M GROUP
Highways

Paving the way for a resilient and sustainable future

M Group Highways 2025
Environment Strategy

Contents

Introduction

Since launching in 2021 our Environment Strategy has played a crucial role in driving our sustainability approach, supporting our Safer, Greener Highways business plan.

We've reduced our environmental impact, becoming the first highways contractor to obtain PAS2080 as both designer and constructor, delivered consistent carbon intensity reductions, as well as having our full carbon emissions externally verified to the carbon accounting standard ISO14064. These achievements show that we're actively managing our emissions throughout the lifecycle of our works. We are also delivering biodiversity gains, both for individual projects as well as at scale for our highways maintenance contracts, alongside moving towards a circular approach to highways maintenance and construction with great success in recycling and reusing low carbon materials.

As our business continues to grow, and we face the ongoing impacts of a changing climate, we know that we need to evolve our approach in line with the latest thinking and technology in order to meet our clients' needs. I'm therefore pleased to share our new Environment Strategy that builds on our previous success and will guide us through the next phase of our sustainable growth.

As we look ahead, we recognise the challenges we will face in our journey to net zero and are finding solutions to deliver a sustainable future. Our focus remains on overcoming barriers through continued innovation, collaboration and empowering our people with the knowledge and tools to deliver resilient infrastructure for the UK.

Our innovation and environmental teams are working together to improve efficiency by adopting cutting-edge technologies and modern methods of construction. By using digital solutions and the latest innovations from across industries, M Group Highways will continue to collaborate with and lead the sector towards Safer, Greener Highways.

> We recognise the challenges we will face in our journey to net zero and are finding solutions to deliver a sustainable future on our journey towards Safer, Greener Highways.

Adrian Cooke, Managing Director – Highways

Executive summary

M Group Highways is working to make infrastructure projects safer, greener and more resilient.

Our Environment Strategy sets out how we'll reduce carbon, protect nature, cut waste, and support our partners in delivering sustainable, innovative highways projects.

We're aiming for net zero carbon by 2040, with big steps along the way—like switching to 100% zero-emission vehicles by 2035 and cutting the carbon impact of materials we use. We're also committed to zero avoidable waste as part of a circular economy, meaning more reuse and recycling with less waste ending up in landfill.

We are going beyond legal requirements by delivering Biodiversity Net Gain (BNG) on our sites and at scale, using smart tools like satellite mapping to plan nature improvements quickly and cost-effectively. We are committing to being a Nature Positive business, embedding nature throughout our approach and with our supply chains. By tackling the impacts of our industry on climate change we will deliver resilient infrastructure designed to handle extreme weather and future challenges.

Nature Positive

20%+

BNG delivered across construction projects in our Peterborough Highways contract

450ha

Habitats mapped for biodiversity improvements using innovative satellite technology

44,000 km

Road verge habitats managed by our teams

Circular economy

55,000t

Low carbon, recycled materials produced in our recycling facilities reducing carbon emissions and resource consumption.

98% of our waste is being diverted from landfill

Governance

0.14

We have more than halved our Environmental Incident Frequency Rate over the last strategy period

Net zero carbon

18%

Reduction in total carbon intensity reduction since setting our baseline in 2019

49%

Reduction in Scope 1 and 2 emissions since 2019 when we first started using alternative low carbon fuels

96%

Scope 3 emissions in 2024/25, which shows how we need to work with our supply chain to decarbonise our operations

22g/km

Average emissions for our company car fleet

96%

Scope 3 emissions in 2024/25, which shows how we need to work with our supply chain to decarbonise our operations

bsi PAS 2080 Carbon Management in Infrastructure VERIFIED

ISO 14064

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

1

Nature positive

How we're delivering positive outcomes for biodiversity, nature and communities

Overview

We understand the importance for delivering essential infrastructure services while ensuring positive outcomes for biodiversity, nature and local communities.

Our teams protect and enhance biodiversity, actively contributing towards a nature positive future. "Nature Positive" is a global goal aiming to halt and reverse nature loss by 2030, with a longer term goal of full nature recovery by 2050. This will support enhanced carbon sequestration, deliver ecosystem services and ensure our transport infrastructure assets remain resilient to the impacts of climate change.

Working in line with the Taskforce for Nature related Financial Disclosures (TNFD) recommendations, and the biodiversity goals of M Group, we're creating a framework to assess, monitor and improve our impacts and dependencies on nature. This includes understanding the complex interactions of our own activities with our procurement and supply chain decisions and use of natural resources.

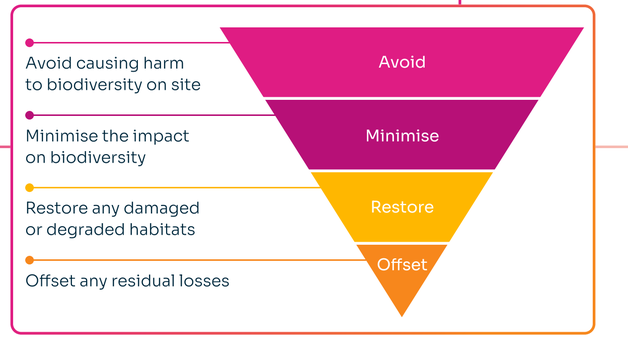
This framework will support our pledge to become a Nature Positive business, supporting the goal to halt and reverse nature loss by 2030 and achieve full nature recovery by 2050.

Our teams follow the biodiversity mitigation hierarchy, to reduce the impact of works and maximise opportunities for improvements throughout the project.

Working with our clients, we've put in place Biodiversity Improvement Plans (BIPs) for long term highways contracts and individual projects, making sure that nature and biodiversity are always considered and included in our decision-making processes.

A bug hotel created from recycled materials in one of our depots

Biodiversity mitigation hierarchy



A Great Crested Newt found and translocated by one of our licensed ecologists

Our Devon Highways team building bird boxes for our depots

Designing for nature

We’re making sure biodiversity net gain (BNG) is central to our approach to developing and building infrastructure projects and managing the habitats within our clients highways estates.

BNG is an approach which leaves natural habitats in a better state than before the development. We're delivering more than the mandatory 10% BNG target for new infrastructure developments even when not legally required. To establish baselines that allow us to track our progress, we're using the latest artificial intelligence (AI) and satellite technology to quickly map large areas which allows us to effectively design the right biodiversity improvements, minimising time and cost.

Biodiversity in action

On our Peterborough Highways contract, we agreed a 20% BNG target for our major projects programme. We worked with Peterborough City Council to map areas of their highways and other owned land, such as parks and schools, to deliver onsite and offsite improvements which benefit the local community.

We achieved a 21.10% BNG on the Storey’s Bar Road project, delivering onsite habitat improvements as well as offsite at Parnell Park, a local green space used by the community. At both sites we planted native trees and shrubs as well as created new wildflower grassland areas.

Rewilding our highways

On our HCC Highways contract we identified a number of sites across the highways estate to trial the most effective management methods for enhancing biodiversity and achieving a more natural or 'wild' state.

Three years on, the selected verges have shown significant wildflower growth, with some sites seeing an 63% increase in non-grass species. Enhancing biodiversity along our roadside verges creates habitats for a wider range of species including pollinators, and delivers improved ecosystem services such as sequestering more carbon and slowing rainfall runoff.

Previously these stretches of road were cut four to six times a year for visibility, now the low-grow sections are cut one to two times, reducing long-term maintenance costs while still ensuring safety for road users.

