



# Building the foundations for a sustainable future

Annual Report and Accounts 2022

# Every day, people around the world live, work and play on ground prepared by Keller, the world's largest geotechnical specialist contractor.

Whatever the size of the project, we have the people, expertise, experience and financial stability to respond quickly with the optimum solution, execute it safely and see it through to a successful conclusion.

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For further information  
visit us online at

[keller.com/investors](https://keller.com/investors)

## Group highlights

### Revenue

**£2,944.6m**

+32%



### Underlying operating profit

**£108.6m**

+23%



### Underlying operating margin

**3.7%**

-30bps



### Diluted underlying earnings per share

**100.7p**

+20%



### Statutory operating profit

**£67.8m**

-11%



### Statutory profit after tax

**£45.0m**

-19%



### Net debt<sup>2</sup>

**£218.8m**

+83%



### Dividend

**37.7p**

+5%



### Order book

**£1.4bn**

+8%



## Financial highlights

	Underlying		Statutory	
	2022	2021	2022	2021
Operating profit <sup>1</sup> (£m)	<b>108.6</b>	88.5	<b>67.8</b>	76.4
Operating margin <sup>1</sup> (%)	<b>3.7</b>	4.0	<b>2.3</b>	3.4
Return on capital employed <sup>1</sup> (%)	<b>14.9</b>	13.9	<b>9.3</b>	12.0
Profit after tax <sup>1</sup> (£m)	<b>73.2</b>	60.7	<b>45.0</b>	55.6
Net debt (£m) <sup>2, 3</sup>	<b>218.8</b>	119.4	<b>298.9</b>	193.3

<sup>1</sup> The 2021 comparative financial results have been restated in respect of the correction of prior period errors arising from the fraud at Austral and prior period business combination measurement adjustments, as outlined in notes 3 and 6 to the consolidated financial statements.

<sup>2</sup> Net debt is on a covenant basis. Reconciliation to statutory numbers is set out in the adjusted performance measures section on page 203.

<sup>3</sup> Net debt on a statutory basis is set out in the adjusted performance measures section on page 203.

## At a glance

At its simplest, we get ground ready to build on, providing solutions to geotechnical challenges across the entire construction sector. We have the people, expertise, experience and financial stability to respond quickly and see projects through safely and successfully.



**1860**  
established



**c10,000**  
employees



**27**  
acquisitions since 2000

### Our purpose

Building the foundations for a sustainable future.

### Our vision

To be the leading provider of specialist geotechnical solutions.

### Our strategy

**To be the preferred international geotechnical specialist contractor focused on sustainable markets and attractive projects generating sustained value for our stakeholders.**

**Our local businesses will leverage the Group's scale and expertise to deliver engineered solutions and operational excellence, driving market share leadership in our selected segments.**

A balanced portfolio

Engineered solutions

Operational excellence

Expertise and scale

For more information see pages 20-21

### Our values

Our values are what we have judged as most important to how we work with colleagues and customers across the globe.



Integrity

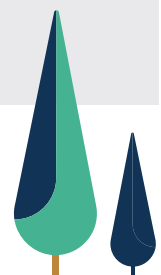


Excellence



Collaboration

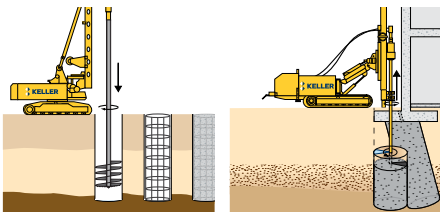
For more information see pages 18-19





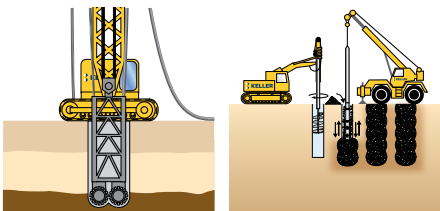
### What we do

Using our industry-leading portfolio of techniques, our engineers can design the best solutions that reduce materials, cost and time for our clients.



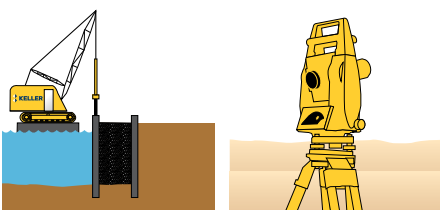
Deep foundations

Grouting



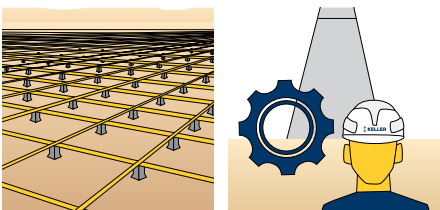
Earth retention

Ground improvement



Marine

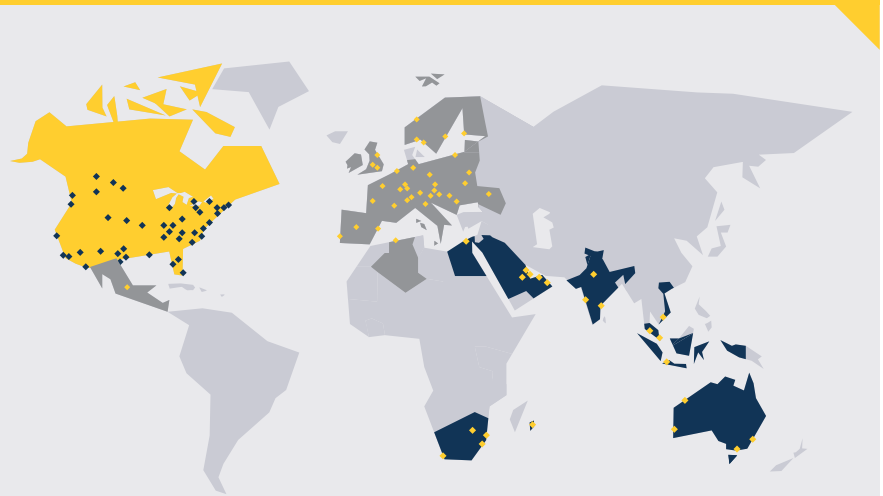
Instrumentation and monitoring



Post-tension systems

Industrial services

### Our organisation



#### ◆ North America

- North-East
- South-East
- Florida
- Central
- West
- Canada
- Specialty Services
- Moretrench and RECON
- Suncoast

#### ◆ Europe

- Central Europe
- North-East Europe
- South-East Europe and Nordics
- South-West Europe
- UK

#### ◆ AMEA

(Asia-Pacific, Middle East and Africa)

- ASEAN
- Austral
- India
- Keller Australia
- Middle East and Africa

**19**  
business units

For more information see pages 22-27

**6,000**  
contracts executed a year

**£25k to £10m**  
typical range in project value

**£500k**  
average project value

# Investment case

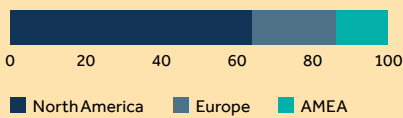
## Firm foundations

### Resilient revenues

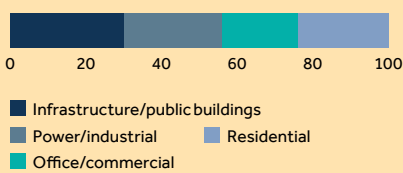


- Operating globally in a number of sectors gives us the resilience to trade through national cyclicality
- Good access to all markets with no overweight exposure
- Geopolitically secure

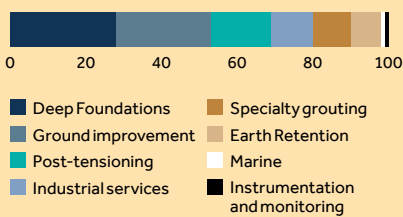
#### Diverse geographies (2022):



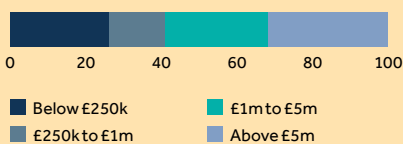
#### Diverse market sectors (2022):



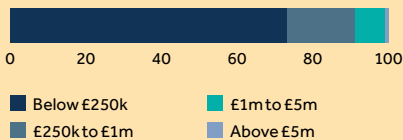
#### Diverse products (2022):



#### Diverse range of contract values (2022):



#### Diverse number of contracts by value (2022):



### Sustainable margins

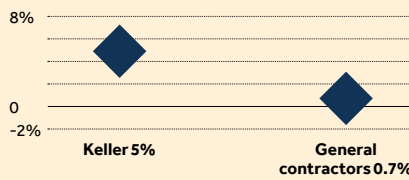


#### Specialist project profile

- Geotechnical solutions: niche sub-sector with operating margins of c5% (10-year average)
- Typically geotechnical contracting is around 0.5% of the construction market

#### Underlying operating margin

Keller has a higher margin versus general contractors (10-year average)



#### Keller versus general contractor – business model

##### Keller ground engineering

- Early stage
- Lower cyclicality
- Specialist design capability
- A mix of contracts
- Higher margin
- Resource base
- Positive working capital

##### General construction

- Longer, larger projects
- National focus
- Higher cyclicality
- Integration of multiple suppliers and subcontractors
- Low asset base
- Low to negative working capital

#### Market Size – room to grow

**£38bn** Global geotechnical contracting market

**£3bn** Keller today

Global geotechnical contracting market

#### Proprietary equipment and specialist skills

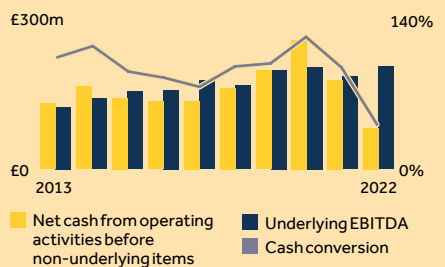
- World's largest equipment fleet with flexibility to move between markets to match local demand
- 1,700 engineers; over 200 focused purely on design
- 30% of projects are 'design and build' where value engineering can reduce cost by up to 40% and save time
- Manufacturing and servicing of our own equipment where there is competitive advantage to do so

### Cash generative



#### Inherently strong cash flow characteristics

- 10-year cash conversion rate of 92%
- 10-year aggregate underlying EBITDA of £1,720m
- 10-year aggregate cash from operations before non-underlying items of £1,590m



#### Robust asset backed balance sheet with significant funding headroom

##### Balance sheet strength

- Strong working capital controls aligned to performance targets
- Historically strong cash conversion

##### Comparison to general contractor

- Advances/prepayments received from customers considerably lower than a general contractor
- High volume short duration contracts
- Minimal inventory

##### Client risk management

- Large and geographically/industry diverse client base
- Thorough credit review process and strong customer relationships
- Credit insurance cover

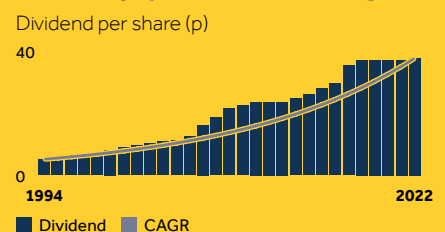
##### Credit rating

- NAIC 2c rating (equivalent to Investment Grade)

##### Quality lender base and strong liquidity

- £375m multicurrency RCF facility
- \$115m bilateral term loan facility
- \$75m US Private Placement
- £61m other borrowing facilities

#### 28 years of uninterrupted dividend payments since listing



## Sustainable future

### Favourable market trends



- Construction sector relevant post-COVID
- Growing urbanisation
- Growing infrastructure spend
- Increased focus on ESG
- Urbanisation and renewal demand more sophisticated solutions
  - Population growth and ageing infrastructure
  - Larger, taller structures requiring technically demanding foundations
  - Cramped inner-city construction requiring innovative and sustainable techniques
  - Geotechnical solutions key to development potential of brownfield sites

We operate in nearly all major metropolitan areas around the world and have the resources and skills to deliver to this scale and complexity



### Focused strategy



To be the preferred international geotechnical specialist contractor focused on sustainable markets and attractive projects, generating long-term value for our stakeholders

Our local businesses will leverage the Group's scale and expertise to deliver engineered solutions and operational excellence, driving market share leadership in our selected segments



#### Our objectives

##### Balanced portfolio

We select sustainable markets (geography, sector and products) in which to set up base businesses, and attractive projects

##### Engineered solutions

We offer the best solutions to our customers by providing alternatives and value engineering, and invest in innovation and digitisation

##### Operational excellence

We are the operational leader providing safe, efficient, on-time and high quality delivery and relentlessly strive to improve our operational capability

##### Expertise and scale

We develop our people, processes and assets and leverage the global strength of our technical, operational, commercial and financial resources

### Strong governance



#### Strong Board and experienced management

Diverse and experienced teams in place for next phase of growth

##### Board

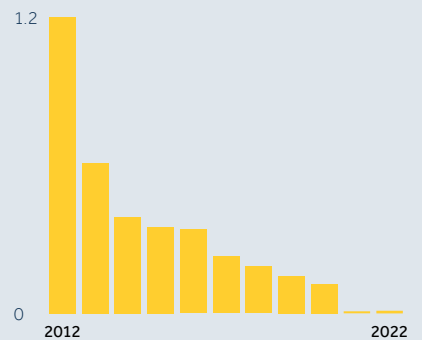
- See pages 80, 81 and 92 for Board experience
- Four nationalities
- 43% female representation

##### Executive Committee

- See pages 82 and 83 for Executive Committee experience
- Five nationalities
- 22% female representation

### Industry leading health and safety performance

Accident frequency rate



For more information see page 67

### ESG and sustainability – our definition and focus



For more information see pages 52 to 76 for our ESG and sustainability report

## Chairman's statement

# Our dividend history is exceptional.



Despite the challenging external events in recent and earlier years we have consistently increased or maintained the dividend over the last 28 years since first listing on the London Stock Exchange, one of only a few UK listed companies to have achieved this."

**Peter Hill CBE**  
Chairman



As we recover from the economic impact of the pandemic and manage inflation, supply chain constraints and ever changing geopolitics, our role has never been more relevant in our markets to build foundations for a sustainable future. Despite the macroeconomic challenges, we reported a strong financial and operational performance. The Group delivered a record c£3bn in revenue, up 24%, and strong growth in underlying operating profit, up 12%, both on a constant currency basis. The good operating performance was the main driver of earnings growth, with earnings per share (EPS) up by 20%, all compared with 2021. Statutory operating profit, comprising of underlying operating profit and non-underlying items, decreased by 11%, largely reflecting the increase in one-off non-underlying operating costs.

Our clear purpose and strategy have guided our decision-making in the year and remains consistent, to be the preferred international geotechnical specialist contractor focused on sustainable markets and attractive projects, generating long-term value for our stakeholders. We have made good progress, refining the portfolio in several areas as well as making two bolt-on acquisitions.

In early 2023, we were immensely disappointed to announce a financial reporting fraud at one of our business units in Australia. It was an isolated case with no impact on cash but nonetheless a reminder for the Board and management to continue to be vigilant in our supervision and stewardship roles, continually evaluating and improving all that we do across the Group.

