct a CBAM-compliance audit of materials and suppliers, and identify any gaps McLaren need to find solutions for.
- Raise awareness and train teams on carbon literacy and CBAM compliance.
- Update sub-contractor requirements to include CBAM requirements.
- Continue partnering with suppliers who provide transparent carbon data and EPDs.
- Monitor legislative updates and participate in stakeholder consultations (hence McLaren update legal register.

4. Metrics and Targets

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). Performance against metrics is reviewed quarterly by the MB using the sustainability dashboard.

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 2026. 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 FY25/26 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.

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. Our annual SECR (Streamlined Energy and Carbon Reporting) requires justification for changes in McLaren's carbon emissions from the previous year. The table of results below shows a breakdown of results for Scope 1, 2 and 3 accompanied by intensity metrics with regard to business turnover (per £1m) and employee count as required by SECR.

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 board sponsor is responsible for ensuring the compliance of carbon data and data assurance across the group and compiling ESOS, SECR, PPN06/21 and IFRS reporting.

<table>
<tr><th>Reporting Period</th><th>Baseline Year: 2023/24</th><th>Current Reporting Year: 2024/25</th></tr>
<tr><td>Scope 1</td><td>463.7
<table>
<tr><th>Scope 1 Category</th><th>Total (tCO_2e)</th></tr>
<tr><td>Diesel Fuel</td><td>445.4</td></tr>
<tr><td>Biofuel</td><td>14.5</td></tr>
<tr><td>Natural Gas</td><td>0</td></tr>
<tr><td>Petrol Fuel</td><td>0</td></tr>
<tr><td>LPG</td><td>2.2</td></tr>
<tr><td>Burning Oil</td><td>0.3</td></tr>
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<table>
<tr><th>Scope 1 Category</th><th>Total (tCO_2e)</th></tr>
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<tr><td>Biofuel</td><td>17.0</td></tr>
<tr><td>Natural Gas</td><td>8.2</td></tr>
<tr><td>Petrol Fuel</td><td>0.1</td></tr>
<tr><td>LPG</td><td>0</td></tr>
<tr><td>Burning Oil</td><td>0</td></tr>
</table></td></tr>
<tr><td>Scope 2</td><td>409.7
<table>
<tr><th>Scope 2 Category</th><th>Total (tCO2e)</th></tr>
<tr><td>Electricity (market based)</td><td>409.7</td></tr>
<tr><td>Electricity (location based)</td><td>1167.7</td></tr>
</table></td><td>470.4
<table>
<tr><th>Scope 2 Category</th><th>Total (tCO2e)</th></tr>
<tr><td>Electricity (market based)</td><td>470.4</td></tr>
<tr><td>Electricity (location based)</td><td>381.3</td></tr>
</table></td></tr>
<tr><td>Scope 3</td><td>675,536.26
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<tr><th>Scope 3 Category</th><th>Total (tCO_2e)</th></tr>
<tr><td>Cat 1: Purchased Goods and Services</td><td>669,526.42</td></tr>
<tr><td>Cat 3: Fuel- and Energy-Related Activities</td><td>721.80</td></tr>
<tr><td>Cat 4: Upstream Transportation and Distribution</td><td>2,701.90</td></tr>
<tr><td>Cat 5: Waste</td><td>444.83</td></tr>
<tr><td>Cat 6: Business Travel</td><td>980.95</td></tr>
<tr><td>Cat 7: Employee Commuting</td><td>1,050.63</td></tr>
<tr><td>Cat 8: Upstream Leased Assets</td><td>109.73</td></tr>
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<tr><th>Scope 3 Category</th><th>Total (tCO_2e)</th></tr>
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<tr><td>Cat 3: Fuel- and Energy-Related Activities</td><td>459.62</td></tr>
<tr><td>Cat 4: Upstream Transportation and Distribution</td><td>7,549.07</td></tr>
<tr><td>Cat 5: Waste</td><td>364.06</td></tr>
<tr><td>Cat 6: Business Travel</td><td>963.11</td></tr>
<tr><td>Cat 7: Employee Commuting</td><td>1,689.24</td></tr>
<tr><td>Cat 8: Upstream Leased Assets</td><td>130.1</td></tr>
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<tr><td></td><td>Total Emissions (tCO2e) | Total Emissions (tCO2e)</td><td>Total Emissions (tCO2e) | Total Emissions (tCO2e)</td></tr>
<tr><td>Total - Location Emissions</td><td>5098.1</td><td>5452.3</td></tr>
<tr><td>Total - Market Emissions</td><td>5856.1</td><td>5662.9</td></tr>
</table>