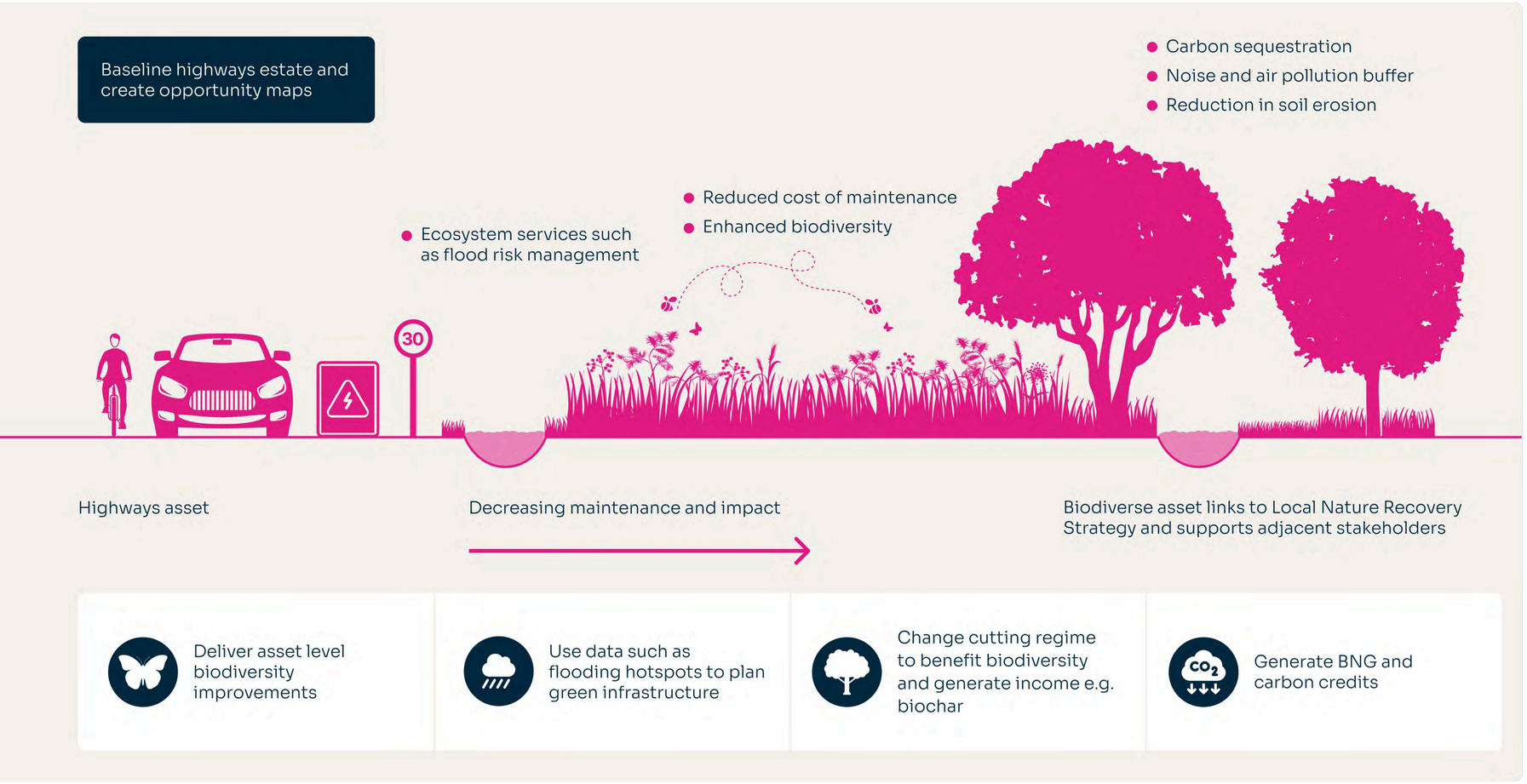
Hampshire rewilding plot in full flower showing a low-grow mix designed for junctions and areas with visibility splays

Planting and habitat improvements from Peterborough projects team linked to 20%+ BNG

Tree nursery as part of our tree translocation programme on the A382 Devon LiveLabs project where we have saved over 2,000 trees for replanting on completion of works

Designing for nature

We're taking a holistic approach to highways assets to deliver biodiversity and ecosystem services benefits.

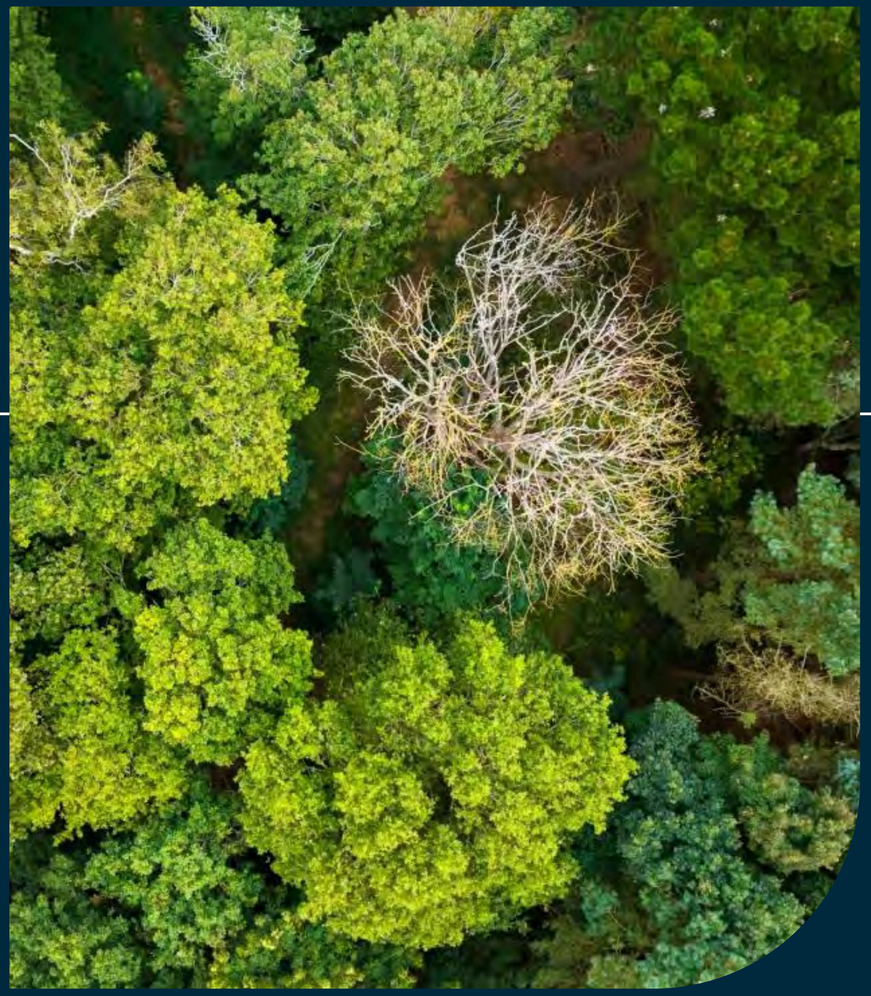


We're working with our clients to map and baseline their whole highways assets and the landholdings associated with transport infrastructure. This provides us with a rich data source which we can use to plan biodiversity improvements at scale, maximising the benefits and ensuring we deliver the right intervention in the right place.

Working with habitats at scale enables transport infrastructure to support our clients strategic nature objectives, such as Local Nature Recovery Strategies (LNRS), as well as giving them the chance to take advantage of future improvement opportunities and the generation of biodiversity credits and carbon sequestration offsets. For example we are using vegetation arisings and wastes for the creation of biochar, a form of charcoal specifically made for soil application and other beneficial uses such as carbon sequestration.

Through the delivery of nature-based solutions such as introducing woodland habitats and wetland flood attenuation features, we are addressing operational challenges alongside improving biodiversity and other ecosystem services. The use of green infrastructure such as Sustainable Urban Drainage Systems (SUDs), urban trees and permeable paving further reduces impact and benefits local communities and the road user.

Designing for nature



Our commitments

We'll be a nature positive organisation, assessing the impacts of our supply chain and putting in place measures to improve.

We'll go above and beyond the minimum, delivering biodiversity net gain above 10% for our infrastructure projects.

We'll work with our clients to assess infrastructure assets at scale, using the data to improve biodiversity and deliver nature-based solutions that benefit biodiversity and local communities.