Despite this, the Group still delivered strong results and continues to move forward in 2023. The order book is robust, as well as high-quality. NEOM in Saudi Arabia is an exciting opportunity for the Group. We started the first Works Order in December and we completed the piling work February 2023, ahead of schedule. We are now in advanced discussions on sizeable packages in relation to this project.

# 5%

## 2022 dividend increase

### Section 172 statement and Code compliance

The Directors have acted to promote the success of the company for the benefit of shareholders, whilst having regard to the matters listed in section 172 of the Companies Act 2006 during 2022.

In addition, the Board and the company fully applied the principles and complied with the provisions of the UK Corporate Governance Code.

 For more information see pages 86 and 78

The Framework Agreement we signed in 2022 paves the way for multiple contract awards. While we are in the early stages of this project, it is evolving into a significant and material opportunity for the future. As a Group we continue to capture emerging opportunities and to invest in the future.

The sector continues to move forward and transform. We are continually adapting and being responsive to our customers needs and frequently pre-empting them with new products to drive efficiencies, implementing sustainable solutions required for a net zero future and recruiting the diverse workforce we need to make us a more inclusive business.

### ESG

Not only am I the Director responsible for ESG but I am profoundly dedicated to the topic and I have a strong desire to make a positive change.

Tackling climate change is a key priority. We are committed to reducing the carbon intensity of our work and increasing the quality and granularity of our carbon reporting and we have made good progress in this area. It is heartening to be able to report good progress against the targets we set out in 2021, to be net zero by 2050.

Keller recognises and embraces the broadest definition of diversity. Gender equality and empowerment is a UN Sustainability Development Goal we have committed to progressing. In 2022 we focused on strengthening local accountability to embed the right ambitions, behaviours and practices in the company, whilst ensuring that our employees' views are considered in all that we do.

People are our business so keeping our colleagues safe and well is paramount. We want every person who works for us, or with us, to go home safely at the end of each day. Disappointingly, the metric by which we measure our safety performance, accident frequency rate (AFR), increased in the year with an uptick particularly in hand and finger injuries. The data is being scrutinised and a remedial plan has been put in place.

We also look beyond safety, working towards everyone being better off and healthier having worked for Keller. This drives our thinking and the commitment to quality of life and sustainable livelihoods across the company.

### Board composition and succession

Our Board Diversity Policy has been in place since January 2021. We have made great strides in achieving a diverse Board, particularly in respect of female representation which stands at 43% (2021: 57%). We have met or exceeded the diversity targets we set ourselves in the Board's Diversity Policy and as recommended by the FTSE Women Leaders and Parker Reviews, which set targets of a 33% female share of Board Directors by 2020 and a minimum of one Board Director from an ethnic minority background by 2022.

Juan G. Hernández Abrams joined the Board as an independent Non-executive Director on 1 February 2022 and became a member of the Audit and Risk, Environment, Nomination and Governance, Remuneration, and Social and Community Committees. Juan succeeded Nancy Tuor Moore as Environment Committee Chair on 18 May 2022. His biography is set out on page 81.

On behalf of the Board, I would like to thank Nancy for her contribution since joining the Board as Non-executive Director in 2014 and her valuable input on various committees - the Audit and Risk, Nomination and Governance, Remuneration and Workforce Engagement and Chair of the Health, Safety, Environment and Quality Committee. The Board and the wider Group have benefitted greatly from her extensive knowledge and experience, particularly of the US engineering and construction sector, and we all wish her well in her future ventures.

## Chairman's statement continued



The sector continues to move forward and transform. We are continually adapting and being responsive to our customers needs and frequently pre-empting them with new products to drive efficiencies, implement sustainable solutions required for a net zero future and recruit the diverse workforce we need to make us a more inclusive business."

### Growing the dividend

Keller has an unbroken record of dividends, having consistently and materially grown its dividend in the 28 years since listing which clearly demonstrates the Group's ability to continue to prosper through economic downturns, including both the global financial crisis and the pandemic. The Board is committed to paying dividends through the cycle and, despite the increase in net debt driven by growth in the year, the Board is recommending an increased dividend for 2022 in keeping with its confidence in the future. The Board has recommended a 5% increase in the final dividend which follows the 5% increase in the interim dividend and marks the resumption of the Group's progressive dividend policy. The final dividend of 24.5p (2021: 23.3p) will be paid on 23 June 2023 to shareholders on the register as at the close of business on 2 June 2023. This will bring the 2022 total dividend payable to 37.7p (2021: 35.9p).

### Looking ahead

During 2022 the management team have successfully developed and implemented the Group's strategy, rationalising and restructuring Keller's geographic and service activities to create a more focused, resilient and higher quality portfolio of businesses. I remain confident that Keller's strategy will generate long-term value for shareholders. Whilst trading conditions are improving and momentum is increasing, evidenced by our strong order book, undoubtedly there will be challenges through 2023 as the world continues to weather the effects of the economic aftershocks following the pandemic.

Nonetheless, the Group is well placed to continue to execute on the strategy and will pursue both organic and M&A growth opportunities, maintaining our disciplined assessment of potential acquisitions as well as look to further refine the portfolio and exit non-core businesses where appropriate.

The past two years have undoubtedly been a very challenging time for many, including but not limited to the global pandemic and the war in Ukraine. Our people have again proved their resilience whilst showing their dedication and commitment to our projects and customers. The strong set of results for 2022 could not have been achieved without the efforts of the 10,000 people who make Keller the great company it is. During the year, I had the privilege to meet many colleagues in different locations and saw first-hand the hard work and commitment that prevails across the Group. I want to thank all our people, on behalf of the Board, for everything they have done and continue to do for Keller.

**Peter Hill CBE**  
Chairman

Approved by the Board of Directors  
and authorised for issue on 10 March 2023.







Case study

## Helping the industry reduce emissions

**Keller's carbon reduction guide has formed the basis for the European Federation of Foundation Contractors' (EFFC) first sustainability guide focused on carbon reduction.**

While there is widespread consensus that the construction industry needs to play its part in reducing carbon emissions, putting that into practice is more of a challenge.

Luke Deamer, Keller's Group Sustainability Manager and Vice-Chair of both the EFFC and the UK Federation of Piling Specialists' sustainability work groups, produced a carbon reduction guide for Keller. He then built on this guidance with the EFFC, creating a guide that was applicable to the wider geotechnical sector. This EFFC guide also set out why cutting carbon matters and how members can make improvements with best practice guidance.

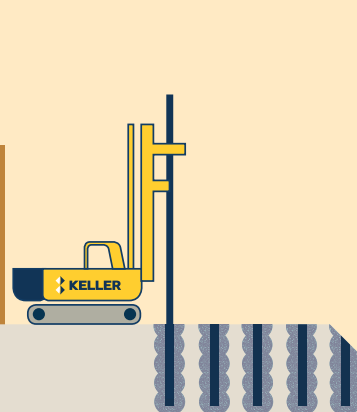
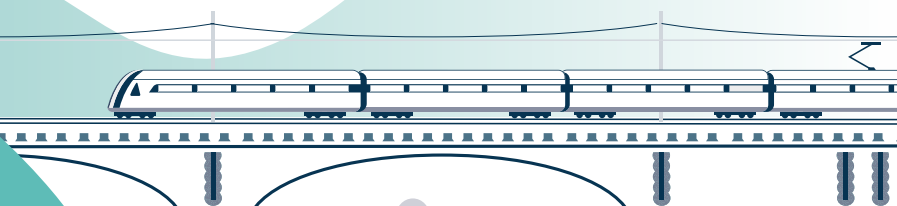
The EFFC guide explores different ways that companies can cut carbon, whether that's reducing material use, decarbonising transport and equipment or making changes on site. It includes both quick wins for companies just starting their decarbonisation journey, as well as ways to improve in a business with more mature carbon reduction initiatives.

Find the guide at: [www.effc.org/effc-carbon-reduction-guide](http://www.effc.org/effc-carbon-reduction-guide)



**We all have a part to play in creating a low carbon future for the geotechnical sector. This is a real opportunity for all of us to develop."**

**Venu Raju**  
Group Engineering and Operations Director



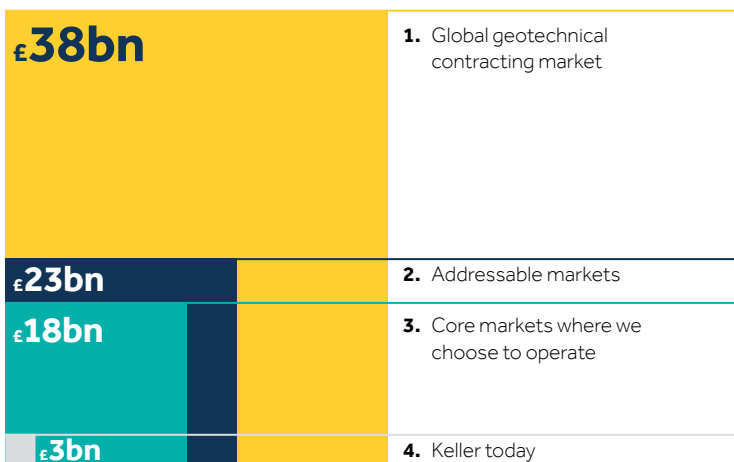


## Our market

# Our purpose is to build the foundations for a sustainable future.

While we are the world’s largest geotechnical specialist contractor, we still have potential to grow our market share in our chosen regions. Our business units are designed to understand their local markets whilst leveraging the Group’s scale and expertise. This combination delivers the engineered solutions and operational excellence that drive market leadership.

### A strong position but plenty of room to grow

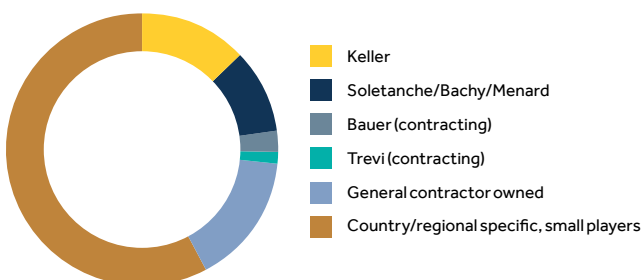


Non-addressable markets are mainly China, North and South Korea, Japan and Russia.

1 USD = 0.81 GBP

Global construction market €9,600bn 2022.

### Share of addressable market €23bn<sup>1</sup>



<sup>1</sup> Sources: Keller accounts, IHS Global Insight, GlobalData and other local sources.

## Favourable market trends

The long-term trends in the global construction market remain positive. Our Group strategy is designed to capitalise on these trends.

### Infrastructure renewal

As populations grow and infrastructure ages, there’s an imperative to invest in new and greater capacity. Geotechnical solutions are often complex and sophisticated and large-scale and cramped metropolitan environments can present additional technical challenges. We have the resources and skills to deliver to this scale and complexity, a reputation for delivery and the proven ability to team up successfully with our customers and partners.

### Demand for complete solutions

Geotechnical solutions increasingly require multiple products. Our broad product portfolio ensures we can design an effective and efficient solution while our project management capabilities mean we can integrate other subcontractors and deliver ‘turnkey’ contracts. This reduces the number of interfaces for our customers to manage and reduces risk.

### Technical complexity

The construction market is becoming more digital and sites are increasing in sophistication and complexity. We have a strong history of innovation.

We leverage our in-house equipment manufacturing capacities and develop market-leading data acquisition systems to control and record our processes, and share information with our customers and the rest of the supply chain. We can integrate instrumentation and monitoring solutions and are Building Information Modelling (BIM) capable.

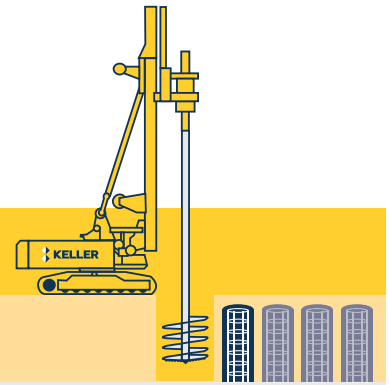
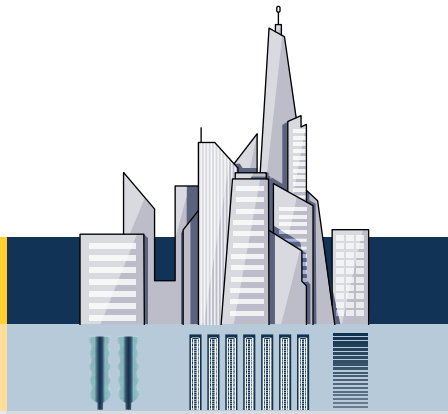
### Urbanisation

As cities expand they require more sophisticated solutions. Larger, taller structures need more technically demanding foundations to withstand the building loads and provide resilience against climate change and acts of nature such as rising water levels or earthquakes. We have a comprehensive network of regional offices located in major metropolitan areas. This local presence keeps us close to our customers and the opportunities.

### Development land shortage

There is a desire to convert more brownfield and marginal land. Geotechnical solutions are at the fore in releasing the development potential of otherwise sterile or derelict areas. Our world-leading geotechnical engineering team, broad portfolio and near shore marine capability, mean we can cope with the most complex challenges when working on brownfield or marginal sites.

## Market potential



### Variety of projects and sectors

Our projects are spread across all construction sectors and vary in scale, location, end use and geotechnical technique. Project value is typically between £25k and £10m, usually short duration and with an average value of £500,000.

6,000

projects per year

### Diverse global market

Operating globally in differing countries and across the construction sectors, from residential to infrastructure, gives us the resilience to trade through national cyclicity. The geotechnical market is estimated<sup>1</sup> to be around £38bn worldwide, which includes China, Japan, Korea and other regions of the world where we are not present. In the countries where we choose to operate our core markets are around £18bn. We choose to operate in sustainable markets that appreciate the value of the products and services Keller provides, have a consistent material demand for those services, and an acceptable level of risk. With an annual turnover close to £3bn, we have a 16% share of those core markets today, and plenty of opportunity to secure greater market share.

16%

market share in core markets

### Diverse customer base

We have a large client spread which means we're not overly reliant on a few customers. We have many repeat customers and, consistent with the prior year, in 2022 our largest customer represented 5% of the Group's revenue. We mostly serve as a subcontractor working for a general contractor; however, sometimes we also contract directly with ultimate client organisations.

5%

revenue from largest customer

### Fragmented competition

We have three types of competitor. Type one is the global geotechnical contractor, of which there are three, but not all are present in all markets. Type two is general contracting-owned. Type three is local competition with low overheads operating in a small region.

£23bn

addressable markets

### Niche sub-sector

Geotechnical specialist contracting is an important but niche sub-sector that commands higher margins than general construction. Typically geotechnical contracting is around 0.5% of the construction market.

