Task Force on Climate-related Financial Disclosures (Non-financial and sustainability information statement)

We are reporting against the Task Force on Climate-related Disclosures framework for the second time, building on our prior year reporting. In meeting the requirements of Listing Rule 9.8.6.R we have concluded that our disclosures are fully consistent with all of the TCFD recommended disclosures except for certain aspects of the following sections, where our disclosures are partially consistent:

- Strategy – financial quantification of scenario analysis
- Metrics and targets – expanding metrics

For fuller disclosures under these two sections, further work is underway to enhance the financial quantification of the scenario analysis and to be able to provide metrics for historical periods. We expect the results of this further work will be published in next year's annual report.

On assessing compliance and consistency, we took into consideration the guidance documents referred to in the guidance notes to the Listing Rules. This section contains details of our compliance and consistency with the recommended disclosures.

 Disclosure  Response

Governance

Describe the Board's oversight of climate-related risks and opportunities

The Board has ultimate responsibility for the oversight of climate-related risks and responsibilities, a reflection of the importance of these issues to the Group's core business. The Group's governance framework of committees is structured to provide regular and relevant updates to the Board in a clear reporting line to ensure informed decisions on climate-related matters. ESG was a listed topic on the agenda at four Board meetings in the last year, corresponding to the ESG Board Report which the Board receives on a quarterly basis. Our governance framework is outlined in full on page 88 and our organisational and reporting structure for climate governance is depicted on page 90.

The Environment Committee, a Main Board Committee, has oversight of the Board's responsibilities in relation to environmental matters, including climate-related matters and TCFD. In line with its terms of reference, this committee convenes a minimum three times a year and is comprised of the CEO and the independent NEDs. The committee has been chaired since July 2022 by Juan G. Hernández Abrams, who joined the Board as an Independent NED in February 2022. The Environment Committee's report for 2022 can be found on page 94 and Juan's views are shared on page 100.

The Sustainability Steering Committee, a Main Management Committee responsible for climate-related and environmental matters, as well as other ESG matters including people, community and governance, is composed of representatives from each division and the Group's relevant functions. The committee convenes quarterly and reports to the Environment Committee and to the Executive Committee (also a Main Management Committee).

As part of the risk management process for climate risks, the Sustainability Steering Committee also reports to the Audit and Risk Committee (a Main Board Committee), which in turn reports to the Board. More detail on the risk management process is given below, in the Risk management section of this statement, and on page 40 of the Principal risks and uncertainties section of the annual report.

ESG matters, including climate-related issues, are taken into account in core strategic decisions by the Board and management via a formal Project Review process. This process incorporates assessment of the viability of projects on the grounds of safety and legal compliance. The Group is developing a stage of this process which would also incorporate assessment of project viability on the grounds of climate-related impact. Currently, we incorporate an assessment of projects based on the financial impact that would be had as a consequence of an adverse reputational event.

As a result of this process of incorporating climate-related issues into core strategic decisions, Keller has during 2022 adapted its strategy in North America in accordance with client demands for more sustainable projects. The Group has responded by expanding its suite of 'design and build' project solutions, which allow Keller to deliver more tailored projects, and deliver more low-carbon solutions which take the environmental surroundings of projects into consideration.

As referenced above, the Board receives an ESG Board Report on a quarterly basis, and when circumstances require it, which includes climate-related matters. The report is coordinated by the Group Company Secretary and Legal Advisor's team, and ensures a clear reporting line on all ESG matters to the Board and the Chairman, who is the Director responsible for ESG and sustainability.

The Board monitors and oversees progress against goals and targets for addressing climate-related issues principally through the Environment Committee, and also through the Remuneration Committee where there is an impact on executive remuneration. More detail on ESG-linked remuneration can be found on page 115.