2

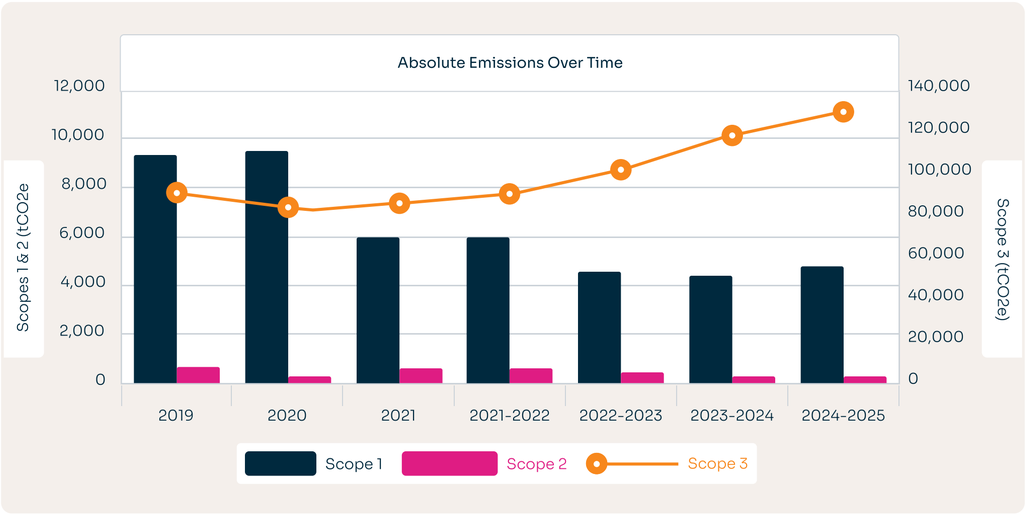
The journey to net zero

How we're achieving our climate-related goals

Overview

Since setting our first full carbon baseline in 2019, alongside our target to be net zero by 2040, we've made efforts towards achieving our climate-related goals.

In our previous Environment Strategy which ran until 2025, we set targets to reduce carbon intensity based on an economic metric. In this new strategy, we show our progress against these targets, how these ambitions have evolved as part of M Group's commitment to the Science Based Targets Initiative (SBTi) and focus on our carbon and climate strategy for the period 2025 – 2030.



As part of our previous Environment Strategy, we set out targets to reduce our carbon intensity (full emissions measured against economic activity) by 40% by 2025 and 60% by 2030, from our baseline of 2019. At the end of the 2024-25 (FY25) financial year, our carbon intensity stands at 252t of carbon emitted for every million pounds of revenue generated, which is a 17.9% reduction on our 2019 baseline.

Where we have direct control, our Scope 1 & 2 emissions have reduced by 48.6% since 2019 despite our fleet growing during the strategy period. This has been achieved through the wholesale adoption of Hydrotreated Vegetable Oil (HVO) diesel for our operational fleet as well as the shift to electric vehicles (EV) in our company car fleet. HVO diesel is a renewable fuel that reduces carbon emissions by circa 90% and also improves air quality.

17.9%

Reduction on our 2019 carbon intensity baseline

48.6%

Reduction on our Scope 1 & 2 emissions since 2019.

2040

Our net zero target

Challenges reducing carbon intensity

While we've made good progress decarbonising our business, we know that reductions have been slower than anticipated. Some of the challenges in driving down our carbon emissions are set out below, alongside the actions we're taking to address them.

	Calendar year 2019 (tCO2e)	Financial year 2024-25 (tCO2e)
Scope 1	9,445	9,445
Scope 2	731	731
Scope 3	89,160	89,160
Total	99,336	99,336
Carbon intensity	307.2	307.2

Table 1: Our carbon emissions journey since setting our baseline

Less uptake of low carbon and recycled materials

The wholesale shift to lower carbon materials such as warm asphalt, lower carbon concretes and cold recycled asphalts has been slower than anticipated. This is due to a number of factors including the challenge to change behaviours, local standards and specifications not facilitating these materials, balancing forward programmes and material needs as well as the cost premiums for innovative materials.

Our solution
We're working closely with clients to amend local specifications and standards, upskilling design teams and sharing data from across our business on innovation and trials via our Innovations Hub to encourage learning and adoption of new materials. We're also providing cost vs carbon data to show a price per tonne of carbon saved, engaging our supply chain to overcome cost premiums for new materials.

Market forces slowing down fleet decarbonisation options

The automotive industry has seen some challenges in hydrogen and EV technology including global supply chain disruption and national and international influences on policy. This means we've not seen the availability of plant, vehicles and refuelling infrastructure we anticipated for our operations.

Our solution
Working together with the wider M Group and our specialist fleet business, we're bringing the latest vehicle and plant technology to our business, including investing in hydrogen fuelled fleet vehicles and leveraging the capabilities of the Group to support our clients investing in grid and facility upgrades to provide the required infrastructure to facilitate large scale EV fleet charging.

New Science Based Targets

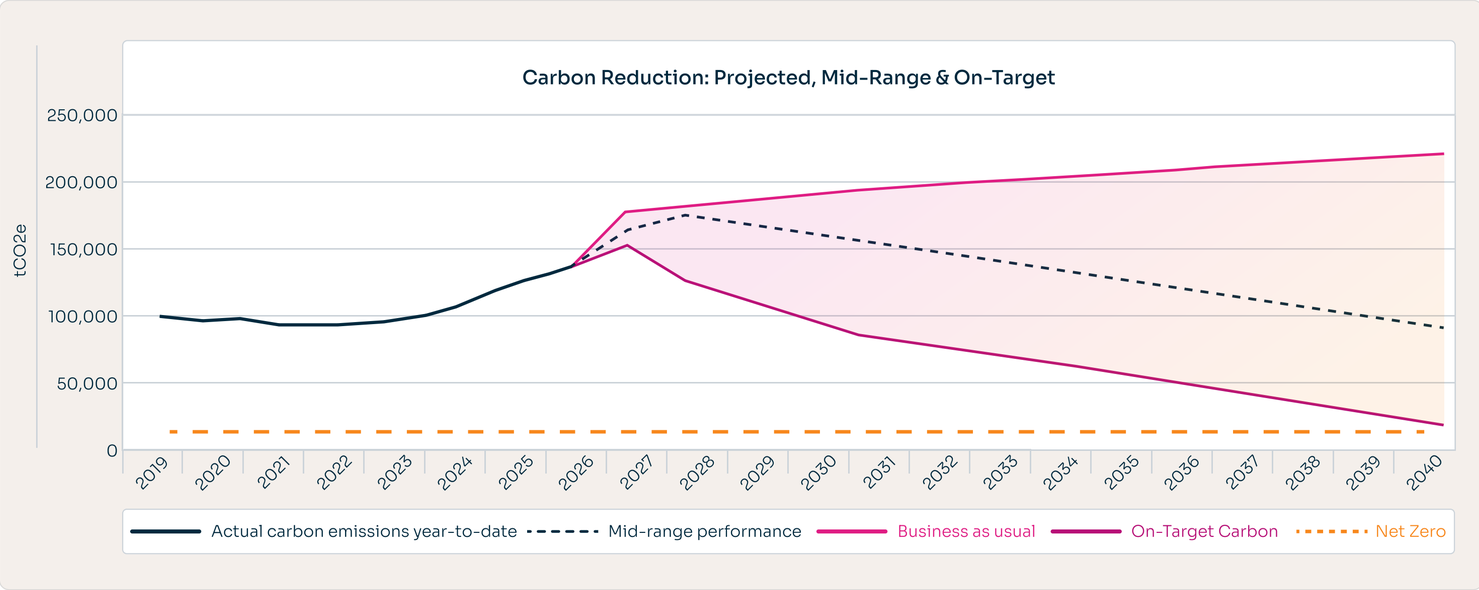
The Science Based Targets initiative (SBTi) is a corporate climate action organisation that helps businesses worldwide to set greenhouse gas (GHG) emissions reductions targets to keep climate change below catastrophic levels and reach net zero by 2050 at the latest.