Scope 1 Emissions

These are emissions from sources that are owned or controlled by the reporting company. In our construction operations, these arise from McLaren purchased fuels for generators, and for rented plant machinery or vehicle. A 57% decrease in emissions from FY 2023/24 is due to the increase in HVO fuel usage and decrease in diesel usage. This has been driven by McLaren's commitment to procure HVO fuel on all sites.

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 FY 2024/25 the percentage of non-fossil fuels used in McLaren generators was 87%.

Scope 2 Emissions

These are emissions from the generation of purchased electricity, steam, heating, or cooling consumed by the company. In our construction operations, Scope 2 emissions primarily arise from the electricity used on-site, including power for site offices, welfare facilities, and equipment. These emissions occur at the point of electricity generation rather than on-site but are attributable to our operations as we are the end users of the purchased energy. A 15% increase in emissions is due to the uplift in business.

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 FY24/25 the percentage of renewable energy purchased for McLaren operated facilities was 49.5%. 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.

Scope 3 Emissions

These are all other indirect emissions that occur in the value chain of the company, both upstream and downstream. In our operations, these emissions would include purchased goods and services, business travel and employee commuting, waste disposal, upstream (such as generators) and downstream leased assets (such as Octopus cars).

Advancements in Embodied Carbon Data and Carbon Verification: McLaren have conducted detailed embodied carbon assessments on a project-by-project basis where there is a client requirement. From a business level, McLaren aim to improve its data accuracy and develop sector-specific carbon baselines for its purchased goods and services. To do this McLaren have created a carbon verification tool which aims to bring consistency, accuracy and robustness to all life cycle carbon assessments undertaken on McLaren projects. These results will feed into the key sector baselines to provide representative outputs. The verification touches on source of input data and assumptions, modelling parameters and methodology. 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. 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.

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 key packages to achieve the largest carbon reductions required to meet McLaren's long-term net zero objectives. The key sector baselines and carbon reduction innovations and technologies will be outlined in a Governance level Lexicon. The purpose of the Lexicon is to upskill, create awareness and most importantly a single evolving tool (as baselines update and innovations and technologies are found) for reducing carbon emissions at both group and project level.

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.

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:

18 colleagues

joined the McLaren Apprenticeship Programme over the 12 months, with a total of 57 apprentices currently on the programme, and a 95% retention rate.

Case Study
Tommy Bordicott – a Trainee Planner apprentice who has successfully progressed to Assistant Planner. He has been nominated for the Construction News Workforce Awards, as well as Insiders Midlands Young Professional Awards 2025.

Case Study
Preistty Ikong – has been nominated for a BPIC Award for Apprentice of the Year.

40 work experience

placements providing technical and onsite experience. Totalling our work experience placements to 130 since 2022.

Case Study
Jack Boyd – after completing work experience in our Estimating Team, Jack is now a Trainee Estimator.

9 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.

Case Study
Ryan Green – began as a T-level placement student at 30 High, and is now a Site Manager apprentice at our Biscuit Factory site in Bermondsey. Ryan also partook in a panel discussion with 100 year 10 students at a school in Westminster, discussing apprenticeships and alternative routes into work.

Across our projects

Across our 31 projects on site for this reporting period, with 16 projects having social value commitments from S106 or customer specific requirements, we have:

- **Created 50 new apprenticeship positions**
- **Worked with 518 SME's, which resulted in 44% of our total subcontractor spend**
- **Created 90 new local jobs on site**

Lighthouse

We're proud to support the Lighthouse Club, the construction industry's charity focused on mental health and wellbeing, as our main corporate charity.

The Three Peaks Challenge

In June 2024, a group of McLaren employees walked 23 miles to raise £25,000 for Lighthouse charity.