Disclosure Response

Governance

Describe management's role in assessing and managing climate-related risks and opportunities

The Sustainability Steering Committee is a Main Management Committee responsible for overseeing environmental matters and climate-related risks and opportunities (CRROs), as well as people, community, governance and reputational matters. Both the Group's relevant functions and divisions are represented on the Sustainability Steering Committee. It allows divisions and functions to raise sustainability challenges, including on climate-related topics, to the Executive Committee and to the Board and its committees. The Sustainability Steering Committee also acts as a forum for discussing sustainability strategy between different areas of the business, and sharing best sustainability practices between divisions.

It is responsible for integrating sustainability targets and measures into the Group business plan, in order to successfully drive changes important to the company. Our governance framework is outlined in full on page 88 and our organisational and reporting structure for climate governance is depicted on page 90.

The Sustainability Steering Committee is informed about climate-related issues by a network of Sustainability Champions embedded across the Group's business units. Sustainability Champions work alongside our HSEQ teams and those responsible for local climate risk registers to help bring to the attention of management and act upon CRROs.

Strategy

Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term

In 2022 we advanced our approach to CRRO identification and assessment in two ways. First, by strengthening CRRO evaluation at the business unit level, and second by implementing a quantitative scenario analysis. Both will form the foundations of the future facing climate strategy, enabling us to position ourselves well for the transition to a low carbon economy.

Our operations span multiple geographies and disciplines, and as such, each will be exposed to various CRROs at differing severities. To navigate this, and to ensure that business units are best equipped to lead and deliver appropriate climate mitigation actions, we have developed an internal climate-related risk register owned at the business unit level. Risks and opportunities are assessed on a basis of likelihood and impact. Viewed together, each then receives an overall severity score.

At the Group level, this climate-related risk register has been consolidated to produce a qualitative view of the relative severity of CRROs by geography (see page 46).

Time horizons are defined as follows: short term – 1 year, medium term – 2–5 years, and long term 6–30 years. These divisions take into consideration both business cycles and the long-term time horizons relevant to physical climate risk. The short-term risk is defined as one year in recognition of the short-term nature of the majority of our projects, which are typically bid for, won and executed within one year.

The medium term aligns with the business planning horizons used for the viability statement. The long term aligns to publicly available climate projections extending to 2050. These timeframes are also recognised by CDP as consistent with current best practices for TCFD disclosures.

Based on the climate-related risk assessment, as well as the quantitative scenario analysis, even the risks that score the highest in the table overleaf are not material. The 'high' category, indicates that the climate-related risks that score the highest are high relative to the other risks, not according to their materiality.

Informed by this analysis, the key risks we expect to impact the business in the future are disruptions from physical events, such as storms or wildfires, and transition risks such as the cost of raw materials, and the growing necessity to understand the carbon impact of our supply chain (ie lack of monitoring/transparency of Scope 3 emissions).

That said, there are also significant opportunities presented by the transition to a low carbon economy. For instance, our ability to offer low carbon solutions, as well as the potential to capture demand in new and evolving markets, such as renewable infrastructure.

We note that the above process was utilised to inform the approach to the scenario analysis detailed further in this Strategy section.

Continues overleaf

Strategy

Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term continued

TCFD category	Opportunities	Keller division: North America	Keller division: AMEA	Keller division: Europe	Time horizon: Short	Time horizon: Medium	Time horizon: Long
Market	Opportunities in new sectors	◆	◆	◆	✕	✓	✓
Products and services	Low carbon solutions	◆	◆	◆	✓	✓	✓
	Climate adaptation solutions	◆	◆	◆	✕	✓	✓
Resource efficiency	Energy, building and transport efficiency	◆	◆	◆	✓	✓	✓