3.7%

Keller's underlying operating margin (2021: 4.0%)

## Our sectors

Share of our 2022 revenue



Infrastructure/public buildings	30%
Power/industrial	26%
Residential	20%
Office/commercial	24%

## Our business model

# We are at the beginning of the construction cycle and often one of the first contractors on site.

### Our key resources and relationships

What we need to make our business model work

#### Our people

Our track record of successful projects is only possible because of the passion, commitment and enthusiasm of the c10,000 people who work for Keller worldwide. With extensive product knowledge and a deep understanding of their local markets, customers and ground conditions, our teams are empowered to make decisions 'close to the ground'. This is a significant motivator which enables us to attract and retain some of the industry's best talent. Once people choose to join us, they generally choose to stay, many for their entire career.

#### Our customers

Our network of branches ensures that we build strong, local relationships with our customers that give us insight into market developments and help us stay responsive and competitive. We aim to engage from the earliest stage of a project so we can apply our engineering expertise to drive for high-value solutions that reduce the cost for clients, whilst improving our own profitability.

#### Our technology

We have a market-leading portfolio of products and services backed with full Computer Aided Design (CAD) and Building Information Modelling (BIM) capability. We have a fleet comprising more than 1,200 rigs and cranes and the flexibility to move equipment between markets to match local demand. We also manufacture and service our own specialist equipment which provides us with a competitive advantage in particular product streams.

#### Our market focus

Targeting profitable markets that value geotechnical solutions generates long-term value for our stakeholders.

#### Our financial strength

Our strong balance sheet and cash generation allow us to maintain key resources through the market cycle, reinvest for growth and maintain shareholder distributions.

### How we create and capture value

What we do

1

#### Opportunity identification

- Our local businesses close to their markets and with enduring customer relationships identify demand.
- A global network supports cross-border collaboration on opportunities (especially important for major projects).

2

#### Proposal preparation

- Design engineers and cost estimators with local ground knowledge and capacity create optimum solutions.
- A significant portion of work is won based on design and build tenders.
- Supported by a global network who assist with solution development.

### Project Lifecycle Management

## What differentiates us?

Global strength and local focus



#### Local focus

- Our unrivalled branch network and knowledge of local markets and ground conditions means we're ideally placed to understand and respond to a particular local engineering challenge.



#### Global strength

- Our global knowledge base allows us to tap into a wealth of experience, and the brightest minds in the industry, to find the optimum solution, often combining multiple products. This improves results for customers and profitability for Keller.

Getting the project 'out of the ground' is critical to our customers in controlling the early phases of the project, managing risks, saving time and money, and providing a sound platform for the remaining work.

We often assist in the design and development phase with our customers, providing value engineering input and advising on construction processes.

Our products and services are not used just for foundations, they are also used for other applications including earth retention, urban redevelopment and near shore marine structures.



Our Project Lifecycle Management (PLM) Standard ensures that we implement adequate procedures, reviews and controls at all phases of the project lifecycle.



**The best solutions**

- Through knowledge transfer, development of existing and acquisition of new techniques, innovation and digitisation, our engineers have access to the widest range of solutions to solve challenges across the entire construction sector.
- We take a leadership role in the geotechnical industry with many of our team playing key roles in professional associations and industry activities around the world.

**Safety and sustainability**

- Our experience of project contracting built over many decades, combined with our Group scale, make us a trusted and reliable partner.
- We have a proven track record of one of the lowest accident frequency rates in our industry.
- We are committed to better understand our contribution to sustainable development and work collaboratively with our customers and stakeholders to reduce potential impacts.

**The value created**  
Long-term sustainable value

**Employees** **c10k**  
employed globally

- Commitment to provide a safe workplace and promote mental health and wellbeing.
- A diverse, inclusive environment in which employees can thrive regardless of background, identity and circumstances.
- Stable employment with opportunities to develop and progress, including internationally.

**Customers** **6,000**  
contracts

- A 'one-stop shop' for cost-effective geotechnical solutions reducing the interface risk for clients of dealing with multiple suppliers.
- In-depth knowledge of local markets and ground conditions combined with a wealth of experience through our global knowledge base.
- Leading health, safety and environmental performance.

**Shareholders** **£27.3m**  
total proposed full-year dividend

- Stable business with a robust balance sheet.
- Inherently strong cash flow characteristics.
- A quality lender base and substantial facilities.
- A 28-year history of uninterrupted dividends.
- Continued growth opportunities.

**Communities** **B**  
CDP score – above sector average

- Local employment opportunities, directly and indirectly.
- A focus on the United Nations Sustainable Development Goals where we can have the greatest impact.
- A commitment to reducing the carbon intensity of our work and increasing the quality and granularity of our carbon reporting.
- Participation in many community and charitable events locally.

## Chief Executive Officer's review

**In 2022 Keller made some notable achievements and delivered strong growth in revenue and underlying profits as well as maintaining a robust order book of £1.4bn.**



The execution of our strategy has structurally put the Group in a strong position, and we will continue to pursue both organic and targeted M&A growth opportunities to build high performance local businesses with market leading positions.”

**Michael Speakman**  
Chief Executive Officer



### Overview

The Group delivered a strong performance in 2022 in a turbulent and challenging market environment. Whilst markets generally began to recover in volume terms, the residual pandemic-related labour and supply chain shortages were compounded by more localised effects of the war in Ukraine, resulting in increased supply chain issues and stronger inflationary pressures than the global economy has seen for some time. Against this uneven macroeconomic backdrop, construction demand has reacted variably across geographies and sectors and almost all our businesses faced the challenge of serving increased market demand with a decreasing and more expensive supply base. Whilst the execution of our strategy has structurally put the Group in a strong position, it is a credit to our businesses and management teams that together Keller generated a record revenue for the Group, close to £3bn, as well as a strong growth in the underlying operating profit.

In January 2023, we announced our internal systems had identified a financial reporting fraud discrete to Austral, a business unit in Australia. An external forensic investigation has now confirmed that there has been no cash leakage. This was an isolated and contained incident. The impact of the financial reporting fraud on the Group's historical operating profits was c£7.3m in the first half of 2022, £4.3m in 2021 and £6.7m in the years prior to 2021. We will take the lessons learned from this incident and embed any identified improvements into our management and financial control processes.

Nonetheless, overall the Group progressed well in 2022 and finished the year with a robust year-end order book of £1.4bn (2021: £1.3bn), which excludes expected upcoming sizeable packages in relation to the large NEOM project.

Keller has an unbroken record of dividends, having consistently and materially grown its dividend in the 28 years since listing which clearly demonstrates the Group's ability to continue to prosper through economic downturns, including both the global financial crisis and the pandemic. The Board is committed to paying dividends through the cycle, and despite the increase in net debt driven by growth in the year, the Board is recommending an increased dividend for 2022 in keeping with its confidence in the future.



## Financial performance

Group revenue was £2,944.6m, up 24% on the prior year on a constant currency basis, with increased trading activity across all our markets. We delivered an underlying operating profit of £108.6m, an increase of 12% on a constant currency basis. Whilst in North America Foundations some project execution issues continued throughout the year, the supply chain and inflationary pressures that were all a feature of the first half of the year were largely addressed in the second half and the recovery in margin is on track. Europe grew notably year-on-year whilst maintaining its operating margin. In Asia-Pacific, Middle East and Africa (AMEA), despite the Austral setback, the division advanced well in terms of volume and profit. The Group margin for the year was 3.7% (2021: 4.0%), down on prior year, albeit, as anticipated, the North America margin improved in the second half and we expect further progress in 2023.

Our cash flow generation was suppressed by the growth in working capital as a result of the record revenue, reflecting the increased activity and the pressures of supply chain payment terms. As a result, net debt (IAS 17 lender covenant) increased by £99.4m to £218.8m, equating to a net debt/EBITDA leverage ratio of 1.2x, well within our leverage target of 0.5x–1.5x and our covenant limit of 3.0x.

## Operational performance

In North America, revenue increased by 29% (on a constant currency basis) driven by improved trading volume across all businesses, largely driven by Suncoast (before a slowdown in the fourth quarter in residential demand) and with a material contribution from the accelerated LNG contract at RECON. Despite contract losses in the foundations business, supply chain issues, inflationary pressures and a non-repeat claim resolution in the prior year, underlying operating profit increased marginally, up 1%, on a constant currency basis with these issues more than offset by the benefit from the increased volume across the division. Importantly, the operating margin improved by 150 basis points to 5.0% in the second half compared to the first half, demonstrating the continuing improvement in the business.

In Europe, revenue increased by 19% on a constant currency basis, with growth in all business units despite the macroeconomic backdrop and the impact of the Ukraine war. Underlying operating profit increased by 20% on a constant currency basis, reflecting the growth in trading activity and the ability to pass on the majority of inflationary cost pressures partially offset by challenges in North-East Europe.

Notwithstanding the issue in Austral, the AMEA Division performed strongly. Revenue increased by 9% on a constant currency basis, driven by a recovery in trading in Keller Australia, the Middle East and Africa, and continued strength in India. NEOM in Saudi Arabia is rapidly gaining momentum and is ramping up in terms of activity. We started the initial works order in December and the piling works have completed ahead of schedule in February 2023. We are in advanced discussions on sizeable packages in relation to this project and the quantum of further work will require investment in 2023.

Underlying operating profit in the AMEA Division increased to £6.6m from a restated £0.9m loss in the prior year, despite the losses in Austral, driven by the recovery in trading in Keller Australia and the UAE as well as the impact of the asset impairment reversal related to equipment previously deployed in Mozambique that will be brought back into use elsewhere in the Group which improved year-on-year operating profit by £6.1m. The result was partly offset by challenges on marine projects in Austral that are nearing completion. In light of the reporting fraud at Austral, a goodwill impairment of £7.7m has been taken in the non-underlying items reflecting the current more cautious view taken of its future profitability.

## Strategy

Our strategy remains to be the preferred international geotechnical specialist contractor focused on sustainable markets and attractive projects, generating long-term value for our stakeholders. Our local businesses leverage the Group's scale and expertise to deliver engineered solutions and operational excellence, driving market share leadership in our selected segments.

Our strategic business model provides the Group with diversity in revenue streams in terms of sectors, applications and geographies and helps to provide revenue resilience and lessen the impact of business cycles and geopolitical uncertainty. This in turn ensures that both the consistency of profit generation and the quality of cash conversion are also robust over time, as evidenced by the dividend history of the Group.

We are focused on strengthening and simplifying our asset portfolio and building local market share leadership, in line with our strategy. During the year we made two small bolt-on acquisitions that strengthen our existing market positions. As part of our continuing strategic review of our asset portfolio, we took the decision to exit two of our peripheral geographies earlier in the year in the Europe Division.

Whilst there are an increasing number of quality acquisition opportunities emerging, the Group will retain its disciplined approach to M&A and will only pursue targets which will generate attractive financial returns and shareholder value.

In terms of organic growth opportunities, the residual impact of the pandemic and the war in Ukraine has materially influenced the opportunities that are currently emerging. The high natural gas price and fluctuating oil price have emphasised the need for governments to diversify energy supply and develop independent supply chains. The short-term focus on energy security is driving investment in traditional hydrocarbon industries and infrastructure, whilst the growing global political will to decarbonise economies is driving long-term power generation construction away from carbon-based energy production projects. Both drivers provide attractive opportunities for the Group. Infrastructure renewal remains a major driver of growth, reflecting the efforts by governments and public institutions to accelerate investment to stimulate activity, especially in an economically constrained time. Investment is being made in battery manufacture, green energy is expanding, and in some markets these are replacing logistics, warehousing and data centres as the higher growth segments.

Whilst we take pride in the quality of our project management and project execution, we recognise that we can always improve and we are engaged in a process of re-energising our project execution and other continuous improvement initiatives. The latest part of this programme is 'Project Performance Management' which is the next incremental improvement that captures the latest best practice across the Group and will ensure that it is accessible to all project managers throughout the Group.

During the year we commenced the design of an enterprise resource planning (ERP) system. This initiative will embed operational excellence in all foundations businesses across the whole Group by introducing new ways of working, streamlining processes and providing data to drive our growth. Using an ERP system, processes become more consistent and standardised, thereby increasing opportunities for automation and accuracy. The overall result is improved efficiency, driving increased productivity and the profitability of the Group. It will also help address the likely evolution of the UK regulatory landscape as it relates to financial reporting and internal controls. The initiative will be implemented over five years and we will leverage our risk management processes to help control the challenges associated with implementing the programme of work.

## Chief Executive Officer's review continued

### Progress on strategic priorities in 2022

In North America, we successfully integrated RECON, a geotechnical and industrial services company acquired in July 2021, into our North America Division. The RECON project to develop an energy facility in the Gulf Coast region of the USA is c90% complete and has been very successful to date. We continue to explore further opportunities related to LNG in the region. We have consolidated our Midwest Business Unit into our North-East Business Unit; they are commercially similar and this will reduce the cost base. In May 2022, the division completed the bolt-on acquisition of GKM Consultants Inc., a small geo-structural measurements and monitoring business based in Quebec, Canada, for c€5m. GKM is integrating into our Speciality Services business and will help accelerate our growth in this specialist segment.

In Europe, in November 2022 the division acquired Nordwest Fundamentering AS, a specialist geotechnical contractor based in Trondheim, in the west of Norway, for c€6m. This builds our market share in the region. As part of our continuing strategic review of our asset portfolio, we took the decision to exit our peripheral businesses in Denmark and the Ivory Coast.

In Saudi Arabia, to meet the increasing needs of the NEOM project we established an operations base in the Tabuk province, in the north west of the country. Equipment and people were sourced and work started on the first works order in December, worth c€40m, and the piling works has now been completed.

### Strategic priorities for 2023

Our diversified model of operating in a number of sectors, applications and geographies generates revenues that are resilient whilst lessening the impacts that can arise from business cycles and geopolitics. In line with our strategy, we will continue to focus on increased market penetration and cost reduction. We remain customer focused through our branch structure and continue to drive for a leading share in our chosen markets.

We continue to review our diverse markets to ensure that we focus only on sustainable markets and attractive projects that generate long-term returns.

Through our expertise and scale, we will continue to share product knowledge. Colleagues in the North America Foundations business have teamed up with colleagues at RECON at the ground improvement project for the development of an industrial facility. The contract involves early site preparation and soil stabilisation. The North America Foundations team introduced a new technique to their RECON colleagues that was a faster solution, saving the client time and money, and which was also more environmentally friendly in using less cement.

Growth through organic development and a disciplined approach to M&A will remain a priority in 2023, and we will maintain our diligent assessment of potential acquisitions. At the same time, as part of our continuing strategic review of our asset portfolio, we will continue to refine our existing portfolio, and exit non-core businesses where appropriate.