M Group has set science-based targets, verified by the SBTi in August 2024, setting out absolute reduction targets for Scope 1 and 2, as well as carbon intensity reductions for our Scope 3 emissions for 2030. We've re-baselined our business to align with our Group's targets. This baseline uses a calculation that is externally audited and verified in line with ISO14064 (the greenhouse gas emissions verification standard) for all scopes, providing an accurate comparison to current years reported emissions. In Table 2, you can find our updated targets that form the basis of our carbon reduction plan.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

	FYE22 baseline emissions	Financial year 2024-25 (tCO2e)	Current progress as at FYE25	
Scope 1 & 2	6,617 tCO2e	42% Absolute Reduction	5,234 tCO2e	-20.9% Absolute Reduction
Scope 3	6,617 tCO2e 0.00128 tCO2e/EBITDA & staff costs	52% Emissions intensity reduction	129,685 tCO2e 0.00105 tCO2e/EBITDA & staff costs	-18.3% Emissions intensity reduction

Table 2: New M Group 2030 SBTi targets which we're aligning with and our progress against them.
Our SBTi Scope 3 emissions intensity target is based on per £ value added (EBITDA + staff costs)



Reducing our direct emissions

We operate a large commercial fleet across a wide range of vehicle types, forming the majority of our Scope 1 and 2 emissions.

To reduce these emissions, we're taking action to shift entirely away from traditional fossil fuels as soon as practically possible by trialling and adopting new zero emission vehicles (ZEVs) such as electric and hydrogen fuelled vehicles and plant. Across our company car fleet, we're supporting our people to accelerate the transition to ZEVs through our company car list and salary sacrifice scheme.

We're currently using HVO diesel, which reduces carbon emissions by up to 90%, as a transition fuel in our operational fleet and plant on the journey to decarbonise our fleet. All of our HVO is certified under the International Sustainability and Carbon Certification (ISCC) and the Renewable Fuels Assurance Scheme (RFAS), however we acknowledge that this is an interim solution for vehicles where no suitable low-carbon alternative currently exists.

Hydrogen fuel trials

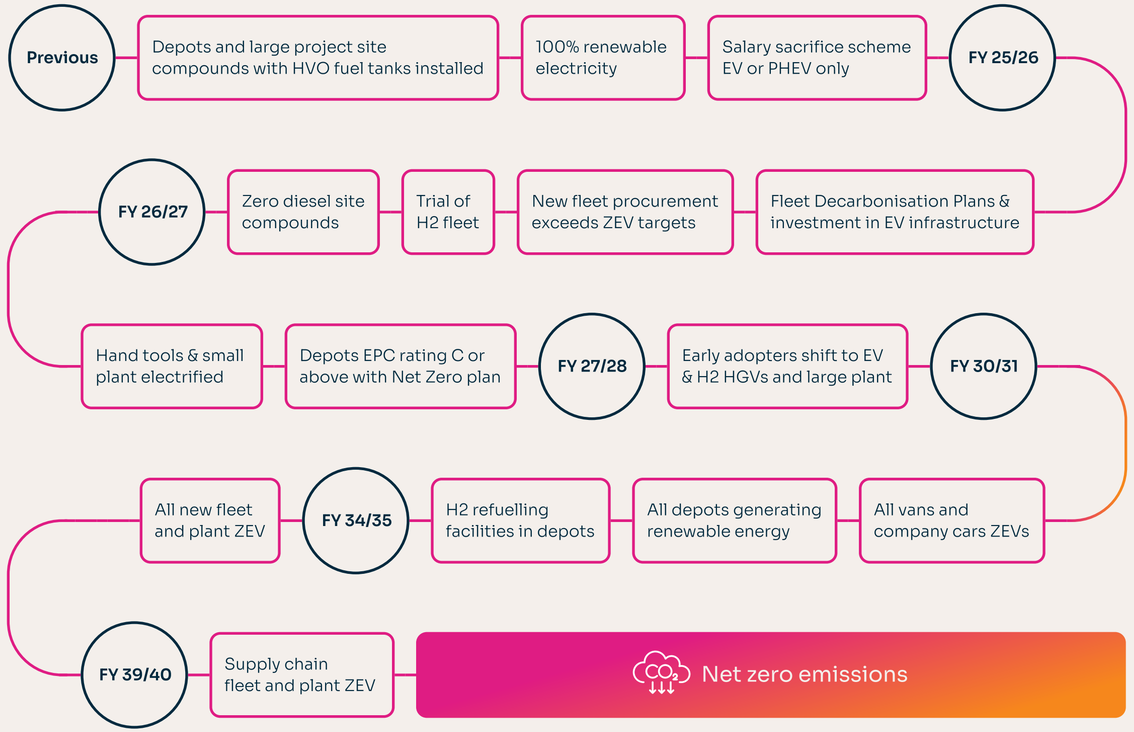
Working with our client, Oxfordshire County Council, we're trialling a number of different H_2 fleet options. One is a dual-fuel technology from a company called ULEMCo who specialise in vehicle retrofits. This technology injects hydrogen into the engine to be mixed with HVO, reducing emissions by more than 30%. H_2 will be produced and stored on site using an electrolyser at our Drayton depot in Oxfordshire, allowing rapid refueling of vehicles.

Depots and site compounds

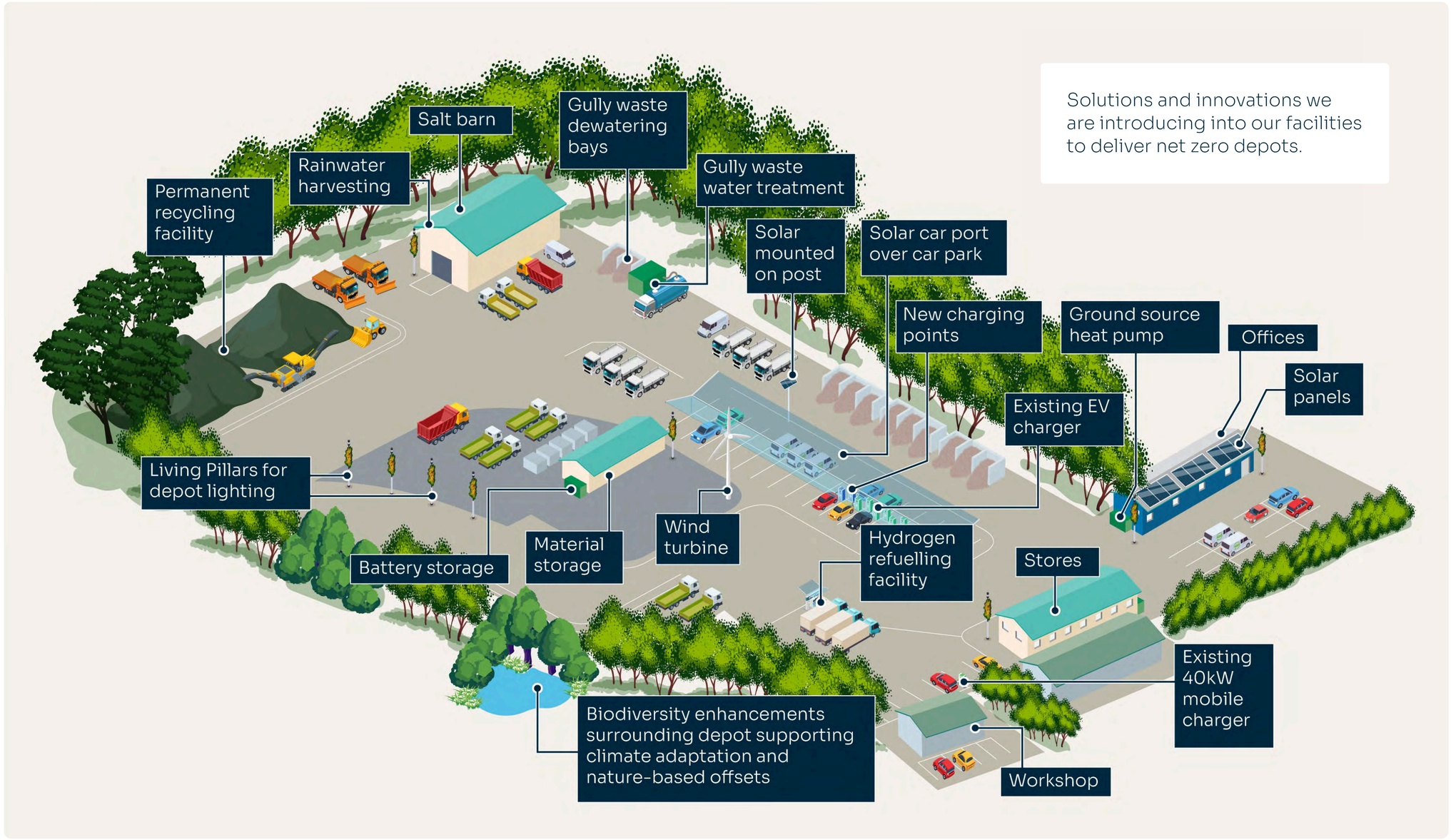
Working with our clients we're also reducing emissions from our facilities and sites by installing a range of energy efficient improvements and renewable energy options as well as increasing EV charging capacity to facilitate the transition to ZEVs.