◆ High ◆ Medium ◆ Low – Not exposed ✕ No ✓ Yes

TCFD category	Risks	Keller division: North America	Keller division: AMEA	Keller division: Europe	Time horizon: Short	Time horizon: Medium	Time horizon: Long
Market	Risks to existing markets due to climate-related risks impacting client sectors	◆	◆	◆	✕	✓	✓
Policy and legal	Carbon or air pollution regulation on fuel for operational projects	◆	◆	◆	✓	✓	✓
	Cost of carbon intensive materials	◆	◆	◆	✕	✓	✓
Reputation	Lack of monitoring/transparency of Scope 3 emissions and enhanced carbon reporting	◆	◆	◆	✕	✓	✓
	Failure to attract staff due to slow action on reducing emissions	◆	◆	◆	✕	✓	✓
Technology	Technological dependence	◆	◆	◆	✕	✓	✓
Physical acute	Storms and flooding delaying operational projects/damage to installed works or Keller equipment	◆	◆	◆	✓	✓	✓
Physical chronic	Hot weather and wildfires delaying operational projects	◆	◆	◆	✓	✓	✓

◆ High ◆ Medium ◆ Low – Not exposed ✕ No ✓ Yes

The tables above illustrates potential exposure through to 2050 by division, with time horizon illustrating when we expect the impacts of the risk or opportunity to be felt.

Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning

Building on the assessment of CRRO at the business unit level, below we provide a more granular view of the potential impact of CRROs expected to be most significant for the Group. These risks and opportunities have been prioritised on a basis of exposure and time horizon. Those CRROs where we have high exposure , according to impact and likelihood, or where the impact is expected to be felt in the short term are shown below.

TCFD Category	Opportunity description	Potential impact description	Strategic response
Products and services	Low carbon solutions	Capture and retain market share as carbon intensity of products grows in importance as a market differentiator.	▸▸ Training our employees on the sector standard carbon calculator, to understand the current emissions of our solutions. ▸▸ Offering carbon comparisons when tendering large alternative solutions, to upsell the low carbon solution. ▸▸ Created a sustainability brochure and various case studies to share with customers, highlighting our lower carbon solutions.
Products and services	Climate adaptation solutions	The Group could see rising demand for geotechnical expertise to ensure robustness of new and existing structures to climate-related extreme weather events, in addition to infrastructure specifically designed to reduce climate-related impacts.	▸▸ The breadth of expertise across the Group means we are already well positioned for many existing resilience and retrofit projects. ▸▸ The short-term nature of most projects means we can pivot easily to new markets. ▸▸ We already have the ability to treat desertification or work on adaptation, resilience and mitigation projects, such as dams and flood defences.

Completed Ongoing Planned Disclosure Response

Strategy

Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning continued

TCFD category	Risk description	Potential impact description	Strategic response
Policy and legal	Carbon or air pollution regulation on fuel for operational projects	Potential for indirect impact should costs rise for clients to a prohibitive level. We also note potential capex investment required if unexpected air pollution regulation comes out in the medium term, and cleaner alternatives become available in the market.	Ongoing: All the rigs we produced in 2022 were electrohydraulic or fitted with the latest anti-ildling software and low emission tier 5 engines. Completed: We have developed a rig decarbonisation strategy which included conducting HVO biofuel trials and exploring electric equipment to reduce our dependence on fossil fuels. Ongoing: Collaboration with our trade associations to understand upcoming legislation and support engagement with legislators.
Policy and legal	Cost of carbon intensive materials	Pricing remains embedded within contracting process; however, there is potential for reduced overall demand because of cost increases.	Ongoing: Upsell our existing low carbon solutions, particularly our cement and steel-free ground improvement solutions. Ongoing: Innovation focused on decarbonising our most carbon intensive solutions. Recent innovations include reusing spoil in jet grouting solutions and reducing spoil volumes with the use of filter chamber presses and centrifuges. Ongoing: Short project lead-in times mean we have generally been successful at passing on material price inflation to our customers.
Reputation	Lack of monitoring/ transparency of Scope 3 emissions and enhanced carbon reporting	Potential for loss of market share if clients require transparency in, and associated reductions of, Scope 3 emissions , although most clients have not yet enquired about Scope 3 emissions. In addition, potential for loss of suppliers if requirements become too burdensome for SME operators.	Ongoing: We are working to embed automatic Scope 3 calculations in our ERP programme development. Ongoing: We are conducting a business unit trial in Austria to calculate business unit-wide material Scope 3 emissions. Ongoing: Collaborate with industry trade associations to request emissions data from suppliers and set minimum carbon reporting standards.
Physical acute	Storms and flooding delaying operational projects	Some delay and opportunity cost implications, in terms of outlays that need to be made to support workforce while project is shut down, and noting that staff cannot be deployed to other projects during this time. Impacts will be highly localised to coastal regions and will not affect all geographies.	Ongoing: Integrate financial contingencies into project planning in areas with a higher risk of being impacted by extreme weather events. Ongoing: Continuously improve best practice guidance regarding preparation, shut down, and recovery from storm-related events.
Physical chronic	Hot weather and wildfires delaying operational projects	Some delay and opportunity cost implications, in terms of outlays that need to be made to support workforce while project is shut down, and noting that staff cannot be deployed to other projects during this time. We also note some operations cannot be performed under hot weather, requiring extra costs for cooling solutions. Impacts will be localised to certain regions.	Ongoing: Consider shifting work patterns to avoid high heat during the day, or during certain periods of the year (eg to avoid monsoon rains or wildfire seasons). Planned: Integrate contingencies into project planning.