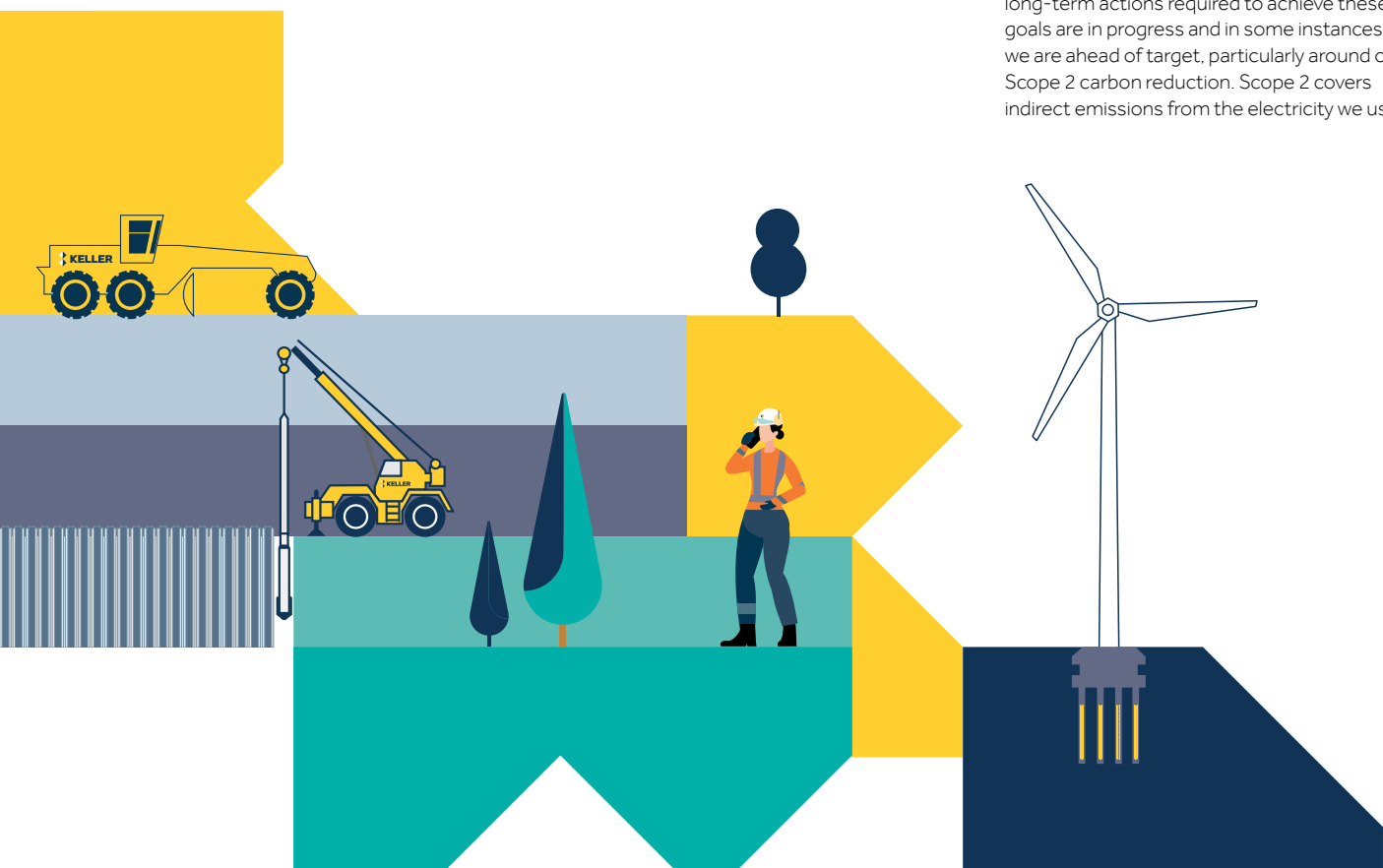
In our effort to drive efficiencies and cost savings, we are assessing opportunities for back-office consolidation.

The NEOM project is ramping up and will become a significant revenue generator for the Group. The project is progressing in line with our expectations operationally and financially; piling on the c€40m initial Works Order was completed in February 2023, ahead of schedule and we are in advanced discussions on the next tranche of work. The precise phasing of this potentially material project is fluid and will require measured investment in equipment and working capital as it accelerates. We will continue to focus our efforts on successfully delivering for the client as the project gains further momentum.

### Environmental, Social and Governance (ESG)

We align our ESG and sustainability approach with the UN Sustainable Development Goals (SDGs) through a number of global and local initiatives. Of the 17 SDGs, we specifically focus on those that are most closely aligned to Keller's core business and where we can have the greatest impact. In addition, there are a number of local initiatives that are being supported at local business level that are relevant and appropriate to their community context.

We are progressing well against the carbon reduction targets we set out last year to achieve net zero by 2050. We will be net zero across all three emission scopes by 2050; net zero on Scope 2 by 2030, net zero on Scope 1 by 2040 and net zero by 2050 on Operational Scope 3 (covering business travel, material transport and waste disposal). The short, medium and long-term actions required to achieve these goals are in progress and in some instances we are ahead of target, particularly around our Scope 2 carbon reduction. Scope 2 covers indirect emissions from the electricity we use.





These emissions mostly occur as a result of electricity use in our offices and maintenance yards. Whilst it is by far the smallest scope of carbon emissions for Keller, it is where we can make the most immediate impact and therefore where we aligned our Executive and BU management remuneration for 2022. There are many opportunities to save electricity and these savings have already included energy efficiency improvements to our equipment and lighting, as well as generating our own renewable energy. Whilst Europe and AMEA have significantly reduced their emissions, North America's Scope 2 emissions increased in 2022, driven mostly by local weather events, as well as the acquisition of RECON. For the Group as a whole, Scope 2 emissions reduced 28% from our 2019 baseline, significantly ahead of our 10% target.

We continue to pay relentless attention to safety and our people. Disappointingly, we saw the key indicator for injury, the accident frequency rate, increase to 0.1, representing 26 lost time injuries, an increase of seven lost times injuries on the prior year. There have been a number of key initiatives in the year including a Group-wide safety stand down day, which together with the introduction of 'mechanised handling steering groups' is targeted upon reducing hand injuries. We have invested in cameras for all c300 of our owned rigs in order to provide the rig driver with reverse and blind spot visibility. With the return to growth and an expanding workforce, we have introduced a new induction process for new employees. The completion of a safety induction will appear on an employee's 'Safety Passport' within Insite, which is an increasingly important tool in keeping our employees safe and managing projects effectively and efficiently.

We have made progress against our Diversity, Equity and Inclusion priorities. Our Inclusion Commitments define the framework we use to set priorities and ensure alignment and progress across the Group and in 2022 we saw these embed deeper into the organisation. This is important as we strive to build a more diverse, equitable and inclusive workplace.

In terms of partnerships, we work with organisations to drive change and those that align with our own focus on the UN Sustainable Development Goals. To that end we have continued our partnership with UNICEF UK and have entered into a three-year partnership, starting with a funding contribution of £250,000 in 2022 towards its Core Resources for Children. Keller's support with unrestricted funding allows UNICEF to rapidly respond to emergencies across the world, including the devastating earthquakes that have affected children and their families in Turkey and Syria.

### People

Our people are the major differentiator of our business and pivotal to everything we do. As I travel around the Group I continue to be immensely impressed by the skill, dedication and tenacity of our team and, despite the significant headwinds of the last year, the team has continued to outperform our peers. I would like to acknowledge this endeavour, and thank all Keller employees for their commitment, hard work and expertise during another very challenging year.

We want our people to be inspired and motivated, equipped with the right skills, tools and standards to be successful. To that end, it is important that as Directors we understand and learn from the views of our employees. Our culture and engagement programme provides a structured way of getting and actioning employee feedback, the aim being to continually improve employee experience and drive better business performance. Successfully piloted in four businesses in 2021, it rolled out to a further seven business units in 2022. Having considered the current cost of living crisis that we are experiencing, salary increases across the Group have taken inflationary pressures into account, and we have targeted higher increases across those who are more junior and lower paid amongst our employees.

Whilst we had no projects in Ukraine, we have several employees based in the country and over 20 Ukrainian nationals working for us for many years in our North East Europe Business Unit. It was therefore incredibly sad that in February 2023 we lost a Ukrainian colleague who was killed defending his country against the Russian invasion. One year after the initial invasion, the Ukrainian people continue to defend their country and their independence. The impact on all people is significant with destruction, displacement, separation and loss of all daily norms. Money raised through 'Fundacia Keller', a charitable foundation set up by Keller Poland, is given directly to our Ukrainian employees and their families who have been affected by the conflict so they can buy what they need most.

### Outlook

In 2022 Keller made some notable achievements and delivered strong growth in revenue and underlying profits as well as maintaining a robust order book of £1.4bn. We also faced, and dealt with, a number of challenges and headwinds, which held us back during the year. The Group will continue to pursue organic and targeted M&A growth opportunities and we will also look to further refine the portfolio as we continue to execute our strategy. Whilst higher interest rates will increase our interest expense in 2023, we have entered the new financial year with increased momentum, a more solid operational base and are well placed for major contract awards. This, together with the actions we have taken, gives us confidence that 2023 will be a year of good progress.



**Michael Speakman**  
Chief Executive Officer

Approved by the Board of Directors and authorised for issue on 10 March 2023.



**We have entered the new financial year with increased momentum and a strong, high quality order book which gives us confidence that 2023 will be another year of growth."**

## Our purpose, values, strategy and culture

Delivery of the Group's vision and purpose relies on the successful implementation of our strategy and is underpinned by the values and behaviours that shape our culture and how we work.

### Our purpose



#### Why we exist

## Building the foundations for a sustainable future.

### Our strategy

#### How we will deliver our purpose and work towards our vision

Our strategy is to be the preferred international geotechnical specialist contractor focused on sustainable markets and attractive projects generating sustained value for our stakeholders.

Our local businesses leverage the Group's scale and expertise to deliver engineered solutions and operational excellence, driving market share leadership in our selected segments.

 For more information see page 20



## Engineered solutions

### Our culture

#### How we work, shaped by our values and behaviours

Our track record of successful projects would not be possible without the passion, commitment and enthusiasm of the c10,000 people who work for Keller worldwide.

We have an outstanding company spirit that makes Keller a great place to work, and we aim to ensure that everyone feels respected, accepted, supported and valued.

Keller's culture and engagement programme provides a structured way of getting and acting on employee feedback to continually improve the employee experience and drive better business performance.

The Board and the Social and Community Committee play an active role in monitoring the culture of the business by regularly reviewing the results of employee engagement surveys, as well as insights from focus groups and site visits. Where consistent themes emerge, actions are fed into the appropriate strategies to further strengthen our culture.

 For more information see page 62

**76%**  
average  
engagement score<sup>1</sup>

**81%**  
of employees  
would recommend  
Keller as a great  
place to work<sup>1</sup>

**82%**  
of employees agree  
'Working at Keller  
makes me want to do  
the best work I can'<sup>1</sup>

**83%**  
of employees  
are proud to  
work for Keller<sup>1</sup>

<sup>1</sup> Based on results from 11 business units.



Our vision



Our ambition for the future

To be the leading provider of specialist geotechnical solutions.



Operational excellence



A balanced portfolio



Expertise and scale

Our values

What we have judged as most important to how we work with colleagues and customers across the globe

Keller's Code of Business Conduct is also rooted in our values. It explains the behaviour we expect from all our employees and provides them with a clear framework within which to make the right decisions.

Integrity

We always behave with integrity towards our customers, colleagues and the communities within which we work.

Collaboration

Our teams collaborate across borders and disciplines to bring our customers the best of Keller and to build a stronger business for the future.

Excellence

In all we do we target excellence; whether it's geotechnical engineering, project management, safety or people development, we strive to deliver to the highest standards.

## Our strategy

# Delivering our strategy.

Keller's strategy is to be the preferred international geotechnical specialist contractor focused on sustainable markets and attractive projects.

Our local businesses will leverage the Group's scale and expertise to deliver engineered solutions and operational excellence, driving market share leadership in our selected segments.

In 2022, we continued to make progress in generating sustainable long-term value for our stakeholders.

Sustainable markets are those markets that appreciate the value of the products and services Keller provides, have a consistent, material demand for those services, and an acceptable level of geopolitical risk.

### Strategic lever



## A balanced portfolio

We select sustainable markets (geography, sector and products) in which to set up base businesses and attractive projects.



## Engineered solutions

We offer the best solutions to our customers by providing alternatives and value engineering, and invest in innovation and digitisation.



## Operational excellence

We are the operational leader providing safe, efficient, on-time and high-quality delivery, and relentlessly strive to improve our operational capability.



## Expertise and scale

We develop our people, processes and assets and leverage the global strength of our technical, operational, commercial and financial resources.

### What we achieved in 2022

- Integrated RECON in the US to Keller North America and successfully delivered the major project to develop an energy facility in the Gulf Coast region of the USA.
- Consolidated our Midwest Business Unit in North America into our North-east Business Unit.
- Acquired GKM Consultants, an instrumentation and monitoring business based in Canada.
- Acquired Northwest Fundamentering, a geotechnical foundations company based in Norway.
- Established an operations base in the Tabuk province, Saudi Arabia, to meet needs at the NEOM project.

- Executed an impressive 6,000 projects around the world.
- Achieved further significant milestones on HS2 in the UK.
- Delivered Cape Lambert major project.
- Strategic shift to manufacture of electric/hybrid drilling/vibro rigs in our manufacturing subsidiary KGS and starting to procure electric rigs from third parties.
- Continued implementation of our field app InSite.

- Introduced our new employee induction programme for our field-based personnel.
- Improved performance in 5S in our yards. Achieved overall score of 74% in North America, 85% in AMEA and 88% in Europe (target: 60%).
- Further strengthened our Lean programme by hiring an industry expert in North America. Over 1,500 people have been trained to date in Lean.
- Retrofitted all our rigs with cabs with rear and blindside cameras.
- Commenced the design of an enterprise resource planning (ERP) system<sup>1</sup>.
- Introduced 'mechanized handling steering groups' to reduce hand injuries.

- Continued sharing product and safety knowledge and innovations through our global product teams.
- Implemented employee surveys and team action planning in seven business units to continually improve employee experience and drive better business performance.
- Launched R&D projects and initiatives to decarbonise our business throughout Scope 1 to 3.
- Introduced a new diversity reporting framework ('Building Balanced Teams') which enables us to track gender diversity at every level of the organisation.
- Implemented a wellbeing training programme designed for leaders which incorporates specific wellbeing challenges relevant to our industry.
- Developed and began delivery of a plan to develop our financial controls over financial reporting to be able to comply with a future controls attestation regime for UK listed businesses.