Supercharging the Transition

In collaboration with Suffolk County Council, we're installing £2m worth of EV charging infrastructure across the three core highways depots. Our EV team has provided design and logistics support throughout the process and will deliver the installation works in house. The charging infrastructure includes 11 fast 200kW chargers as well as 32 7kW chargers allowing up to 43 vehicles to charge at once. The facility will enable the decarbonisation of the county and its highways fleet, reducing vehicle emissions by 97% compared to running a diesel fleet.



A net zero depot for the future



Solutions and innovations we are introducing into our facilities to deliver net zero depots.

Tackling our indirect emissions

In FY25, our Scope 3 emissions, which include our materials and supply chain, amounted to 96% of our total carbon footprint.

To deliver our long term decarbonisation targets it's crucial that we reduce emissions from our supply chain, including the materials they supply us and the emissions associated with their fleet and plant. Working closely with our materials supply chain, we're implementing specific carbon intensity reduction targets for our key materials of asphalt, concrete and aggregates. Through continuous innovation we're assessing, measuring and improving the carbon performance of materials used on our contracts and projects and sharing learning across the business.

Materials and Innovations

Asphalt
In 2024, we used over 18,000 tonnes of cold recycled asphalts, delivering almost 300tCO2e carbon savings. We are increasing the recycled content of our standard asphalt mixes and using biogenic binders, which offset the use of bitumen and lock-in-carbon, reducing the overall carbon intensity of a tonne of asphalt.

Aggregates
Recent trials of innovative carbon negative aggregates and biochar have shown great potential to reduce the carbon associated with aggregates, asphalt and concrete mixes.

On our Central Bedfordshire highways contract, we have used a carbon negative aggregate in an asphalt mix to deliver carbon neutral resurfacing works.

With our Devon LiveLabs project, we are using biochar created from green waste vegetation clearance activities to sequester carbon, estimated to remove up to 2.5 tCO2e per tonne of biochar used.

Concrete
Over the last three years we've steadily increased the use of lower carbon concretes, known as general or GEN-mixes, instead of conventional concretes. This has saved up to 60% embodied carbon compared to traditional mixes. We are also shifting more concrete to mixes that use a higher proportion of cement alternatives such as calcined clay, alkali-activated materials and ground granulated blast-furnace slag (GGBS). These cement substitutes can be used in concrete to improve its durability, reduce its carbon footprint, and enhance its resistance to damage.

Steel
We use steel within a wide range of applications including structural bridgework, streetlighting columns and equipment, and highway features such as barriers, gratings and covers, due to its strength and durability. Procuring steel with a higher recycled content via electric-arc furnace can cut embodied carbon emissions by 50%, while sourcing UK-made steel lowers transport emissions. Participating in our supplier's steel product take-back schemes supports the circular economy and further recycling. When possible, we look to use lower-carbon alternative materials like basalt rebar (which reduces embodied emissions by up to 70%) and products that extend steel's lifespan, such as fluoropolymer paints, for whole-life carbon savings.

Laying an asphalt mix containing carbon negative aggregates to deliver a carbon neutral surfacing solution in Central Bedfordshire

	Calendar year 2019 (tCO2e)	Financial year 2024-25 (tCO2e)	Carbon reduction target
Aggregates	12.09 kgCO2e/t	6.05 kgCO2e/t	-50%
Asphalt	56.81 kgCO2e/t	56.81 kgCO2e/t	-40%
Concrete	167.69 kgCO2e/m3	125.77 kgCO2e/m3	-25%
Steel	2.41 kgCO2e/kg	1.69 kgCO2e/kg	-30%

Table 1: Our carbon emissions journey since setting our baseline

Supporting our supply chain

Investing in our supply chain to support their decarbonisation journeys

To support our supply chain decarbonising their fleet, we facilitate their use of HVO fuel and EV charging infrastructure from our depots and sites. By leveraging our framework supply deals we can minimise the cost impacts of decarbonising their vehicles and plant. We're also supporting them to purchase new EV vehicles and tools through M Group Plant & Fleet, utilising our buying power to lower costs.

On our construction projects we engage our supply chain early and involve them in ECI and value engineering activities focussed on reducing carbon during the construction phase. By bringing their delivery expertise together with our leading approach to carbon management we are delivering positive outcomes for our clients, whilst upskilling everyone around low carbon construction.

SME Development Programme

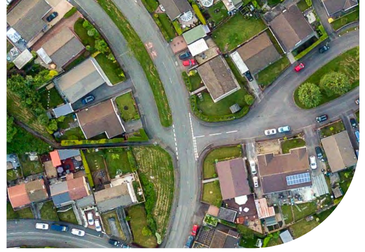
Supporting our supply chain to decarbonise their operations, we've put in place a local SME development programme. The purpose is to help key local supply chain partners understand their own carbon emissions, set a baseline for their business and put in place a Carbon Reduction Plan in line with PPN06/21 with achievable actions and targets to reduce carbon emissions. We also support them putting in place a social value and quality management plan, helping them improve and grow their business.

Decarbonising our supply chain

In Oxfordshire, three local supply chain partners: Drayton Construction Ltd, Hazell & Jefferies and MJ Titchmarsh Construction Ltd embraced the opportunity to join the programme. We invested more than £50,000 to support them to create their own development action plans to enhance their service and contribution they make to our client. In recognition of the achievements in Oxfordshire, we were awarded the Highways UK Excellence Collaborative Partnership Award and Highways Magazine's Highway Partnership Award in 2024.

> M Group Highways has supported us in developing a Carbon Reduction Plan which includes practicable actions for the next 3 years to support decarbonisation of our operations. We now have clear targets and understand what data we need to capture to help monitor performance and inform future interventions.
>
> Mike Titchmarsh, MJT Construction Ltd.

Low carbon design



Our carbon management approach support our teams making the right low carbon decisions throughout the design process where maximum benefit can be realised.

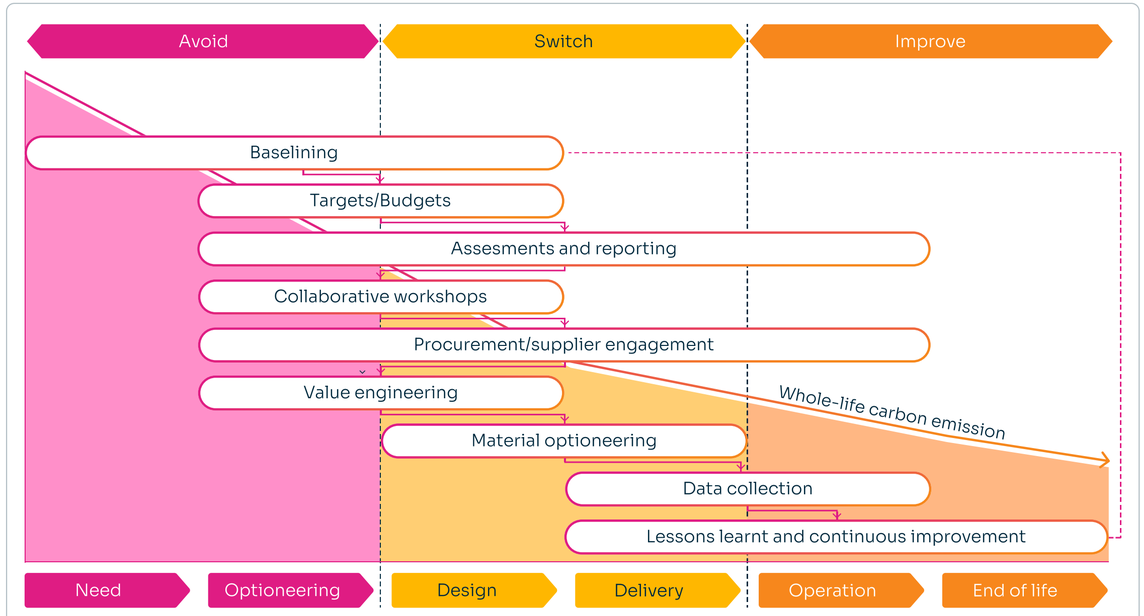
In October 2023, we achieved certification against PAS 2080:2023 Carbon Management in Infrastructure standard and applied its carbon management processes across our operations. In line with the carbon hierarchy, we consider carbon reduction opportunities as early as possible in the design process for schemes and projects, as this is when the greatest degree of whole life carbon reduction can be achieved.