Continues overleaf

Strategy

Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning continued

For the CRROs that were prioritised an assessment was conducted to clarify the potential impacts, as well as draw together the ongoing, planned and completed mitigation actions. The previous table describes both the potential impact of CRROs and the strategic response to either mitigate risk or capture opportunity.

The assessment of severity across time horizons at the business unit level allowed us to establish that none of the CRROs, taken individually, are financially material to the business in the immediate term . However, taken in aggregate, climate change-related risks are judged to represent a significant risk, and climate change has therefore been added as a principal risk to the business. To reflect this stance in our financial planning, climate-risk is currently built into the viability statement sensitivity analysis which looks out by three years, for example, by adding in risks to contract margin for increased project disruption from climate change related events. This approach will be evaluated on an ongoing basis. The full viability statement can be found on page 36.

Keller's decarbonisation strategy and targets are set out on page 56.

Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

To advance the approach to CRRO evaluation, we have established the first quantitative scenario analysis assessment, using a location-based approach. We assessed the various geographies to determine risk exposure, data capabilities, and the potential to establish a repeatable process that could be applied across additional business units in future years. The two locations selected for the scenario analysis are those most exposed to the two risks deemed potentially material, and where sufficient data was available for the modelling. Specific reasons for these selections are described below.

Locations and scope of assessment are shown in the below table.

Location	North America	Europe
Business unit	US Foundations (Florida and Central)	South East Europe and Nordics (Austria)
CRROs	Storm-related disruption	Cost of raw materials and low carbon solutions
Time horizon	2022 – 2050	2022 – 2050
Warming scenarios	Physical scenarios informed by Representative Concentration Pathways • RCP 4.5: 2°C • RCP 8.5: 4°C	Transition scenarios informed by IEA pathways • Net Zero Emissions (NZE): 1.5°C • Announced Pledges Scenario (APS): 1.8°C • Stated Policies Scenario (STEPS): 2.5°C

Strategy

Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario continued

Locations

Florida and Central

Risk: Storm-related disruption

Selection:

The risk of acute weather events, such as storms, is highlighted as a medium risk across all three of our divisions. In terms of selecting a location for scenario analysis, US Foundations is one of our largest entities, with a good record of project size and geography. The US also has good climate modelling data (see below) that is grounded in the RCP scenarios from the IPCC. This combination of potential business impact, combined with data quality, makes this a useful first quantitative model for the physical effects of climate change.

Inputs:

The data inputs chosen enabled us to interrogate the physical impacts of climate change. Warming pathways utilised were informed by Representative Concentration Pathways adopted by the IPCC. Storm landfall probabilities by region were sourced from Colorado State University, leveraging NOAA's storm tracking datasets. Likewise, NOAA predictions of changing storm intensity and frequency related to warming scenarios were used to inform projected storm disruption.