### Outlook

#### We will

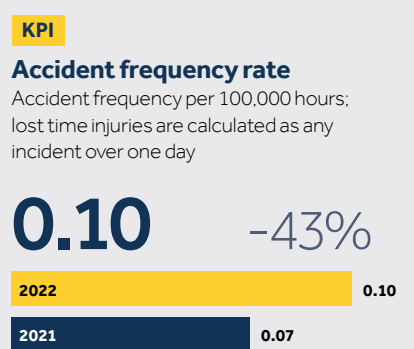
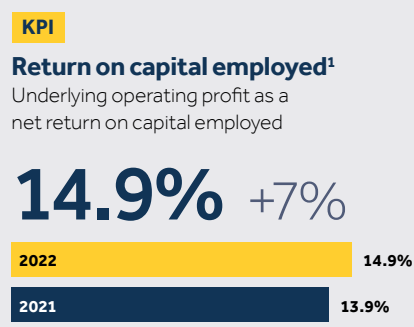
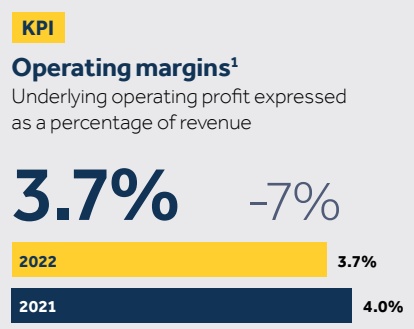
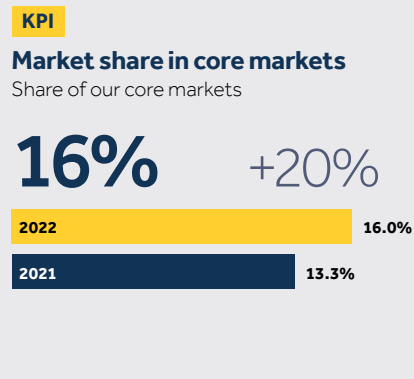
- Remain customer focused through our branch structure and drive for a leading share in our chosen markets.
- Continue to pursue both organic and M&A growth opportunities.
- Aim to be profitable through trading cycles as we sustain our revenue streams.
- Continue to introduce new products where we are already established.

- Continue to offer our customers alternative designs and engineered solutions that meet their specifications whilst reducing costs.
- Retain our technical advantage by investing in our people and continuing to influence across our sector.
- Continue to secure complex, high-value projects.

- Make continuous, incremental improvements to remain competitive in our chosen markets.
- Deliver our Project Performance Management project to capture the latest best practice from across the Group.
- Deliver the pilot and first stage of deployment of our ERP system.

- Continue to share best practice in operations, technical knowledge, governance and compliance.
- Continue to pay relentless attention to safety and our people.

### Performance



<sup>1</sup> Underlying measures allow management and investors to compare performance without the potentially distorting effects of one-off items or non-trading items. Definitions of underlying measures can be found under adjusted performance measures on page 203.

# North America

## Business units

North-East

South-East

Florida

Central

West

Canada

Specialty Services

Moretrench and RECON

Suncoast

## KPIs

### Revenue (£m)



### Underlying operating profit (£m)



### Underlying operating margin (%)



### Order book (£m)



### Accident frequency rate



In North America, revenue was up by 29.3% (on a constant currency basis) driven by improved trading volume across all businesses, largely driven by Suncoast (before a slowdown in the fourth quarter in residential demand) and with a material contribution from the accelerated LNG contract at RECON. Despite contract losses in the foundations business, supply chain issues, inflationary pressures and a non-repeat claim resolution in the prior year, underlying operating profit increased marginally, up 1%, on a constant currency basis, with these issues more than offset by the benefit from the increased volume across the division. In the foundations business trading continued with a high level of activity. As a direct result of management actions, the challenges of project execution and productivity impacted by supply chain disruption began to reduce in the latter part of the year, and started to benefit the North America operating margin which improved from 3.5% in H1 to 5.0% in H2. Further year on year progress in the margin is expected in 2023. The supply chain issues impacted performance through lower productivity due to delayed delivery and put pressure on working capital as suppliers tightened up credit terms on raw materials that were in short supply. The accident frequency rate, our key safety metric, increased from 0.02 in 2021 to 0.08 in 2022.

Suncoast, the Group's post tension business, experienced high volumes in the residential sector despite some market headwinds, with revenue and profit ahead of prior year, despite a continued slowdown in the housing market in the final quarter as interest rates rose. In the high-rise sector, the business benefitted from the unwind of the prior years' adverse impact on profit from its long-term customer contracts and a reduction in the price of steel strand, its major raw material.

Moretrench Industrial, our business which operates in the highly regulated industrial environmental and power segments, delivered a solid performance. RECON, the geotechnical and industrial services company we acquired in July 2021, performed strongly and ahead of expectations. RECON's contract to provide the foundations for an energy facility in the Gulf of Mexico is nearing completion and we see continuing further opportunities related to LNG in the region.

	2022 £m	2021 £m	Constant currency
Revenue	<b>1,896.1</b>	1,323.1	+29.3%
Underlying operating profit	<b>82.0</b>	73.0	+0.9%
Underlying operating margin	<b>4.3%</b>	5.5%	-120bps
Order book <sup>1</sup>	<b>761.3</b>	787.0	-13.0%

<sup>1</sup> Comparative order book stated at constant currency.





RECON, the geotechnical and industrial services company we acquired in July 2021, performed strongly and ahead of expectations.”

On 1 May 2022, the business completed the bolt-on acquisition of GKM Consultants Inc, a small geo-structural measurements and monitoring business based in Quebec, Canada. GKM will integrate into our Speciality Services business and will help accelerate our growth in this specialist segment.

The order book for North America at the period end was at £761.3m, down 13.0% (on a constant currency basis) from the closing position at the end of 2021. The decrease year on year is predominantly driven by the near completion of the large LNG contract in the RECON business. Excluding this contract, the order book is broadly flat on a constant currency basis.

Case study

## Preparing the ground for a \$13bn development

**One of Keller’s largest revenue drivers this year was a ground improvement project for development of a \$13bn LNG facility in the Gulf of Mexico, USA.**

When it’s completed, the facility will produce and export around 20 million metric tonnes of LNG annually. RECON played a critical role in the project, winning a sizeable contract for early site preparation and stabilising 2.3 million cubic yards of soft soils, to prepare for the facility’s construction.

Despite a global cement shortage and rising fuel prices during the project, RECON’s strong relationship with suppliers ensured fixed prices and limited supply chain issues, helping this major project finish ahead of schedule.

“On a project like this, every day you can shave off the schedule is worth several hundreds of thousands of dollars to the client, so we wanted to do everything we could to reach the goal faster,” explains John Carpenter, Managing Director of Moretrench, the Keller company that RECON reports into.



This has been a hugely successful project that demonstrates Keller’s ability to live up to our commitments. The introduction of different products, additional resources and prudent contracting helped mitigate risks and ensure we delivered for the client.”

**John Carpenter**  
Managing Director, Moretrench





# Europe

## Business units

Central Europe

North-East Europe

South-East Europe and Nordics

South-West Europe

UK

## KPIs

### Revenue (£m)



### Underlying operating profit (£m)



### Underlying operating margin (%)



### Order book (£m)



### Accident frequency rate



In Europe, revenue increased by 19.4% on a constant currency basis, with growth reported by all business units despite the challenging macro environment. Underlying operating profit increased by 20.2% on a constant currency basis, reflecting the growth in revenue, partly offset by challenges in North-East Europe. The businesses were largely able to pass on the significant cost inflation experienced during the first half of 2022, benefiting revenue and helping to maintain the operating margin. The accident frequency rate reduced from 0.23 to 0.19 in the year.

The growth in revenue and operating profit were achieved against the backdrop of the war in Ukraine, and the resulting macro-economic challenges in Europe. The significant escalation in supplier costs and energy prices experienced following the Russian invasion in February 2022 and subsequent delays obtaining materials resulted in some non-productive time, particularly in the first half. Material price inflation and supply shortages receded to some extent in the second half of the year. We were able to include price adjustment measures into most of our contracts and therefore were largely able to pass price increases onto customers.

Our North-East Europe business was the most affected by the war in Ukraine, both from a financial and humanitarian perspective. Despite these challenges, Poland, which benefitted from the successful completion of a large oil refinery project, delivered record revenue. Cost inflation and resource scarceness were felt most acutely in Poland and the surrounding countries and, accordingly, contract margins were adversely impacted.

Following a strong 2021 South-East Europe and Nordics delivered another year of record revenue, up by 20% year-on-year with the largest gains reported in Austria, Italy, Norway, Slovakia and the Czech Republic. The Nordic countries received two substantial multi-year contract awards during the year, Tangenvika, a bridge project in Norway worth c£39m and Södertälje, a lock project in Sweden worth c£34m. Work will start on both projects in 2023. In November 2022, the business acquired Nordwest Fundamentering AS, a specialist geotechnical contractor based in Trondheim, in the west of Norway.

The UK business reported revenue growth following increased levels of activity through the core Foundations and Geotechnique businesses and continued good delivery on the High Speed 2 (HS2) rail contract.

Our business in Central Europe increased revenue and profit with good trading activity across the region. Despite delays to contract starts during the early part of the year in Germany the businesses benefitted from strong activity levels by year end, including expansion into Belgium, where we registered a new branch.

South West Europe was our business most affected by the impact of COVID-19 during 2021, with extended country lockdowns and delays to contract starts. However, in 2022 the business delivered growth in both revenue and profit in the period.

	2022 £m	2021 £m	Constant currency
Revenue	<b>649.3</b>	549.2	+19.4%
Underlying operating profit	<b>29.1</b>	24.3	+20.2%
Underlying operating margin	<b>4.5%</b>	4.4%	+10bps
Order book <sup>1</sup>	<b>347.5</b>	332.7	+1.5%

1 Comparative order book stated at constant currency.

During 2022 the European core business responded well to the prevailing macro-economic challenges. The robust year-end order book provides good near term coverage with some of the recent larger contract wins extending beyond 2023."

As part of our continuing strategic review of our asset portfolio we took the decision to exit our businesses in Denmark and Ivory Coast. We continue to review our diverse European markets to ensure that we focus only on sustainable markets and attractive projects, including those in the energy sectors, that generate long-term returns.

During 2022 the European core business responded well to the prevailing macro-economic conditions. The robust year-end order book provides good near term coverage with some of the recent larger contract wins extending beyond 2023. Nevertheless, the threat of recession that hangs over a number of the European markets will provide additional challenges during the year and we will respond appropriately. We expect to manage the risks and maintain the recent levels of profit margin.

The Europe order book at the end of the period was £347.5m, broadly flat on the prior year on a constant currency basis.

Case study

## Keller UK focuses on cutting carbon

**Keller UK is on a mission to cut carbon emissions, making great progress in recent months by slashing energy consumption, introducing electric vehicles and using the latest, most efficient rigs.**

It might not be the most glamorous or innovative solution, but a simple change at Keller UK's Ryton headquarters has helped cut office and yard energy consumption by almost a fifth since 2019. Replacing all lighting in the office, workshop and yard with LEDs has boosted the business unit in its strategy to significantly reduce Scope 2 emissions over the next few years.

"Sustainability is essential to the long-term future of our organisation and the planet," says Will Reid, Keller UK's Finance Director. "Cutting our emissions is not only the right thing to do morally, but it's also demanded by stakeholders such as investors and, increasingly, our clients."

Alongside the lighting, Keller UK is offering electric vehicles as part of its company car scheme, installing double-glazed windows to reduce heat loss, and has just renewed its photocopier leases, reducing the number of machines by a third. They are also starting to increase engagement on the issue with employees, encouraging everyone to make simple contributions like turning off their computer screens overnight.

An energy saving and opportunity survey in 2019 helped Keller identify less-obvious areas for improvement, such as installing a heat-recovery system in the paint shop. Ryton has had solar panels for several years (generating over £60,000 of savings in the last decade from reduced electricity purchased and feed-in tariffs) but these only produce around 5-7% of electricity consumed.

The aim is to reduce energy use and increase the number of solar panels in the coming months so the office can be more self-sustainable.

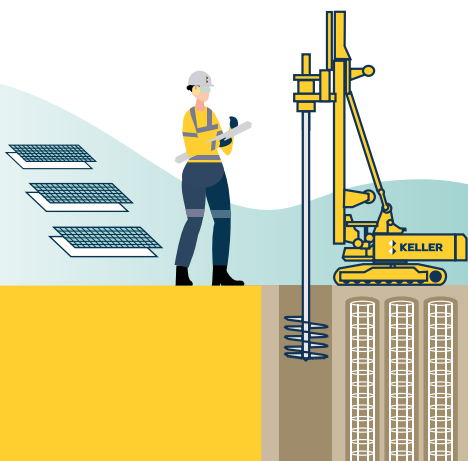
In the meantime, Ryton has switched to a certified green energy tariff, which means all electricity comes from renewable sources.

Keller's biggest source of Scope 1 emissions is its rigs. "We've used the opportunities on HS2 as a springboard to invest in and modernise our fleet, so the vast majority of machines are now using the latest technology to reduce emissions.

"Working with our partners on HS2, we have trialled using hydrogenated vegetable oil fuels for our existing diesel equipment. We're keen to keep pushing in this area, adopting lessons learnt with our other projects and working closely with our supply chain to trial new technologies as they are developed."

**We compensate and substitute where it's quick and easy to do so, but the ultimate goal is to reduce and eliminate emissions as much as possible."**

**Will Reid**  
Finance Director, Keller UK





## Business units

### ASEAN

### Austral

### India

### Keller Australia

### Middle East and Africa

## KPIs

### Revenue (£m)



### Underlying operating profit (£m)



### Underlying operating margin (%)



### Order book (£m)



### Accident frequency rate



In AMEA, revenues increased by 9.0% on a constant currency basis, driven by a recovery in trading in Keller Australia, in Middle East and Africa (MEA) and in India. Underlying operating profit increased to £6.6m driven by the recovery in trading and an asset impairment reversal related to equipment in Mozambique, that has been repatriated, partly offset by challenges on marine projects in Austral which will be completed during 2023, and mobilisation at NEOM. The accident frequency rate increased to 0.02, with the division reporting two injuries compared to zero in the prior period.

On 9 January 2023, Keller announced that it had identified a financial reporting fraud discrete to its Austral Business Unit in Australia. The financial reporting fraud related to the overstatement of Austral's performance from 2019 onwards by two senior individuals in the finance function. An external forensic investigation has confirmed there was no cash leakage and the impact of the financial reporting fraud on the Group's historical operating profits was c£7.3m in the first half of 2022, £4.3m in 2021 and £6.7m in the years prior to 2021. The strengthening of project reviews at Austral has been implemented and will improve financial control and management reporting. Following the investigation, we have relocated one of the Group's experienced Managing Directors into the business while we review and develop a longer-term succession plan.

In light of the reporting fraud at Austral, a goodwill impairment of £7.7m has been taken reflecting the current more cautious view taken of its future profitability.

Excluding Austral, the AMEA Division performed well. Keller Australia rebounded strongly from a loss in the prior year due to COVID-19. The recovery of trading activity reported in the first half further strengthened in the second half and was accompanied by a high level of tendering activity. The ASEAN business continues to experience market softness with low levels of activity though it is expected that trading will improve in 2023 with several sizeable projects in the pipeline. The Indian business continued to perform strongly, growing revenue and profit in the period. Our MEA business delivered strong growth in revenue, and recovered in terms of profitability following a loss in the prior year. In Mozambique, whilst the LNG project remained suspended in the period, underlying profit improved year-on-year by £6.1m from the impact of an asset impairment reversal related to equipment previously deployed in the country and will be brought back into use elsewhere in the Group.