Raffle

In December, colleagues in the Midlands and North team organised a Christmas charity raffle that saw colleagues across Midlands and North getting involved to raise £1,165 for The Lighthouse Charity.

Ealing Half Marathon

Four colleagues from our Lexden project ran the Ealing Half Marathon to raise funds for Lighthouse. With over 40 years of combined experience, they've each seen the challenges construction workers face.

Their motivation was to raise awareness, show solidarity, and give back to the charity that supports so many in our sector. With construction workers four times more likely to die by suicide than the national average, their run was about more than crossing the finish line, it was about supporting the safety net that Lighthouse provides.

Volunteering

As part of our inclusion strategy this year, we are focusing on more engagement with our chosen charities. We are continuing to deliver added social value to our projects and local communities on site, but we will also be partnering with local charities to our head office in Canary Wharf. We have launched a new volunteering programme using Viva Engage and have already begun posting volunteering opportunities for our colleagues to join, using their 2 allocated volunteering days.

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 brought in new highly skilled colleagues into the business during 24/25.

Our employer value proposition is enabling the growth of a merit-based workforce. Through our engagement and communication strategies we will build on our people plan to align our recruitment, inclusion, engagement, retention and reward strategies.

Inclusion also means making space for life outside of work. Our family-related policies are designed to support colleagues through key life moments, supporting all levels of family leave, including surrogacy, adoption and carers leave, more flexibility in the rewards we offer and a range of resources to help manage our every day. These policies and benefits reflect our belief that everyone should be able to balance work and family in a way that suits them.

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 Planning, Estimating and Operations. Currently, 57 people are enrolled on the apprenticeship programme, with 18 additionally placed this year and a 95% retention rate, 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 organisation 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.

Corporate Induction

In June 2024, McLaren launched its Corporate Induction Programme to welcome new colleagues with an engaging introduction to our business. Led by a Main Board Director, the session covers McLaren's history, sectors, regions, and values, alongside insights from specialists in Communications, Sustainability, Health, Safety & Wellbeing, Digital Delivery and HR.

Each cohort is invited back for a follow-up breakfast session to continue building wider connections across the business. The programme has been well received, with 10 sessions delivered and over 170 colleagues inducted to date.

The Ones Awards

As we approach the end of the year, we're looking forward to bringing all colleagues together on Friday 5th December where we'll mark 25 incredible years in business.

This year we wanted to celebrate our people, so we're proud to be launching The Ones, our awards campaign recognising the individuals or teams who go above and beyond to make McLaren exceptional. Whether they inspire through leadership, innovation or consistently support others, The Ones are the people who set the standard.

Our HR strategy for the coming year focuses on 4 key areas:

1. Leadership
To support our leadership teams to deliver a collaborative, values-based, inclusive culture.

2. Attract
Attract & retain best in class talent to fulfil business goals, through the delivery of our employer value proposition and targeted initiatives to address gender imbalance.

3. Develop
Maximise efficiencies through effective resource planning in line with the business plan; ensure resources align with the required skills, knowledge & experience; agility to respond to market change & the digital transformation of HR processes.

4. Retain
Ensure full compliance and risk mitigation based on the legislative framework, values and behaviours, code of conduct, people policies, recruitment practices and audits.

The Circle Partnership
Our collaboration with The Circle Partnership, continues to support women across the UK's built environment. So far, three McLaren colleagues have joined their mentoring programme, receiving career guidance, tailored training and networking opportunities to accelerate professional growth and help them thrive in our business.