Outputs:

The analysis clearly illustrated that Florida and Central business units are more exposed to storm-related disruption in a 4°C warming scenario. This exposure is broadly driven by higher intensity of storms, and a greater frequency of major hurricanes.

We note that the financial implications of this disruption will vary significantly across operational sites, and will be highly localised to coastal regions. Finally, it is important to mention that the findings are sensitive to assumptions made in the modelling process, in particular the estimated number of days' delay resulting from storm disruption.

Outcomes/next steps:

- We will work with business units to plan how to track disruption across operational sites in a consistent manner, to both monitor impact and improve future modelled projections of risk.
- We will continue to improve best practice guidance regarding preparation, shutdown and recovery from storm-related events.

Austria

Risk: Cost of raw materials

Opportunity: Low carbon solutions

Selection:

The risk from policy and reporting of Scope 3 material emissions is highest in our Europe Division. This mostly reflects existing legislation, like the EU Emission Trading System (ETS) for carbon intensive materials like cement and steel, as well as upcoming legislation such as the Carbon Border Adjustment Mechanism (CBAM) for imported cement and steel. Europe also has more opportunities from upselling low carbon solutions, with the likes of the EU Taxonomy legislation, In combination with CSRD, rewarding companies and projects with lower Scope 3 emissions. Keller Austria has a centralised SAP system for capturing specific cement and steel types used in each solution we offer. Austria is also the site of our first attempt to calculate the Scope 3 material emissions for an entire entity. Therefore, this combination of existing legislative pressure and data availability, combined with IEA modelling of future EU legislation, makes Austria a good location for the quantitative modelling. Whilst the specific product mix and materials used vary between European BUs, the learnings around future EU models can be applied to most of our Europe Division.

Inputs:

This model required data inputs from the International Energy Agency to assess the financial risk posed by the additional cost of materials and opportunities associated with low carbon solutions. Warming scenarios were taken from the 2022 World Energy Outlook. These scenarios also provided projections of carbon pricing into the future. Studies from the European Commission and European Cement Association informed estimations of material decarbonisation rates that were paired with warming scenarios analysed.

Outputs:

In contrast with the Florida and Central location, the risk associated with the cost of raw materials, and its twin opportunity, the potential for low carbon solutions, are likely to impact the Group most significantly in a 1.5°C scenario. This is mainly driven by greater stringency of climate regulation, for instance carbon pricing, and availability of low carbon materials. Modelled outputs show that exposure to elevated carbon pricing is not entirely offset by the decarbonisation rate of materials, even in a 1.5°C scenario. The direct financial impact of this is likely to be minimal, given cost of materials is embedded into the contracting process. Despite this, as price increases, we could see some reduced overall demand for services at the industry level – assuming client budgets remain consistent. In addition to risk, opportunities were also highlighted, including Keller's ability to offer lower carbon solutions to clients for equivalent services.

The findings around indirect financial impacts and opportunities will apply to all other European locations since the regulatory frameworks are the same. For other business units such as the UK, the impacts will be very similar to Europe's, due to legislative equivalences.

Outcomes/next steps:

- We will continue with the exploration of feasibility, considering testing where low carbon product lines are feasible per service offering, and the testing of low carbon materials within standing product lines.
- To enable this opportunity, we will continue to train all engineers in the use of the sector standard carbon calculator, to enable them to determine and offer low carbon solutions. This also requires collaboration, working with clients to support the selection and implementation of low carbon approaches where feasibility allows.
- For future quantitative climate scenario analysis, we will continue with a location-based approach, in order to expand our understanding of both transition and physical CRROs according to different geographies.

Risk management

Describe the organisation's processes for identifying and assessing climate-related risks

Climate change-related risks and opportunities are assessed as part of the Group's risk governance framework, which has been built to identify, evaluate, analyse and mitigate significant risks to the achievement of our strategy. The strategy for risk embeds processes that seek to identify risks from both a top-down strategic perspective at Group level and a bottom-up local operational and business unit level, in order to ensure a consolidated view of risk.