In Saudi Arabia, our longstanding presence has enabled us to undertake work on the prestigious NEOM Giga project in the Tabuk Province in the North West of the country.

	2022 £m	2021 <sup>1</sup> £m	Constant currency
Revenue	<b>399.2</b>	350.2	+9.0%
Underlying operating profit	<b>6.6</b>	(0.9)	N/A
Underlying operating margin	<b>1.7%</b>	N/A	N/A
Order book <sup>2</sup>	<b>298.4</b>	182.4	+55.8%

1 Restated for prior period accounting error arising from the financial reporting fraud at Austral.

2 Comparative order book stated at constant currency.



The Framework Agreement signed at NEOM paves the way for multiple contract awards. While we are in the early stages of this project, it is evolving into a significant and material opportunity for the future."

The first major element of the NEOM project is The Line, a 170 kilometre long mega city, starting in the west at the Gulf of Aqaba, continuing through the Sharma Valley and terminating at the NEOM International Airport within the upper valley region. Following the signing of the overall Framework Agreement, we received the first Works Order worth c£40m and started piling in December. We completed the piling work in February 2023, ahead of schedule, and we are in advanced discussions on sizeable packages. The majority of mobilisation costs were taken in 2022. The Framework Agreement paves the way for multiple contract awards. While we are in the early stages of this project, it is evolving into a significant and material opportunity for the future.

The AMEA order book strengthened strongly and at the end of the period was at £298.4m, up 55.8% (on a constant currency basis) on the prior year. The increase is predominantly driven by the strengthening opportunities in Australia, India, the UAE and Saudi Arabia.

Case study

## Building the city of the future

**Keller is among a small, select number of geotechnical contractors working on NEOM. This development in Saudi Arabia includes THE LINE, a smart city, Oxagon, an industrial port complex and Trojena, a year-round mountain destination.**

'THE LINE' megacity will be unlike anything else in the world: 170km long, 500m high, 200m wide and home to nine million people. It will have no roads or cars and will run on 100% renewable energy. Keller is one of just seven specialist contractors chosen to carry out the piling works.

In the south-west of NEOM, Oxagon, a floating industrial complex, is being constructed. The fully automated port and supply chain network will also be a hub for clean industry and next-generation manufacturing.

Other NEOM project opportunities include Trojena – NEOM's year-round mountain destination, and the Arabian peninsula's first major outdoor ski resort, being built in Saudi Arabia's highest mountain range. NEOM is also developing a number of islands in the Red Sea that will be a key tourist destination.

Overall, NEOM will be a vast programme of works potentially worth hundreds of millions of dollars to Keller for years to come. In order to handle the sheer scale of work, a dedicated business unit is being set up within our AMEA Division to coordinate and manage opportunities.



NEOM is a development unlike anything else on the planet and requires the very best in their fields working together on technically challenging projects. Keller is delighted to be bringing our global expertise to such an exciting programme of works."

**Danny Treen**  
Operations Director – Major Projects, AMEA





## Chief Financial Officer's review

**Revenue of £2,944.6m was up 24%, at constant currency, driven by increased trading volumes across all three divisions.**



**We have a consistently diversified spread of revenues across geographies, product lines, market segments and end customers."**

**David Burke**

Chief Financial Officer



### Austral financial reporting fraud

On 9 January 2023, the Group announced that it had identified a financial reporting fraud in the Austral business based in Australia which resulted in an overstatement of revenue and profit in 2021 and prior years. A forensic investigation of the fraud incident has now completed. This confirmed the fraud was financial reporting in nature and there was no cash leakage from the business. We will take the lessons learned from this incident and embed any identified improvements into our management and financial control processes.

Due to the overstatement of revenue and profits, there is now sufficient uncertainty over the future profitability of the Austral business such that we have recognised a goodwill impairment of £7.7m in respect of the total balance of goodwill associated with this cash generating unit.

### Prior year restatement

The impact of the fraud on the prior periods was material, and we have therefore restated the comparative results for 2021 presented in the Annual Report to show the corrected amounts. The retained earnings at 31 December 2021 have been reduced by £15.4m, comprising an opening reserves reduction of £8.7m and a reduction in profit after tax in 2021 of £6.7m.

Revenue for 2021 has been reduced by £1.9m to £2,222.5m, underlying operating profit has been reduced by £4.3m to £88.5m and underlying diluted earnings per share has been reduced by 4.2p to 84.2p.

The statutory operating profit has been reduced by £4.3m to £76.4m and the statutory diluted earnings per share has been reduced by 8.9p to 77.2p. The impact on statutory earnings includes the restatement of the non-underlying deferred tax credit recognised last year in respect of Australia tax losses.

In addition to the prior year restatement for Austral, the 2021 income statement and balance sheet have been restated for the prior year measurement period adjustments in respect of acquisitions in 2021 as required by IFRS 3, 'Business combinations'. The fair value of net assets acquired has been finalised resulting in adjustments to the value of goodwill, intangible assets, trade receivables and deferred tax liabilities as at 31 December 2021.

The detail of these adjustments is set out in note 3 to the consolidated financial statements.

	2022 £m	2021 <sup>1</sup> £m
Revenue	<b>2,944.6</b>	2,222.5
Underlying operating profit <sup>2</sup>	<b>108.6</b>	88.5
Underlying operating profit % <sup>2</sup>	<b>3.7%</b>	4.0%
Non-underlying items in operating profit	<b>(40.8)</b>	(12.1)
Statutory operating profit	<b>67.8</b>	76.4
Statutory operating profit %	<b>2.3%</b>	3.4%

1 Restated for prior period accounting error arising from the financial reporting fraud at Austral and prior period measurement adjustments as detailed in notes 3 and 6 to the consolidated financial statements.

2 Details of non-underlying items are set out in note 9 to the consolidated financial statements. Reconciliations to statutory numbers are set out in the adjusted performance measures section on page 203.

## Revenue and underlying operating profit split by geography

Year ended	Revenue £m		Underlying operating profit <sup>2</sup> £m		Underlying operating profit margin <sup>2</sup> %	
	2022	2021 <sup>1</sup>	2022	2021 <sup>1</sup>	2022	2021 <sup>1</sup>
Division						
North America	<b>1,896.1</b>	1,323.1	<b>82.0</b>	73.0	<b>4.3%</b>	5.5%
Europe	<b>649.3</b>	549.2	<b>29.1</b>	24.3	<b>4.5%</b>	4.4%
AMEA	<b>399.2</b>	350.2	<b>6.6</b>	(0.9)	<b>1.7%</b>	–
Central	<b>–</b>	–	<b>(9.1)</b>	(7.9)	<b>–</b>	–
Group	<b>2,944.6</b>	2,222.5	<b>108.6</b>	88.5	<b>3.7%</b>	4.0%

1 Restated for prior period accounting error arising from the financial reporting fraud at Austral as detailed in note 3 to the consolidated financial statements.

2 Details of non-underlying items are set out in note 9 to the consolidated financial statements. Reconciliations to statutory numbers are set out in the adjusted performance measures section on page 203.

### Revenue

Revenue of £2,944.6m (2021<sup>1</sup>: £2,222.5m) was up 32%, and up 24% at constant currency, driven by increased trading volumes across all three divisions. In North America, organic growth from RECON, acquired in July 2021, combined with increased volume across all businesses delivered a revenue increase of 29%. In Europe, revenue increased by 19%, and with growth across all business units despite the macro economic backdrop and the impact of the Ukraine war. In AMEA, a recovery in volumes in Keller Australia and Middle East and Africa, combined with continuing strength in India, led to a revenue increase of 9%.

We have a consistently diversified spread of revenues across geographies, product lines, market segments and end customers. Customers are generally market specific and, consistent with the prior year, the largest customer represented less than 6% of the Group's revenue. The top 10 customers represent 17% of the Group's revenue (2021: 15%). The Group worked on more than 6,000 projects in the year with 54% of contracts having a value between £25,000 and £250,000, demonstrating a low customer concentration and a wide project portfolio.

### Underlying operating profit

The underlying operating profit of £108.6m was 23% up on prior year (2021<sup>1</sup>: £88.5m), which on a constant currency basis was 12% up despite the significant operational challenges at Austral that had been masked by the financial reporting fraud.

In North America, despite contract losses in the foundations business, supply chain issues, inflationary pressures and a non-repeat claim resolution in the prior year, underlying operating profit increased marginally, up 1% on a constant currency basis, with these issues more than offset by the benefit from the increased volume at Suncoast and RECON. In Europe, operating profit was 20% up on a constant currency basis reflecting the growth in trading activity and the ability to largely pass on inflationary pressures. In AMEA, operating profit grew to £6.6m from a restated £0.9m loss in the prior year, despite the poor performance at Austral. Keller Australia contributed to the profit growth and the division benefitted from an asset impairment reversal related to equipment previously in Mozambique that will be brought back into use elsewhere in the Group. The result was partly offset by challenges on marine projects in Austral which will be completed during 2023. Central costs have increased by £1.2m from £7.9m to £9.1m.

### Share of post-tax results from joint ventures

The Group recognised an underlying post-tax profit of £1.5m in the year (2021: £0.4m) from its share of the post-tax results from joint ventures. The share of the post-tax amortisation charge of £1.2m (2021: £0.6m) arising from the acquisition of NordPile by our joint venture KFS Oy in 2021 is included as a non-underlying item. No dividends (2021: nil) were received from joint ventures in the year.

### Statutory operating profit

Statutory operating profit comprising underlying operating profit of £108.6m (2021<sup>1</sup>: £88.5m) and non-underlying items comprising net costs of £40.8m (2021<sup>1</sup>: £12.1m), decreased by 11% to £67.8m (2021<sup>1</sup>: £76.4m). The reduction in statutory operating profit is a reflection of the increase in non-underlying operating costs in 2022 to £40.8m. This includes non-cash costs of £24.0m comprising goodwill impairments and amortisation of acquired intangible assets, including the Austral goodwill impairment cost of £7.7m and increased amortisation of acquired intangible assets of £8.9m on the RECON intangibles. Cash non-underlying costs of £16.8m includes the new ERP implementation costs of £6.3m and exceptional restructuring costs of £5.3m. The non-underlying costs are set out in further detail below.

### Net finance costs

Net underlying finance costs increased by 69.7% to £15.1m (2021: £8.9m). The increase has been driven by the increase in underlying interest rates and an increase in the average net debt levels through the year. The average net borrowings, excluding IFRS 16 lease liabilities, during the year were £252.1m (2021: £147.6m).

### Taxation

The Group's underlying effective tax rate decreased to 22% (2021<sup>1</sup>: 24%), largely due to the change in the profit mix of where the Group is subject to tax. Cash tax paid in the year of £5.9m (2021: £15.9m) was a decrease of £10.0m over the prior year and was mainly attributable to a delay in paying the estimated US tax charge for 2022. The Group was awaiting a possible US law change on the timing of deductions for research and development expenditure which has not materialised. As such, the Group will pay its estimated US tax charge of £17m in April 2023. Further details on tax are set out in note 12 of the consolidated financial statements.



**Underlying operating profit has increased by 12%, at constant currency, with improving performance across all three divisions despite significant operational challenges."**

## Chief Financial Officer's review continued

### Non-underlying items

The items below have been excluded from the underlying results and further details of non-underlying items are included in note 9 to the financial statements. The total pre-tax non-underlying items in the year increased to £37.2m (2021<sup>1</sup>: £12.1m), due to the start of the ERP implementation project, exceptional historic contract dispute costs and the amortisation of intangible assets acquired with RECON in 2021.

	2022 £m	2021 <sup>1</sup> £m
ERP implementation costs	6.3	–
Goodwill impairment	12.5	–
Exceptional restructuring costs	5.3	7.3
Exceptional historic contract dispute	3.5	–
Claims related to closed business	2.5	–
Impairment costs	0.3	–
Contingent consideration: additional amounts provided	0.1	1.3
Change in fair value of contingent consideration	(0.7)	–
Acquisition costs	0.2	0.5
Loss on disposal of operations	–	0.5
Amortisation of acquired intangible assets	10.3	2.6
Amortisation of joint venture acquired intangibles	1.2	0.6
Contingent consideration received	(0.7)	(0.7)
<b>Total non-underlying items in operating profit</b>	<b>40.8</b>	12.1
<b>Non-underlying items in finance income</b>	<b>(3.6)</b>	–
<b>Total non-underlying items before taxation</b>	<b>37.2</b>	12.1
<b>Non-underlying taxation</b>	<b>(9.0)</b>	(7.0)
<b>Total non-underlying items</b>	<b>28.2</b>	5.1

1 Restated for prior period accounting error resulting from the financial reporting fraud at Austral and prior year measurement adjustments in respect of business combinations as detailed in notes 3 and 6 to the consolidated financial statements.

### Non-underlying items in operating profit

The Group has commenced a strategic project to implement a new cloud computing enterprise resource planning (ERP) system across the Group. As this is a complex implementation, project costs are expected to be incurred over the next five years. Non-underlying ERP costs of £6.3m include only costs relating directly to the implementation, including external consultancy costs and the cost of the dedicated implementation team. Non-underlying costs does not include operational post-deployment costs such as licence costs for businesses that have transitioned.

The goodwill impairment of £12.5m relates mainly to Austral (£7.7m) due to uncertainty over the future profitability of the business, following the discovery of the financial reporting fraud and Sweden (£4.5m); due to a downward revision to the medium-term forecast, forward projections did not fully support the carrying value of the goodwill.

Exceptional restructuring costs of £5.3m comprises £3.4m in the North American Division, £1.8m in the Europe Division, a credit of £0.6m in AMEA and £0.7m incurred centrally. In North America, the costs arose as a result of a management and property reorganisation within the parts of the business located in Texas.

Costs include redundancy costs and property duplication costs. In Europe, the costs related to the scheduled exit of Ivory Coast and Morocco businesses, including asset impairments and redundancy costs. In AMEA, the credit arose from restructuring costs provided for in prior years as costs incurred were lower than originally anticipated.

The £3.5m exceptional historic contract charge relates to a provision made for additional legal costs relating to the historical Avonmouth contract dispute following a negotiation with insurers during 2022. In addition, a £2.5m provision for a legal claim in respect of a closed business has been recognised.

An impairment charge of £0.3m by the North-East Europe Business Unit is in respect of trade receivables in Ukraine that are not expected to be recovered due to the ongoing conflict.

Additional contingent consideration of £0.1m relates to the acquisition of the Geo Instruments US business in 2017.

A credit of £0.7m arose from the reduction in the fair value of contingent consideration payable in respect of the RECON and GKM acquisitions. The contingent consideration paid in respect of RECON has been finalised and was settled during the year.

Acquisition costs of £0.2m in the year comprised professional fees relating to the NWF acquisition in Norway.

### Non-underlying finance costs

During the year the Group entered into an interest rate derivative with the purpose of hedging a highly probable forecast transaction. The forecast transaction did not take place and as a result the amount arising from the hedging instrument has been recognised in the income statement. This has resulted in the recognition of £3.6m of finance income which has been included in non-underlying as it is material in size and is not reflective of the underlying finance income and costs of the Group.