We are accredited to PAS2080 as Designer and Constructor

Designing out carbon

On the award-winning North Oxford Corridor (NOC) project, we were commissioned by Oxfordshire County Council (OCC) to design and construct infrastructure improvements to the A44 near Kidlington. Applying our carbon management processes to the design and early contractor involvement (ECI) stages of the project, resulted in carbon savings totalling 2,571 tCO2e, around 40% compared to the project baseline of 6,422 tCO2e. This was achieved through avoiding some emissions through clever design of the works, switching to lower carbon materials wherever possible and improving the efficiency and carbon performance of our plant and machinery on site, as well as our site compound.

We have used unbound incinerator bottom ash aggregate (IBAA) in subbase on our projects in Suffolk to reduce carbon emissions



Our approach to carbon management throughout a project lifecycle

Climate adaptation and resilience

Transport infrastructure in the UK is already being severely affected by the changing climate and increasing severe weather events, causing disruption and cost implications to network operators.

According to the Met Office, we will see increasingly wet and mild winters, with summers being hotter and drier, and severe weather events of all types becoming more common. Our team of specialists are working with clients to identify and assess the risks to highways assets, allowing funds to be spent designing and delivering the right solutions for the network to build resilience and reduce the cost of climate adaptation.

As a business, we've integrated climate risk assessments and adaptation into our processes. For example, as part of our environmental assessment process, we make sure our assessments inform operations and we're able to proactively adapt our delivery to support future resilience on the highways network.

Providing highways services across the country, we are making use of large datasets and smart technology solutions to identify trends between extreme weather events and asset defects to enable proactive intervention. This enables us to target data-led asset management to support us, for example, to intelligently focus gully programmes on areas of the network prone to flooding, create flood response plans and proactively improve drainage.

We design and construct schemes and projects that improve resilience to extreme weather events e.g. by installing SuDS features to mitigate increased rainfall and designing bridge structures to accommodate increased flood risk. Developing and implementing climate adaptation and resilience plans for our facilities means they are prepared for the impacts of our changing climate and therefore we can maintain operations during periods of extreme weather.

Carbon offsetting

In line with M Group policy, we'll offset carbon emissions related to our activities when requested by our clients once we have exhausted all options to reduce our emissions in line with the carbon hierarchy.

Our approach is aligned with the Oxford Principles for Net Zero Aligned Carbon Offsetting and we'll build a portfolio of projects across these types of projects when requested:

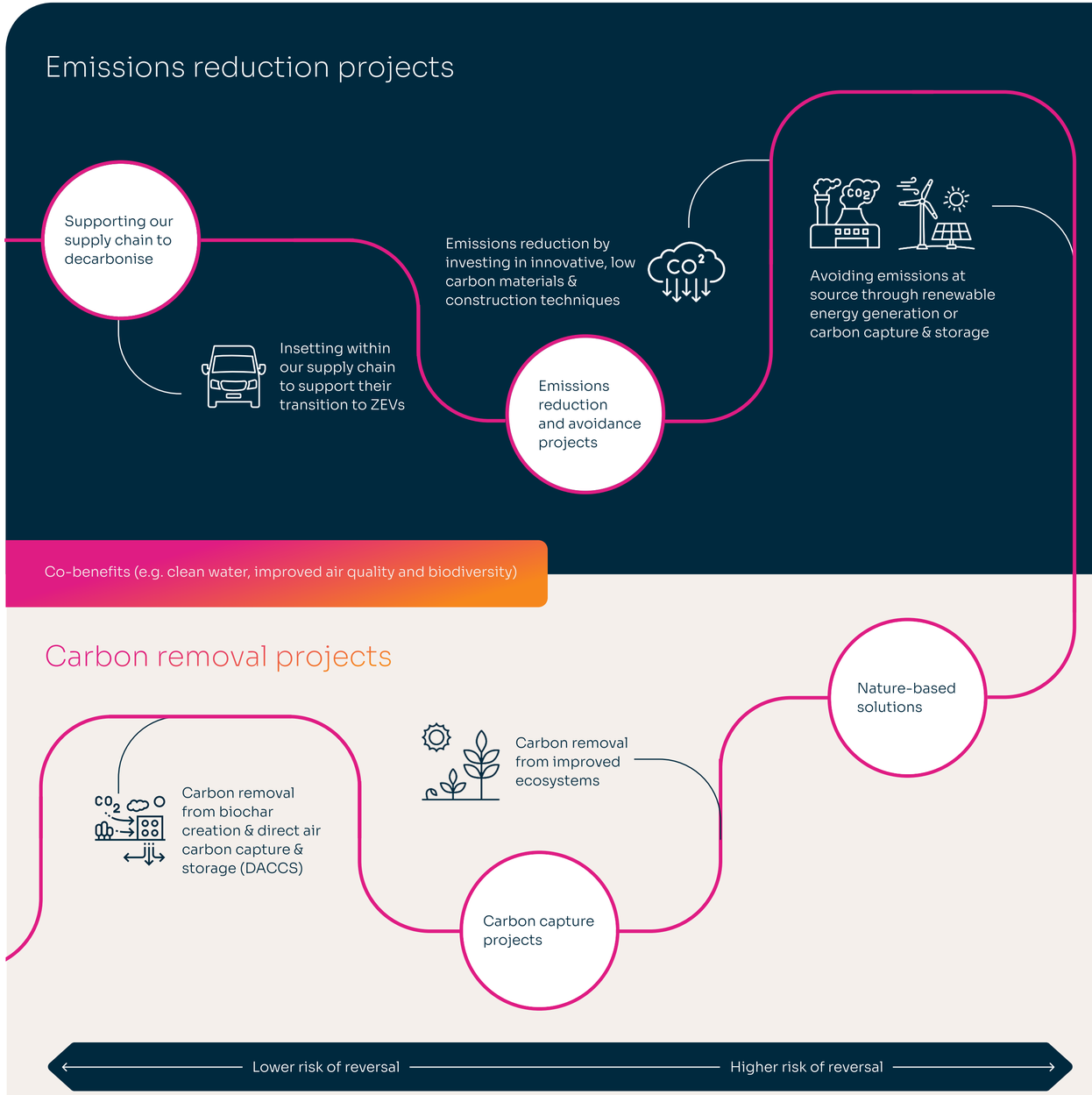
Emissions reductions projects

- Avoid or reduce emissions, for example emissions can be avoided by deploying renewable energy to replace fossil fuel use, or by improving building and equipment efficiency and using low carbon materials. We will also invest within our supply chain by supporting them to transition to lower carbon plant and fleet, known as insetting.
- Avoid or reduce emissions from the biosphere by protecting ecosystems from damage or degradation which results in the loss of stored carbon.
- Reduce emissions from production processes, for example through carbon capture and storage (CCS) at cement plants and power stations.