Climate change has been established as a principal strategic risk, and the Sustainability Steering Committee has been made responsible for integrating sustainability targets and measures into the Group business plan. The full risk governance framework can be found on page 35.

The significance, size and scope of identified climate-related risks is determined through the same processes that are applied to other risks identified by the Group. Risks are initially identified and assessed at business unit or functional level, and business unit leads are then assigned CRROs relevant to their own geography and services. CRROs are then evaluated for their velocity, probability, potential financial and reputational impact, and assigned an overall quantitative score of severity of risk, that is then consolidated at Group level to produce a qualitative view of the relative severity of CRRO risk by geography. For more detail on the methodology used to identify the materiality of CRROs see the Strategy section of this TCFD disclosure, section a). A full list of CRROs is given on page 46.

In addition to the above, we are advancing our approach to climate quantitative scenario analysis. More detail on this process is provided in the latter section of the Strategy disclosure.

Describe the organisation's processes for managing climate-related risks

Management of climate-related risks is handled through the same processes that are applied to other risks within the Group.

Our processes seek to identify, assess and manage risks from both a top-down strategic perspective and a bottom-up local operating company perspective. This is achieved through regular risk reviews within our business units and functions facilitated by our Group Head of Risk and Internal Audit (see model on page 35).

Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management

As outlined in the risk governance framework, CRROs are identified from both top-down and bottom-up perspectives, and integrated into risk reporting and management across the Group. At division, business unit and function level, CRROs are identified and assessed, and reported to the Group Head of Risk and Internal Audit and Executive Committee, and in turn to the Board and the Audit and Risk Committee in the same manner that all other risks are evaluated. At Group level, the Board and Audit and Risk Committee are jointly responsible for determining the nature and extent of the company's principal and emerging risks, including CRROs.

Disclosure Response

Metrics and targets

Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process

The Group discloses Scope 1 and Scope 2 carbon emissions to ISO 14064-3 Standard. Independent verification is provided by Carbon Intelligence.

A newly implemented ERP will assist us with collecting new cross-industry climate-related metrics.

The Remuneration Committee agreed a Scope 2 reduction target as one of management's corporate objectives linked to remuneration for 2022. More detail on this objective and remuneration outcome is available in the Directors' remuneration report on page 115.

When conducting the scenario analysis, the Group assumed multiple scenario-specific carbon prices based on IEA projections.

Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks

Response

Our Scope 1 and Scope 2 emissions are recorded In the ESG and sustainability section as part of our Streamlined Energy and Carbon Reporting (SECR) on page 58. These emissions are recorded both in absolute terms, as well as relative to revenue to highlight the carbon intensity of our operations.

In terms of Scope 3, we currently only calculate business travel emissions for key business units. However, Scope 3 calculation and reporting is being built into the upcoming ERP programme, to calculate our wider Scope 3 emissions. In the meantime, we collect various leading metrics that help reduce our Scope 3 emissions. For more on these leading targets, including training our engineers in calculating and reducing carbon in our projects, see page 56.

Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

The emissions targets using the scopes outlined in the GHG protocol. All targets are calculated according to the GHG protocol, and are in compliance with SECR.

These absolute targets assist the Group in mitigating future climate-related risks and in recognising climate-related opportunities. All targets use a 2019 baseline where available.

Scope 1 – Net zero by 2040
Interim target to be set in 2023.

Scope 2– Net zero by 2030
Interim target of 10% in absolute emissions for 2022 (against 2019).

Operational Scope 3 – Net zero by 2050

Operational Scope 3 covers business travel, material transport and waste disposal.

We also specify multiple leading targets under each absolute target, to help achieve each net zero target. These range from conducting energy efficiency audits in our offices and yards, through to conducting specific carbon reduction site trials and training our engineers on the sector standard carbon calculator.

For more information on the Group's emissions and associated targets, please see page 56.