### Non-underlying taxation

A non-underlying tax credit of £9.0m (2021<sup>1</sup>: £7.0m) includes the £4.7m (2021<sup>1</sup>: £1.3m) tax impact of the non-underlying loss. The remaining £4.3m (2021<sup>1</sup>: £5.7m) arises from the re-recognition of deferred tax assets in Canada, as the de-recognition of the deferred tax asset was booked through the non-underlying tax charge in prior years, the credit from the re-recognition of the deferred tax asset has also been treated as a non-underlying item.



## Earnings per share

Underlying diluted earnings per share increased by 20% to 100.7p (2021<sup>1</sup>: 84.2p) driven by higher operating profit and the effective tax rate reduction partially offset by the increase in finance costs. Statutory diluted earnings per share was 62.4p (2021<sup>1</sup>: 77.2p) which includes the impact of the non-underlying items.

## Dividend

Keller has an unbroken record of dividends, having consistently and materially grown its dividend in the 28 years since listing which clearly demonstrates the Group's ability to continue to prosper through economic downturns, including both the global financial crisis and the pandemic.

The Board is committed to paying dividends through the cycle, and despite the increase in debt, driven by growth in the year, the Board is recommending an increased dividend for 2022 in keeping with its confidence in the future. The Board has recommended a 5% increase in the final dividend which follows the 5% increase in the interim dividend and marks the resumption of the Group's progressive dividend policy. The final dividend of 24.5p (2021: 23.3p) will be paid on 23 June 2023 to shareholders on the register as at the close of business on 2 June 2023. This brings the 2022 total dividend payable to 37.7p (2021: 35.9p). The 2022 dividend earnings cover, before non-underlying items, was 2.7x (2021: 2.3x).

Keller Group plc has distributable reserves of £122.1m at 31 December 2022 (2021: £122.9m) that are available to support the dividend policy, which comfortably covers the proposed full-year dividend for 2022 of £17.7m. Keller Group plc is a non-trading investment company that derives its profits from dividends paid by subsidiary companies. The dividend policy is therefore impacted by the performance of the Group which is subject to the Group's principal risks and uncertainties as well as the level of headroom on the Group's borrowing facilities and future cash commitments and investment plans.

## Free cash flow

The Group's free cash flow was an outflow of £33.8m (2021<sup>1</sup>: inflow of £62.5m) as a result of the increased working capital demands of the Group in the year. The basis of deriving free cash flow is set out below.

## Free cash flow

	2022 £m	2021 <sup>1</sup> £m
Underlying operating profit	108.6	88.5
Depreciation, amortisation and impairment	97.0	97.4
<b>Underlying EBITDA</b>	<b>205.6</b>	185.9
Non-cash items	(1.1)	–
Dividends from joint ventures	–	–
(Increase)/decrease in working capital	(110.5)	1.2
(Decrease)/increase in provisions and retirement benefit liabilities	(13.4)	(7.8)
Net capital expenditure	(73.5)	(72.2)
Additions to right-of-use assets	(24.8)	(23.4)
<b>Free cash flow before interest and tax</b>	<b>(17.7)</b>	83.7
<b>Free cash flow before interest and tax to underlying operating profit</b>	<b>(16%)</b>	95%
Net interest paid	(10.2)	(5.3)
Cash tax paid	(5.9)	(15.9)
<b>Free cash flow</b>	<b>(33.8)</b>	62.5
Dividends paid to shareholders	(26.4)	(25.9)
Purchase of own shares	(1.2)	(3.7)
Acquisitions	(22.4)	(31.8)
Business disposals	0.7	7.1
Non-underlying items	(6.2)	(3.9)
Fair value movement in net debt	2.6	–
Right-of-use assets/lease liability modifications	(1.6)	(4.0)
Foreign exchange movements	(17.3)	(1.1)
<b>Movement in net debt</b>	<b>(105.6)</b>	(0.8)
<b>Opening statutory net debt</b>	<b>(193.3)</b>	(192.5)
<b>Closing statutory net debt</b>	<b>(298.9)</b>	(193.3)

1 Restated for prior period accounting error resulting from the financial reporting fraud at Austral, prior year measurement adjustments in respect of business combinations and the reclassification of proceeds from the sale of assets held for sale as detailed in note 3 to the consolidated financial statements.

## Chief Financial Officer's review continued

### Free cash flow

#### Working capital

Net working capital increased by £110.5m (2021<sup>1</sup>: decrease of £1.2m), the net movement comprises £44.2m increase in inventories and a £110.0m increase in trade and other receivables, offset by an increase in trade and other payables of £43.7m. The increase in inventory mainly arose at Suncoast as we bought steel strand upfront given the volatility in the market following the Ukraine war, the subsequent slowdown in the residential market resulted in levels being higher at year end. Organic revenue growth of 22% has driven a significant increase in the trade and other receivables, which has been only partly matched by the increase in trade and other payables. We have seen the impact of the supply side disruption on the payment terms demanded by some suppliers, particularly in the US.

A reduction in provisions and retirement benefit liabilities increased the cash outflow in respect of working capital by £13.4m (2021: £7.8m). This mainly comprises payments in respect of amounts previously provided for contracts or legal claims. The outflow excludes the cash outflow on restructuring provisions which is presented within non-underlying items in the free cash flow calculation.

#### Capital expenditure

The Group manages capital expenditure tightly whilst investing in the upgrade and replacement of equipment where appropriate. Net capital expenditure, excluding leased assets, of £73.5m (2021<sup>1</sup>: £72.2m) was net of proceeds from the sale of equipment of £8.2m (2021<sup>1</sup>: £12.2m). The asset replacement ratio, which is calculated by dividing gross capital expenditure, excluding sales proceeds on disposal of items of property, plant and equipment and those assets capitalised under IFRS 16, by the depreciation charge on owned property, plant and equipment was 115% (2021: 127%).

#### Acquisitions

On 1 May 2022, the Group acquired GKM Consultants Inc. for an initial cash consideration of £3.4m, including a £0.1m working capital adjustment, and conditional consideration with an initial fair value of £1.2m of contingent consideration. The business is an instrumentation and monitoring provider based in Quebec, Canada and is included in the North America Division.

On 15 November 2022, the Group acquired Northwest Fundamentering AS. for cash consideration of £5.8m and deferred consideration of £0.5m. Northwest Fundamentering is a small specialist geotechnical contractor business based in Norway and is included in the Europe Division.

As noted above, the accounting for the 2021 RECON and Subterranean acquisitions was finalised during 2022, giving rise to prior period measurement adjustments which are set out in note 3 to the consolidated financial statements.

Deferred and contingent consideration in respect of prior period acquisitions of £12.4m was paid in the year.

#### Financing facilities and net debt

The Group's total net debt of £298.9m (2021: £193.3m) comprises loans and borrowings and related derivatives of £319.0m (2021: £200.6m), lease liabilities of £81.0m (2021: £75.4m) net of cash and cash equivalents of £101.1m (2021: £82.7m). The Group's term debt and committed facilities principally comprise a US\$75m US private placement repayable in December 2024 and a £375m multi-currency syndicated revolving credit facility, which matures in November 2025. In addition, in November 2022, the Group increased committed borrowing facilities by agreeing a US\$115m bilateral term loan facility, expiring in November 2024. At the year end, the Group had undrawn committed and uncommitted borrowing facilities totalling £273.8m (2021: £291.9m).

The most significant covenants in respect of the main borrowing facilities relate to the ratio of net debt to underlying EBITDA, underlying EBITDA interest cover and the Group's net worth. The covenants are required to be tested at the half year and the year end. The Group operates comfortably within all of its covenant limits. Net debt to underlying EBITDA leverage, calculated excluding the impact of IFRS 16, was 1.2x (2021: 0.8x), well within the covenant limit of 3.0x and within the Group's leverage target of between 0.5x-1.5x. Calculated on a statutory basis, including the impact of IFRS 16, net debt to EBITDA leverage was 1.5x at 31 December 2022 (2021: 1.0x). Underlying EBITDA, excluding the impact of IFRS 16, to net finance charges was 15.7x (2021<sup>1</sup>: 29.5x), well above the limit of 4.0x.

On an IFRS 16 basis, year-end gearing, defined as statutory net debt divided by net assets, was 60% (2021: 44%).

The average month end net debt during 2022, excluding IFRS 16 lease liabilities, was £252.1m (2021: £147.6m). The Group had no material discounting or factoring in place during the year. Given the relatively low value and short-term nature of the majority of the Group's projects, the level of advance payments is typically not significant, although we do look to negotiate advance payments on larger projects such as NEOM.

At 31 December 2022 the Group had drawn upon uncommitted overdraft facilities of £6.9m (2021: £0.9m) and had drawn £190.6m of bank guarantee facilities (2021: £150.4m).

#### Retirement benefits

The Group has defined benefit pension arrangements in the UK, Germany and Austria.

The Group's UK defined benefit scheme is closed to future benefit accrual. The most recent actuarial valuation of the UK scheme was as at 5 April 2020, which recorded the market value of the scheme's assets at £49.7m and the scheme being 77% funded on an ongoing basis. The level of contributions are £2.8m a year with effect from 1 January 2022 and will increase by 3.6% per annum on 1 January going forward to 5 August 2024. Contributions will be reviewed following the next triennial actuarial valuation to be prepared as at 5 April 2023. The 2022 year-end IAS 19 valuation of the UK scheme showed assets of £42.2m, liabilities of £39.0m and a pre-tax surplus of £3.2m before an IFRIC 14 adjustment to reflect the minimum funding requirement for the scheme, which adjusts the closing position to a deficit of £4.1m.

In Germany and Austria, the defined benefit arrangements only apply to certain employees who joined the Group before 1997. The IAS 19 valuation of the defined benefit obligation totalled £13.2m at 31 December 2022 (2021: £15.9m). There are no segregated funds to cover these defined benefit obligations and the respective liabilities are included on the Group balance sheet.

All other pension arrangements in the Group are of a defined contribution nature.

The Group has a number of end of service schemes in the Middle East as required by local laws and regulations. The amount of benefit payable depends on the current salary of the employee and the number of years of service. These retirement obligations are funded on the Group's balance sheet and obligations are met as and when required by the Group. The IAS 19 valuation of the defined benefit obligation totalled £3.5m at 31 December 2022 (2021: £3.0m).

## Currencies

The Group is exposed to both translational and, to a lesser extent, transactional foreign currency gains and losses through movements in foreign exchange rates as a result of its global operations. The Group's primary currency exposures are US dollar, Canadian dollar, euro, Singapore dollar and Australian dollar.

As the Group reports in sterling and conducts the majority of its business in other currencies, movements in exchange rates can result in significant currency translation gains or losses. This has an effect on the primary statements and associated balance sheet metrics, such as net debt and working capital.

A large proportion of the Group's revenues are matched with corresponding operating costs in the same currency. The impacts of transactional foreign exchange gains or losses are consequently mitigated and are recognised in the period in which they arise.

The following exchange rates applied during the current and prior year:

	2022		2021	
	Closing	Average	Closing	Average
USD	<b>1.21</b>	<b>1.24</b>	1.35	1.38
CAD	<b>1.63</b>	<b>1.61</b>	1.71	1.72
EUR	<b>1.12</b>	<b>1.17</b>	1.19	1.16
SGD	<b>1.62</b>	<b>1.70</b>	1.82	1.85
AUD	<b>1.76</b>	<b>1.78</b>	1.86	1.83



**Underlying diluted earnings per share increased by 20% to 100.7p driven by higher operating profit and the effective tax rate reduction partially offset by the increase in finance costs."**

## Treasury policies

### Currency risk

The Group faces currency risk principally on its net assets, most of which are in currencies other than sterling. The Group aims to reduce the impact that retranslation of these net assets might have on the consolidated balance sheet, by matching the currency of its borrowings, where possible, with the currency of its assets. The majority of the Group's borrowings are held in sterling, US dollar, Canadian dollar, euro, Australian dollar and Singapore dollar.

The Group manages its currency flows to minimise transaction exchange risk. Forward contracts and other derivative financial instruments are used to hedge significant individual transactions. The majority of such currency flows within the Group relate to repatriation of profits, intra-Group loan repayments and any foreign currency cash flows associated with acquisitions. The Group's treasury risk management is performed at the Group's head office.

The Group does not trade in financial instruments, nor does it engage in speculative derivative transactions.

### Interest rate risk

Interest rate risk is managed by mixing fixed and floating rate borrowings depending upon the purpose and term of the financing.

### Credit risk

The Group's principal financial assets are trade and other receivables, bank and cash balances and a limited number of investments and derivatives held to hedge certain Group liabilities. These represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group has procedures to manage counterparty risk and the assessment of customer credit risk is embedded in the contract tendering processes. The counterparty risk on bank and cash balances is managed by limiting the aggregate amount of exposure to any one institution by reference to its credit rating and by regular review of these ratings.

## Return on capital employed

Return on capital employed is defined at Group level as underlying operating profit divided by the accounting value of equity attributable to equity holders of the parent plus net debt plus retirement benefit liabilities. Return on capital employed in 2022 was 14.9% (2021<sup>1</sup>: 13.9%).

**David Burke**  
Chief Financial Officer

Approved by the Board of Directors and authorised for issue on 10 March 2023.

## Principal risks and uncertainties

Our business is subject to risks and uncertainties and as such we have a risk governance framework (see below and page 35) to identify, evaluate, analyse and mitigate significant risks, including climate-related risks and opportunities, to the achievement of our strategy. We have processes that seek to identify risks from both a top-down strategic perspective and a bottom-up local operating company perspective.