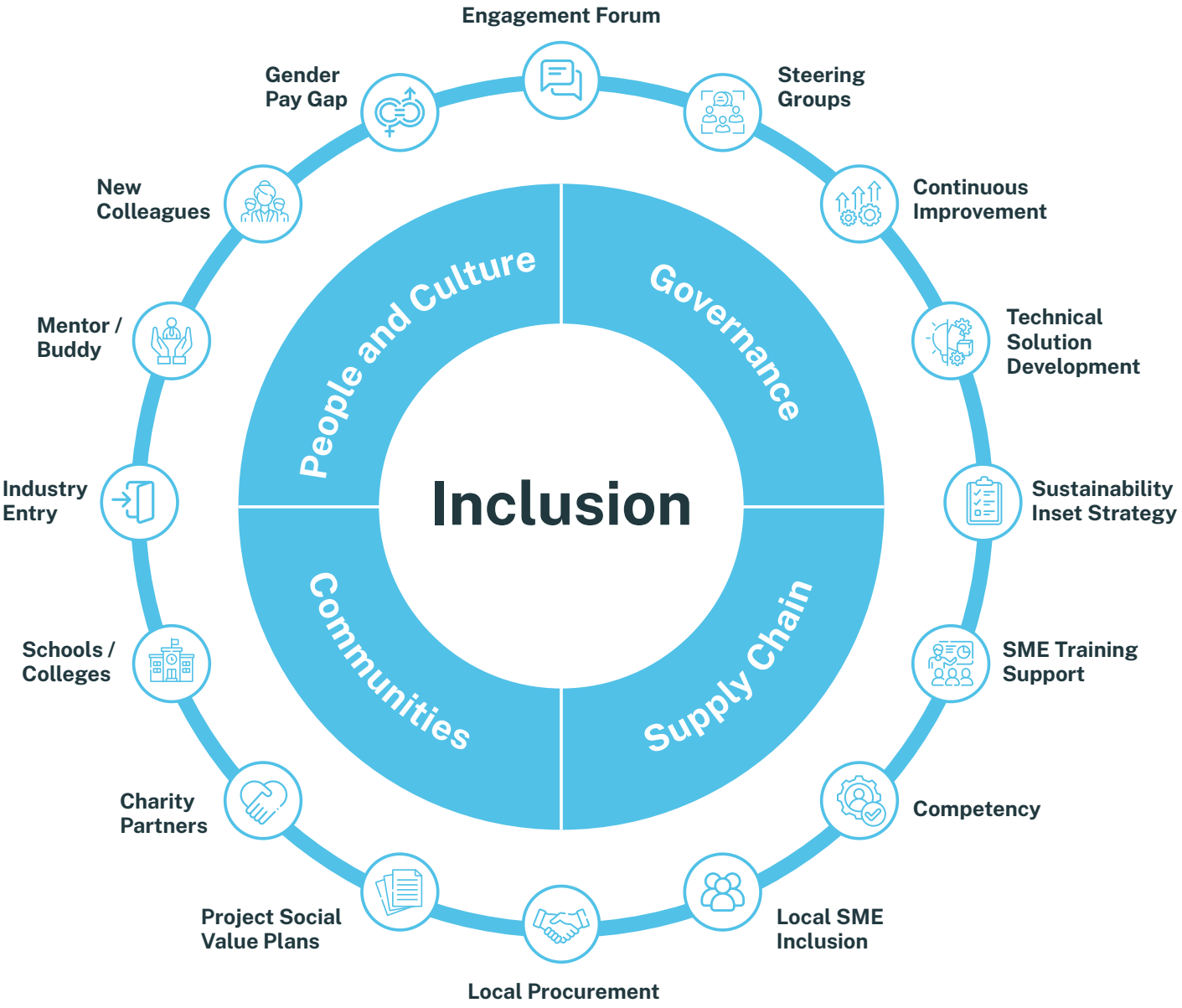
This initiative is part of our continued commitment to attract, retain and develop female talent. After a successful 2025, we will be running a second cohort in 2026.

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.

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.

Inclusion

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. We are a merit based business that reflects the diversity of the local communities that we serve, and we aim to be a place where people are 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. Through the development of our inclusion steering group, we will drive the implementation of our inclusion strategy. A core group will lead conversations with rotating groups that we feel should be an area of focus, targeting each section of our inclusion wheel.



Driving Inclusion Workshop

This year we hosted 6 inclusion workshops with the Senior Leadership Team. The Driving Inclusion workshop has been designed to support individuals at all levels within the business, to understand more about inclusion, diversity and equality and the impact this has for us all on a day to day basis.