Carbon removal projects

- Nature-based projects which remove carbon from the atmosphere, for example by expanding and restoring ecosystems and habitats e.g. woodlands, grasslands and wetlands.
- Carbon Capture and Storage (CCS) projects which remove carbon from the atmosphere and store it, such as through direct air capture with underground storage (DACS), converting atmospheric carbon into aggregates through remineralisation or locking it into biochar made from vegetation arisings.

We're also collaborating with our clients to design environmental improvement projects that generate verifiable carbon offsets and improve biodiversity at scale, whilst improving ecosystem services and delivering social value, for example through accessible woodland and wetland creation on non-operational highways land. By delivering these improvements near local communities we maximise the benefits while also supporting wider strategic goals of our clients.



Net zero carbon

Our commitments

By 2035 we will operate 100% zero-emission fleets.

We are committed to responsible sourcing and by 2030 we will ensure key materials we procure deliver at least a 25% reduction in carbon intensity compared to current benchmarks.

We will embed carbon reduction and climate adaptation at every stage of our design process, ensuring we build low carbon, resilient infrastructure for the future.

3

Delivering a circular economy

How we're reducing, reusing and recycling materials

Overview

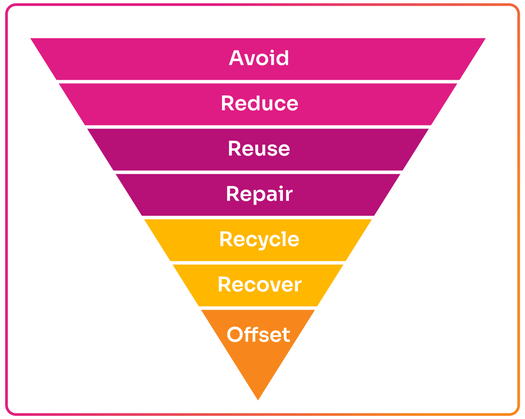
The infrastructure sector is responsible for around two thirds of the UK's waste, with one third of all waste going to landfill. Some estimates show that around 13% of construction materials are wasted without ever being used.

Not only is this highly unsustainable, but it also drives project construction costs and has a significant impact on carbon emissions. Delivering a circular economy forms one of our pillars of success and as a business, we're embedding circular economy principles into our approach to design and construction activities. We're moving towards a model that focuses on reusing, recycling, and renewing materials and resources throughout the lifecycle of our transport infrastructure. Key to this is making the right decisions during design.

Our design teams are finding innovative ways to eliminate waste from the outset, ensuring that we create opportunities for the reuse and recycling of materials in our construction and maintenance activities. By embedding the waste hierarchy into our ways of working, materials are designed to be reused at their highest residual value, refurbishing, renewing and reusing materials and components throughout the lifecycle of an infrastructure project.

As an active member of the Construction Leadership Council (CLC) we will adopt the targets and guiding principles of the CLC's zero avoidable waste routemap and implement the actions set out, focusing on reducing the amount of waste we generate and that we send to landfill by 2030.

Our waste hierarchy



Our Micheldever Materials Recycling Facility in Hampshire has supported our shift towards a circular economy since opening in 2020

Maximising resources

Retaining site-won materials is key to a circular economy. To achieve this, our in-house specialist waste teams and designers work closely with operational teams and the regulator to deliver material recycling and recovery opportunities to avoid materials becoming a waste. This enables us to retain resources where possible, treating existing roads as our quarry.

Through the use of materials and soil management plans we're able to reduce material and associated waste disposal costs, as well as delivering carbon reductions and supporting on-site biodiversity.

Efficient material management

Following the failure of an embankment on a stretch of the A334, Charles Watts Way, we were instructed to perform emergency works to replace it. Working closely with the client's project team, we were able to introduce a materials management plan (MMP) enabling 3500m3/3,710t of soils to be reused which significantly reduced the need for waste disposal and the use of new aggregates. In total, over 100t of carbon and £460,000 was saved, with disruption for local residents minimised through a shorter construction programme and less vehicles on local roads.

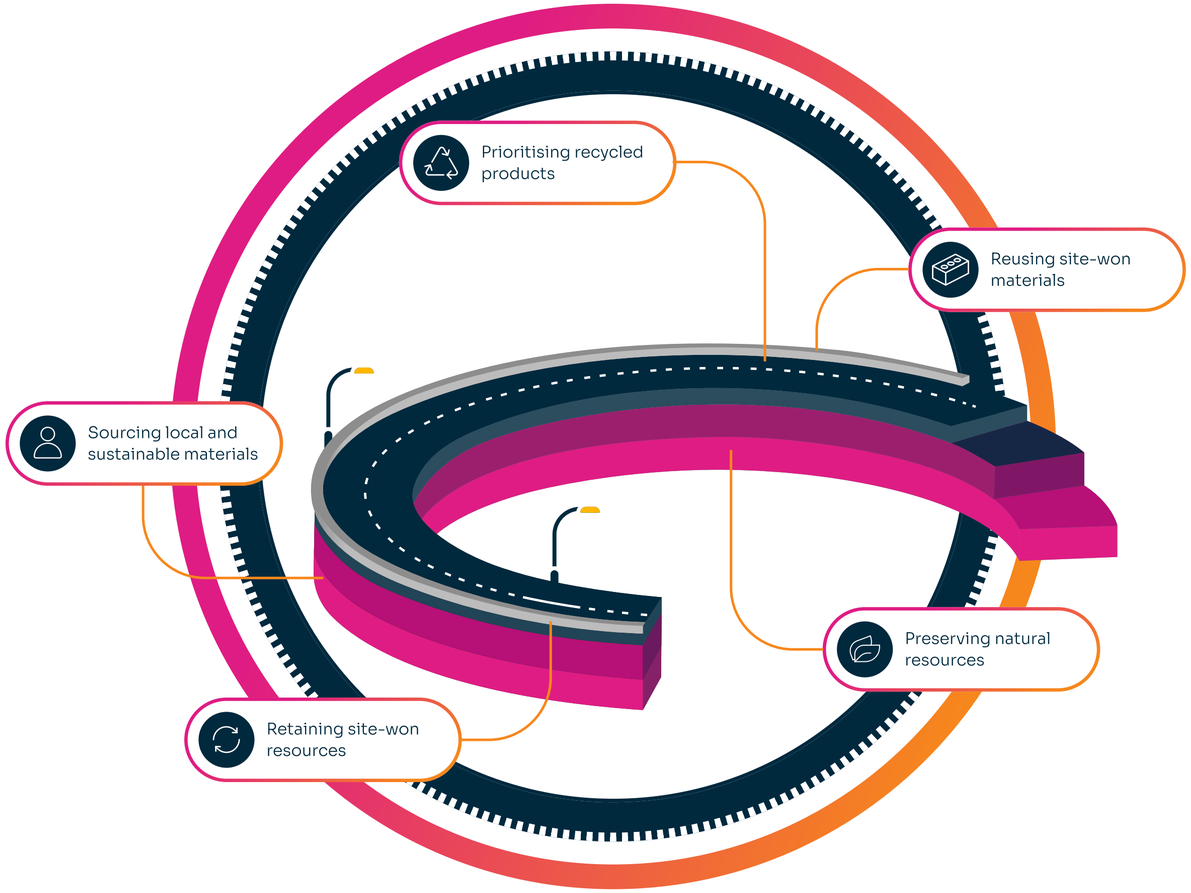
Where the use of externally sourced materials is necessary, we make every effort to specify and procure secondary and recycled materials. We work to source materials locally in line with our sustainable procurement policy.

We're actively working with strategic supply chain partners to accelerate the development of innovative new materials from waste. By leveraging framework agreements and the Group's buying power, we can bring these new materials to our projects cost effectively.

Materials recycling facilities

Across our highways contracts, we operate a number of permitted recycling facilities. Our waste specialists see the process through from designing the facilities, to construction and operation. Under the permits, we treat thousands of tonnes of both hazardous and non-hazardous waste materials annually, including wet wastes, to produce locally recycled materials and reduce overall waste volumes, drastically reducing our clients' costs and carbon emissions.