The focus of the workshops:

- Develop a deeper understanding, competence and confidence in inclusion and diversity.
- Explore a range of inclusion and diversity terminology and concepts.
- Develop knowledge of the Equality Act 2010 and how this relates to McLaren.
- Complete the Equally Yours learning game.
- Identify further areas of development.

All participants partook in and successfully completed the 'Equally Yours' board game. Equally Yours is a board game-based diversity and inclusion learning experience for organisations to foster dialogue on topics like race, equality, and unconscious bias.

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. People and Culture

- Include new starters though induction, mentoring, buddying programmes.
- Include and facilitate industry entry with schools and colleges.
- Close the gender pay gap
- Support armed forces and care leavers convenance.

2. Governance

- Embed inclusion into decision making and innovation.
- Maintain Inclusion Steering Group with core members, rotating topics and interchanging engagement forum members.
- Pilot digital suggestion box for inclusive ideas in the Innovation Hub.

3. Supply Chain

- Include communities through our social value plans.
- Offer SME training and support.

4. Social Value

- Include local communities with local procurement.
- Deliver school engagement sessions.
- Focus on charity partners and local outreach volunteering.

Convenance

Armed Forces Covenant

McLaren is proud to be a signatory of the Armed Forces Covenant, a pledge that ensures those who serve or have served in the UK Armed Forces, and their families, are treated with fairness and respect. The Covenant reflects the nation's gratitude for the sacrifices made by military personnel and promotes equal opportunities in employment, healthcare, and education.

At McLaren, we recognise the valuable skills and dedication that veterans and reservists bring to the workplace. By honouring this commitment, we aim to foster a supportive environment and contribute positively to the lives of those who have served our country.

Care Leaver Covenant

McLaren is proud to be a signatory of the Care Leaver Covenant, reaffirming our commitment to supporting individuals who have experienced the care system by ensuring they have access to equal opportunities.

We recognise the unique strengths, resilience, and potential that every person brings to the workplace. Through this pledge, we aim to create a supportive and inclusive environment where everyone can thrive.

Disability Confident

We are a Level 2 Disability Confident Employer, Disability Confident is creating a movement of change, encouraging employers to think differently about disability and take action to improve how they recruit, retain and develop disabled people. Being Disability Confident is an opportunity to lead the way in the local communities we work in, as well as our head office.

Case Study: Angel Square

The Angel Square project has delivered an outstanding example of how construction can create positive social value. With a perfect 45/45 score awarded twice by the Considerate Constructors Scheme (CCS), the team demonstrated exceptional commitment to the community, environmental responsibility, and well-being of the workforce.

All the apprentices were residents of Islington and supported with training and supervision. Active recruitment was undertaken through Islington Council's Learning, Skills and Employment Service. Strong partnerships were formed with the supply chain, collaborating in volunteering and to recruit and support local SMEs and BAME-owned businesses.

There was an emphasis on workforce wellbeing on site, with mental health facilities made available to all workforce as well as regular engagement and feedback. We are proud to have created a culture on site of support and respect, which was acknowledged in our CCS scoring.

The below table highlights KPI's across all social value categories, supported by community partnerships, educational initiatives, environmental management, and wellbeing practices:

No. of apprentices during construction (core)	**12**
No. of site tours to schools and academic institutions	**5**
Work Placements	**5**
Number of Community Engagement Initiatives	**13**
No. of construction jobs created above business as usual	**28**
No. of spend with social enterprises / SME's / diverse suppliers supported in supply chains	**£41m**
No. of individuals supported through work academies	**6**
No. of workers with local addresses	**28**
No. of safety trainings provided	**24**

Community Engagement – Added Social Value

Bird boxes donated to Duncan Terrace Community Gardens

Chairs donated to the local Rotherfield Primary School, and Easter Eggs donated to a local primary schools

Donating 4 tons of topsoil to a local cemetery, removed from the local park to create a new flower meadow

Chair and shaver donated to a local barber who provides free haircuts to homeless individuals

Earth Day Event, National Suicide Prevention Week and Prostate Cancer Awareness Month

National Apprenticeship Week, Careers Fair with Islington Council

Supporting Jobs fair at Euston Skills Centre and Islington Council

Work placements with Islington Council

Supporting Islington Green Skills Fair

2 x staff completed Chartered CIOB

Recognition and Awards

- CCS Score of 45/45 is awarded on two separate occasions.
- Assessor praised the site's response to a complex urban location.
- Internal and external stakeholders commended McLaren's efforts.
- Project Manager and Site Manager shortlisted for CCS Awards.

We have previously 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.

bounce back. New Futures Network

At Angel Square, we've had a great success story with a member of the workforce. Through O'Neill and Brennan, we were able to place the candidate on a full-time Site Manager position. They gained valuable knowledge and experience, honed their skills and expanded their capabilities.

On another project, 30 High, we also worked with Bounce Back, a charity and Social Enterprise focussed on the training and employment of ex-offenders. We worked with Bounce back to recruit for a drylining labourer.

The candidate we chose to employ had undertaken drylining training in prison and had also assisted in the training of others. This type of outreach programme is very important to us, and we're proud to note that the employee in this case has successfully integrated into the team and has received incredibly positive feedback from their manager.

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:

100% reduction

in incidents over from 5 in 2024 to 0 in 2025

2025 AFR is 0.00

Accident Incident Rate:

2025 AIR is 0.00

100% below construction industry/ HSE average of 306

RoSPA and British Safety Council: **Gold Medal Award achieved for 2025, for the 8th consecutive year.**

2024 ROSPA Gold Medal Award

Assurance & Risk Management

Assurance

Our in-house assurance team delivered the following ISO accreditations within The McLaren Way for YE24/25

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 (TMW) we stringently adhere to legal and regulatory standards and consistently enforce those standards across all our operations. During 2024/25, the finalisation of TMW has allowed us to formally publish and support with a suite of practical guidance documents our site teams. These include procedures for site set-up, welfare management and grid connection processes, ensuring that our operational standards are aligned across all projects and support a consistent approach to safety, quality and sustainability.

To ensure regulatory compliance, 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. 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.

Internally, we have strengthened our focus on education and collaboration. The newly launched McLaren Viva Community provides a digital platform for our teams to receive CPD invitations, factory visit opportunities, and sustainability learning materials directly. To measure impact, we have implemented a CPD log that records total learning hours and engagement across the business, ensuring continuous professional development is captured and celebrated.

On Insite, we have created a Supply Chain Sustainability Hub as a central resource for McLaren employees to access information on supply chain innovations, circular economy initiatives, and total carbon savings achieved through supplier partnerships. The hub also details our methodology for decarbonising high-impact materials such as concrete and steel, ensuring transparency and shared understanding across all project teams.

In support of our wider Scope 3 objectives, we have contacted over 800 SMEs within our supply chain to understand their current challenges and explore how McLaren can support them on their decarbonisation journeys.

Anti Modern Slavery (AMS)

This year we improved our Modern Slavery Assessment Tool (MSAT) score from 81% to 89%, placing us firmly at the top of the Governments 'Green Band' of low risk suppliers. Despite this achievement, we've created a new strategy to embrace continuous improvement across the business:

Phase 1, 2025 - 2027: Baseline

Target	Detail
MSAT completion for T1 suppliers	We are implementing an additional process for all new suppliers, as well as our current T1 suppliers. MSAT completion is a mandatory procedure, ensuring that we can monitor the results from our supply chain.
MSAT and Supply Chain Mapping	The completion of the MSAT, alongside supply chain mapping, will allow us to begin the process of highlighting the risks within our supply chain.
Monitoring, Auditing and Flagging	From our MSAT and supply chain mapping, we will be able to begin monitoring our supply chains, applying a more robust auditing process and starting to create a flagging procedure.

This will focus on 1) Group Risk 2) Pre-Qualification Vetting 3) Our Supply Chain 4) On Site Procedures and 5) Continuous Improvement, as well as training targets across the business and supply chain.

We will be using systems such as Inndex to monitor activity on site and mitigate risk. Using a multifaceted approach, we use PPAC to verify site operatives right to work, confirming their documentation and passport status, their passport will then be checked against facial recognition software on site to confirm identity upon entering. We will also be able to use Inndex to monitor addresses and identify any shared addresses, as well as monitoring hours on site to flag any extended hours, two key identifiers of victims of modern slavery.