These facilities enable innovation around material recycling, focusing on asphalts and aggregates as well as the production of low carbon concrete. They showcase what is possible within our sector to current and future clients.



A flagship materials recycling facility

Since establishing Hampshire's Micheldever materials recycling facility in 2020, we've saved 1,200t CO_2e and £7.1m in waste disposal. We've made £180,500 of direct income for Hampshire County Council, recycled >45,000t hazardous tar-bound asphalt waste and produced >53,500t of cold low-carbon material. The facility has also encouraged our supply chain to use these materials through the contract's commercial model and specified standards.

Asset resilience

To reduce the need to replace existing infrastructure, we use preventative maintenance measures wherever possible. We work with supply chain partners to develop bespoke, innovative solutions for extending the life of infrastructure such as the Dragon Patcher, our exclusive, zero-waste solution for preventative road surface maintenance.

We're working closely with material manufacturers and academics to bring the latest climate resilient materials to the UK's highways sector, such as graphene asphalt which reduces long term maintenance costs. This ensures the long-term resilience of our roads. In particular, we've partnered with the University of Cambridge in support of their Future Infrastructure and Built Environment: Unlocking Net Zero (FIBE3 CDT) and National Decarbonised, Adaptable, Resilient Transport Infrastructures Hub (DARe) programmes.

55,000t

Material recycled back into the roads

1,200t

Carbon reduction from reuse of low carbon materials

£7m

Waste disposal savings by recycling material

Circular Economy

Our commitments

We will eliminate non-hazardous excavation waste to landfill by 2030.

We will deliver year on year improvements in resource efficiency measures as tonnes of waste generated per £m revenue.

We are targeting zero avoidable waste by 2040.

4

Governance

How we're leading in environmental management and governance

Overview

Leading environmental management and governance is key to our business, as reflected in our core values of Responsible, Open, Together and Ambitious.

Our environment team

Our diverse and multi-disciplinary environment team provide advice and support at business and project level to our client, design and operational teams, bringing skills in ecology, carbon, contaminated land and much more to help us meet our environmental obligations and sustainability objectives.

A number of our specialist environment team sit within the design function, maximising our ability to manage risks and deliver improvements during the early stages of a project. By integrating the principles of PAS2080, nature positive and circular economy into our approach to design and delivery at all stages of an infrastructure project we are actively supporting our clients with the sustainability and environmental management objectives.

Our strong culture around sustainability, underpinned by our ISO14001 accredited management system, enables the business to navigate the ever changing compliance landscape ensuring we are not only managing risk but delivering opportunities for continuous environmental improvement. This approach supports us being a more efficient business, with good environmental performance going hand in hand with cost and carbon benefits and inspiring our people within our workplaces.

Governance

Internal and external audit

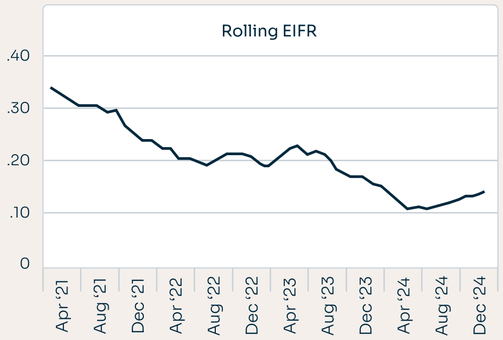
We maintain a robust internal and external audit programme, which makes sure that we follow high standards in environmental governance. Internal audits and inspections highlight potential risks and ensure that our operations comply with our environmental minimum standards while identifying and addressing areas for improvement. We're constantly learning and have established procedures for reviewing audit findings, sharing lessons learnt across the business and wider M Group.

Reducing our incident rate

Since 2021, we've reduced our Environmental Incident Frequency Rate (EIFR) from 0.34 to 0.14. We've achieved this by tracking incident trends, thorough auditing, robust investigation processes and our bespoke environmental training suite.

Target

We will reduce our Environmental Incident Frequency Rate (EIFR) to less than 0.1 (calculated as Total Incident Score x 10,000 / Total Working Hours).

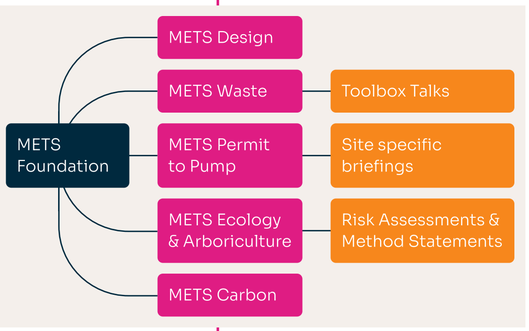


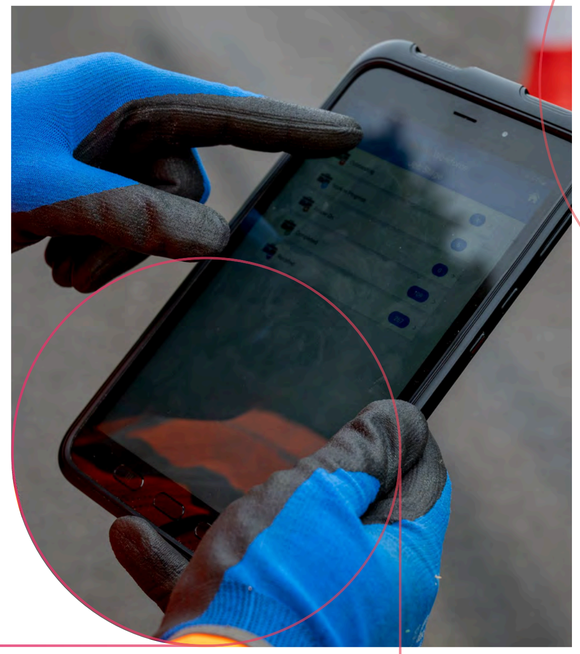
Training

Our M Group Environmental Training Scheme (METS) is made up of a series of bespoke courses that are targeted at different audiences, depending on their roles and responsibilities. This programme ensures that our new people are effectively onboarded into our business, creating a culture of sustainability and accountability where every team member is aware of their role in promoting environmental compliance and management.

The METS range includes training on good environmental management as well as specific training on delivering sustainable design, managing waste, delivering biodiversity and reducing carbon.

Our Suffolk Highways contract has held a number of biodiversity workshops with our client, design and operational teams. Specific actions from this workshop have been introduced into a biodiversity improvement plan for the contract to ensure the delivery of Suffolk's biodiversity targets for 2030.





Sustainable procurement and innovation

Our sustainable procurement policy acts as guidance for both internal teams and for current and prospective suppliers.

Responsible sourcing

We use a balanced scorecard approach to procuring contractors which gives preference to local supply chain and those that deliver social value and environmental benefits. We work closely with our supply chain to report carbon data and use this data to identify hotspots and reduce carbon emissions. This makes low-carbon options directly comparable in cost-per-tCO_2e-saved and supports smarter, portfolio-level buying decisions not just scheme by scheme.

Innovation

We treat innovation as a managed system, not ad-hoc ideas. It's governed, data-driven and focused on client outcomes such as carbon, cost, safety, programme and customer service. We maintain a central Innovations Hub containing idea submissions, business cases and trial outcomes from concept to adoption, which enables rapid sharing across contracts. By aggregating demand across our contracts and standardising the way we specify, assure and buy low-carbon materials, we convert successful trials into repeatable, larger volumes which removes the green premium, reduces volatility risk and supports supplier investment in lower-carbon production.

Case Study

We've trialled the QED Hydrocarbon Analyser as a Rapid Measurement Technology (RMT) alongside accredited laboratory testing which provides a fast, efficient and cost-effective means of testing our main waste streams for hazardous properties prior to disposal.

By using this tool, we've been able to process a greater number of samples, improve confidence in the statistical results and narrow down contamination hotspots to reduce waste disposal costs.

We are shifting our hotboxes to electric from diesel and gas powered reducing our Scope 1 emissions

M GROUP

We’re at tipping point

We’re well-placed and committed to delivering essential infrastructure services for life.

And with you, we’ll achieve it.
For everyday life. And sustainable life.

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