We will continue to use Safecall as our whistleblowing system and will promote this on site and in our Toolbox Talks and training. To ensure we are monitoring, reporting and improving, we will also be conducting audits on site. Relevant individuals within the business have begun to receive audit training, which can then be cascaded down to the relevant site operatives. This will enable us to respond to risks appropriately and timely, establishing a strong modern slavery risk mitigation process.

From here we can move on to long term Phases 2 and 3, which focus on integration across the business further down the supply chain, and new solutions to lead the market.

Please see our updated AMS policy here which focuses on 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.

In the past year, we partnered with Unseen a national anti-modern slavery charity. They conducted a gap analysis for us, which we have used to formulate our strategy for the next year, as well as provided training to the supply chain team on how to spot modern slavery risks on site. This year we will be able to use the feedback given to enhance our AMS strategy and put the training into practice on site with audits.

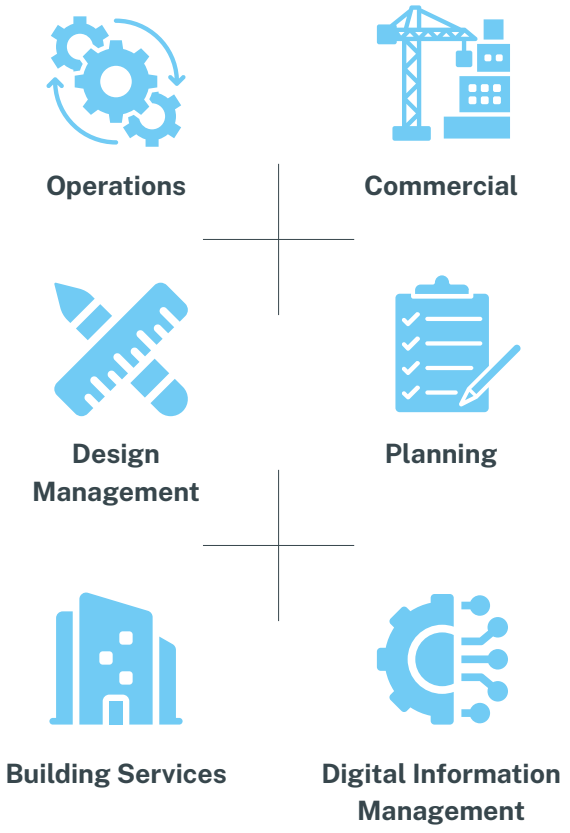
unseen

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 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 behaviours are recorded in a dynamic personal development plan, which is tracked, mapped, recorded, and validated though 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 Hi-Rise 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.

McLaren Technology Strategy: 2026–2045

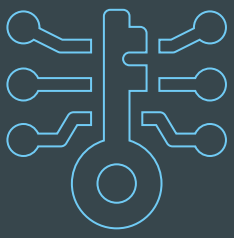
McLaren's technology strategy sets out a bold and future-focused vision for innovation, integration, and industry impact. Spanning two decades, this roadmap outlines how McLaren will evolve into a frontier firm - building smarter, faster, and more sustainably.

Phase 1: 2026–2030 – Breaking the Technology Barrier

During this phase, McLaren will meet the technology barrier head-on. Through The McLaren Way, we will:

- Embed digital tools across all workflows.
- Accelerate research and development.
- Deepen integration with strategic technology partners.
- Begin leveraging agentic AI and robotics.

This phase establishes the groundwork for McLaren to become a leader in digital construction and operational excellence.



Phase 2: 2030–2045 – Push the Technology Barrier

In the second phase, McLaren will push the boundaries of innovation even further. Our ambition is to:

- Lead the UK construction industry in digital deployment and development.
- Set new benchmarks for future-ready infrastructure.
- Transform traditional construction methodologies through advanced technologies.

Strategic Outcomes and Measurable Benefits

Our technology strategy is designed to deliver tangible, measurable benefits across the business:

- Stronger quality culture.
- Enhanced outcomes.
- Legislative compliance.
- Faster project delivery.
- Increased productivity.
- Lower costs.
- Minimised risk.
- Informed decision making.

McLAREN