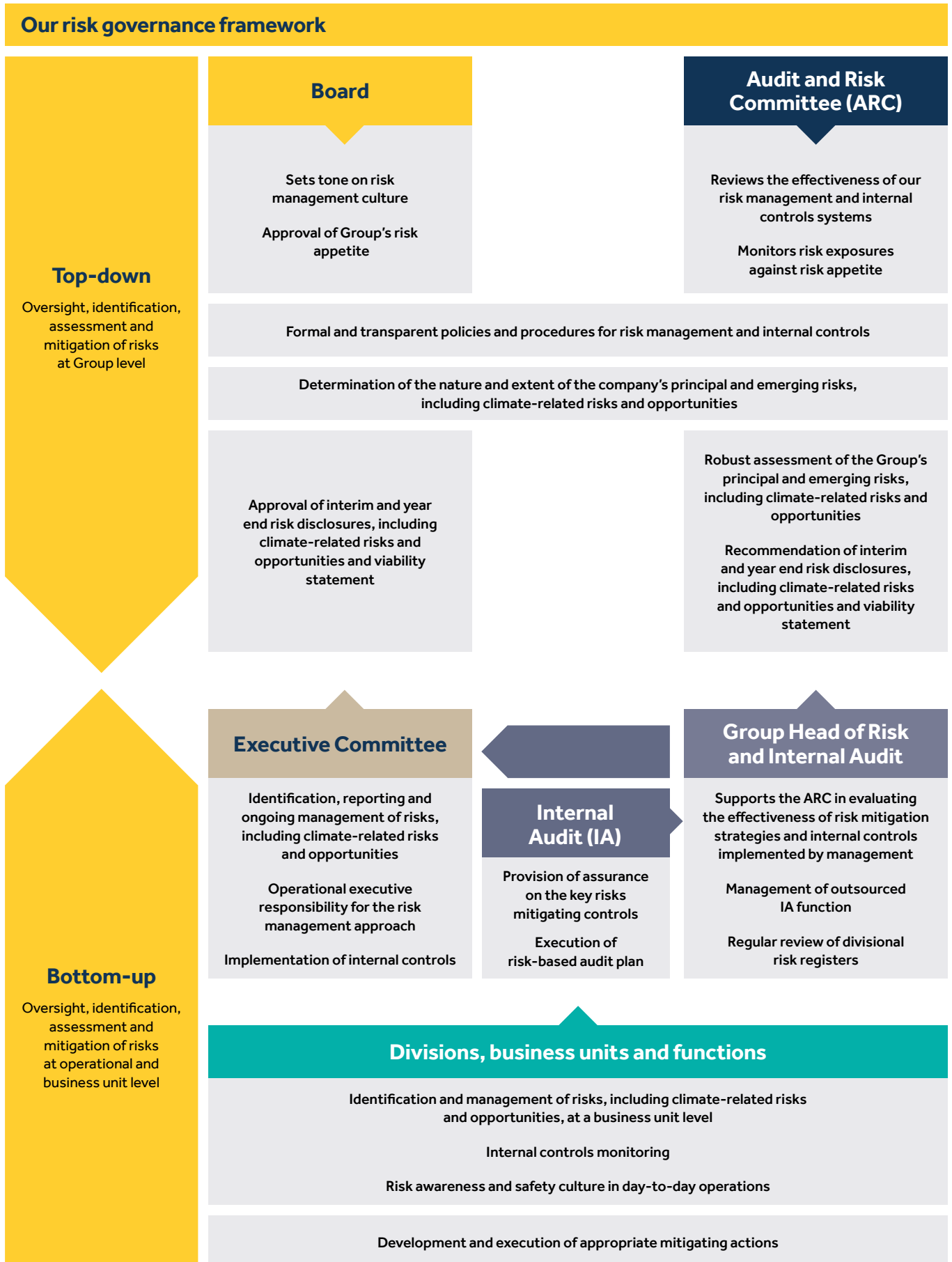
### Important developments in 2022

**The continued strengthening of our risk management framework remained a key priority for 2022, as understanding current and emerging risks is central to effective decision-making in Keller, aligned to our four strategic levers and in line with the Group's risk appetite. Risks that the Group remain exposed to from day-to-day delivery of projects and the longer-term pursuit of its strategic objectives continue to be assessed, managed and monitored as depicted in the process above. During the year we undertook several initiatives to support this:**

- Continued to strengthen our internal control environment, measured against a comprehensive set of Group Finance Standards across a number of disciplines including financial reporting, accounting, operational management, taxation and treasury, reinforcing a culture of strong governance and risk management. This has been independently validated through the internal audit programme.
- Successfully developed a climate-related risks and opportunities scenario analysis tool in line with the recommendations of TCFD. Our Non-financial and sustainability information statement for 2022 is available on pages 44 to 51.
- Continued to improve the quality of data on risk reporting across the Group, including climate-related risks and opportunities, through regular robust and engaging management reviews of risk throughout the organisation.

### Key areas of focus for 2023

- We will continue to focus on deepening the understanding and use of our risk management data consistently across the Group through more face to face workshops and targeted training.
- We will further strengthen our Group risk management framework, via the deployment of a new Governance, Risk and Compliance (GRC) tool, while continuing to benchmark against current best practice to support the organisation in effective decision-making, supporting delivery of the Group strategy.
- We will provide training on the updated Group risk management framework and the GRC tool to ensure a consistent methodology is used when identifying, assessing, managing and reporting on risks.
- These changes will lead to continued improvement and consistency of risk reporting and in turn support a timely and robust decision-making process.
- There will be continued focus on both the ERP implementation and the actions required to address the likely UK corporate governance reforms.
- In light of the Austral reporting fraud, a controls response plan has been developed to review and improve key internal controls.



## Principal risks and uncertainties continued

### Our risk appetite

The Group's risk appetite drives high standards of health, safety and environmental compliance, and a focus on commercial risks and opportunities. This approach is fully understood across the organisation, allowing us to collectively build a profitable and leading market share whilst limiting the Group's risk exposures to an acceptable level. This level of risk is considered appropriate for Keller to accept in achieving strategic objectives.

### Risk identification and impact

The Group's principal risks are analysed on an inherent (pre-mitigation) and residual (post-mitigation) basis.

### Risk trends

The ongoing review of the Group's principal risks focuses on how these risks may evolve as well as a consideration of emerging and climate-related risks, which we identified and impact-assessed over the short term (ie the next year), medium term (ie two to five years) and long term (ie six to thirty years). As such, horizon scanning and reviewing emerging potential legislation forms key elements of the risk review process. These elements are embedded within the Group's day-to-day management of risk and its current risk reporting processes.

The ARC and the Board reviewed the Group's principal risks and uncertainties at their meetings in July and December 2022. Following a robust discussion, the ARC concluded that supply chain risk was now to be included as a principal risk in its own right given its importance to the successful execution of projects for the Group.

Other principal risks and uncertainties have not changed materially since the publication of last year's annual report, however, given the current macro-economic outlook, the Austral reporting fraud and the potential award of new work orders on the NEOM project (with the associated increase in capital expenditure and working capital), the following principal risks will be closely monitored throughout 2023:

- supply chain;
- a rapid downturn in our markets;
- failure to procure new contracts on satisfactory terms;
- ethical misconduct and non-compliance with regulations, and
- inability to finance our business.

### Principal risks and uncertainties

The tables on pages 37 to 43 list the principal risks and uncertainties as determined by the Board that may affect the Group and highlight the mitigating actions that are being taken. The content of the tables, however, is not intended to be an exhaustive list of all the risks and uncertainties that may arise.

<span style="color: yellow;">■</span> Financial risks	<span style="color: blue;">■</span> Strategic risks
<span style="color: darkblue;">■</span> Market risks	<span style="color: teal;">■</span> Operational risks

### Developing the viability statement

In developing the viability statement, it was determined that a three-year period should be used, consistent with the period of the Group's business planning processes and reflecting a reasonable approximation of the maximum time taken from procuring a project to completion. Management reviewed the principal risks and considered which of these risks might threaten the Group's viability. It was determined that none of the individual risks would in isolation compromise the Group's viability, and so a number of different severe but plausible principal risk combinations were considered. A downside sensitivity analysis, as well as a consideration of any mitigating actions available to the Group, was applied to the Group's three-year cash flows forecasted as part of the business planning process and presented to the Board for discussion, further to review by the Audit and Risk Committee. The Board discussed the process undertaken by management, and also reviewed the results of stress testing performed to ensure that the sensitivity analysis was sufficiently rigorous. The Board also carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

### Viability statement

In accordance with provision 31 of the UK Corporate Governance Code, the Directors have assessed the prospects of the Group over a three-year period.

The Board selected the three-year period as:

- the Group's business planning and budget processes are carried out over a three-year period which provides the relevant estimates; and
- three years is a reasonable approximation of the maximum time taken from procuring a project to completion and therefore reflects our current revenue earning cycle.

The Group's principal source of funding is the £375m syndicated revolving credit facility which is due to expire in November 2025. The assessment assumes that the Group will continue to have access to this funding throughout the viability period on the basis that the Group will either renew the facility or have sufficient time to agree an alternative source of finance on comparable terms.

The review included cash flows and other key financial ratios over the three-year period. These metrics were subject to sensitivity analysis which involves flexing a number of the main assumptions underlying the forecast both individually and in collectively.

Downside sensitivity analysis was carried out to evaluate the potential impact on the Group of a global downturn in the construction/geotechnical market. Revenues in 2024 and 2025 were assumed to decrease by 10% year on year with an operating margin deterioration in proportion.

A number of other downside risks were also modelled, including worsening working capital performance, inability to finance the Group's business and unforeseen settlements. The Directors' assessment has been made with reference to the Group's current position and prospects, the Group's strategy, the Board's risk appetite and the Group's principal risks and how these are managed, as detailed in the Strategic report.

On the basis of the above and other matters considered and reviewed by the Board during the year, the Board has reasonable expectations that the Group will be able to continue in operation and meet its liabilities as they fall due over the next three years. In doing so, it is recognised that such future assessments are subject to a level of uncertainty that increases with time and, therefore, future outcomes cannot be guaranteed or predicted with certainty.

### Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report. The financial position of the Group, its cash flows and liquidity position are described in the Chief Financial Officer's review, with details of the Group's treasury activities, long-term funding arrangements and exposure to financial risk included in note 26 to the consolidated financial statements.

The Group has sufficient financial resources which, together with internally generated cash flows, will continue to provide sufficient sources of liquidity to fund its current operations, including its contractual and commercial commitments and any proposed dividends. The Group is therefore well placed to manage its business risks. After making enquiries, the Directors have formed the judgement at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the period through to 31 March 2024. For this reason, they continue to adopt the going concern basis of accounting in preparing the financial statements.






Link to strategy

 Balanced portfolio
  Engineered solutions
  Operational excellence
  Expertise and scale

Risk movement since 2021 and link to viability

 Increased risk
  Constant risk
  Reduced risk
  Link to viability

Timeframe

 Short term
  Medium term
  Long term

## Financial risks

### 1. Inability to finance our business




Description and impact	Causes	Mitigation and internal controls	Movement since 2021
<p>Failure to sufficiently and effectively manage the financial strength of the Group could lead it to:</p> <ul style="list-style-type: none"> <li>Fail to meet required tests that allow it to continue to use the going concern basis in preparing its financial statements.</li> <li>Fail to meet financial covenant tests, potentially leading to a default event.</li> <li>Have a lack of available funds restricts investment in growth opportunities, whether through acquisition or innovation.</li> <li>Be unable to meet dividend payment requirements.</li> </ul>	<ul style="list-style-type: none"> <li>Failure to accurately forecast material exposures and/or manage the financial resources of the Group.</li> </ul>	<ul style="list-style-type: none"> <li>Centralised Treasury function that is responsible for managing key financial risks, including liquidity and credit capacity.</li> <li>Mixture of long-term committed debt with varying maturity dates which comprise a £375m revolving credit facility with a maturity extended to November 2025 and a US private placement debt of \$75m maturing in 2024. New \$115m term loan in place, maturing in November 2024.</li> <li>The Group maintains significant undrawn facilities within a high quality RCF bank syndicate, which underpin the liquidity requirements of the Group.</li> <li>Strong free cash flow profile - flexibility on capital expenditure and ability to reduce dividends.</li> <li>Embedded procedures to monitor the effective management of cash and debt, including weekly cash reports and regular cash flow forecasting to ensure compliance with borrowing limits and lender covenants.</li> <li>Culture focused on actively managing our working capital and monitoring external factors that may affect funding availability.</li> </ul>	<p></p> <p>Robust internal controls within Finance and Treasury, along with trading in line with expectations, demonstrate clear ability to manage existing and anticipated risks.</p> <p>Looking forward, we will closely monitor this risk in relation to winning new work orders on the NEOM project and subsequent requirements for increased capital expenditure and working capital.</p>

Link to strategy 
 Link to viability 
 Timeframe 

## Market risks

### 2. A rapid downturn in our markets


Description and impact	Causes	Mitigation and internal controls	Movement since 2021
<p>Inability to maintain a sustainable level of financial performance throughout the construction industry market cycle, which grows more than many other industries during periods of economic expansion and falls more harder than many other industries when the economy contracts. Any significant, sustained reduction in the level of customer activity could adversely affect the Group's strategy, reducing revenue and profitability in the short and medium term, and negatively impact the longer-term viability of the Group.</p>	<ul style="list-style-type: none"> <li>Customers postponing or reducing investment in ongoing and new projects.</li> <li>Impact of increasing inflation, especially in steel, cement and energy.</li> <li>Political instability leading to disruption in supply chains impacting both availability and price.</li> </ul>	<ul style="list-style-type: none"> <li>The diverse markets in which the Group operates, both in terms of geography and market segment, provide protection to individual geographic or segment slowdowns.</li> <li>Leveraging the global scale of the Group, talent and resources can be redeployed to other parts of the company during individual market slowdowns.</li> <li>Having strong local businesses with in-depth knowledge of the local markets enables early detection and response to market trends.</li> <li>The diverse customer base, with no single customer accounting for more than 6% of Group revenue, reduces the potential impact of individual customer failure caused by an economic downturn.</li> </ul>	<p></p> <p>The Group has a very strong order book across all divisions, with significant opportunities on the NEOM project in Saudi Arabia. However, due to increasing inflation and interest rates, as well as geopolitical uncertainty, we are starting to see some early signs of customers delaying project starts and investment.</p>



Link to strategy 
 Link to viability 
 Timeframe 

Principal risks and uncertainties continued


Strategic risks

3. Failure to procure new contracts while maintaining appropriate margins

Description and impact	Causes	Mitigation and internal controls	Movement since 2021
<p>Failure to negotiate satisfactory and appropriate contractual terms may result in:</p> <ul style="list-style-type: none"> <li>Delays and disputes during project delivery, negatively impacting our relationships with our customers and the Group's reputation for delivering quality products and solutions.</li> <li>Adversely impacting Group strategy leading to reduced revenue and profitability and negatively impacting the Group's ability to fund its strategic objectives.</li> </ul>	<ul style="list-style-type: none"> <li>Increased competition especially in tight or contracting markets.</li> <li>Failure to fully understand and/or ability to meet customer requirements.</li> <li>Inadequate resources in place (physical assets and people).</li> <li>Failure to understand and engage with the customer on balanced approach to allocation or sharing of risk in the contract.</li> </ul>	<ul style="list-style-type: none"> <li>A focus on understanding customer requirements and competitor capabilities.</li> <li>Structured bid review processes in operation throughout the Group with well-defined selection criteria that are designed to ensure we take on contracts only where we understand and can manage the risks involved.</li> <li>The Project Lifecycle Management (PLM) Standard has introduced more rigour into how risks are considered during the opportunity, contract approval and project execution phases.</li> <li>Sales training – focus on contractual and commercial terms.</li> <li>Continuous monitoring of market trends and their potential impact.</li> <li>Continuous monitoring of order book wins and losses.</li> </ul>	 <p>While we continued to see a strong order book during 2022, we are also seeing increased competition on contracts within our markets with increased pressure on bid pricing from our customers that along with inflationary pressures could potentially erode contract margins.</p>

[Link to strategy](#) 
[Link to viability](#) 
[Timeframe](#) 


4. Losing our market share

Description and impact	Causes	Mitigation and internal controls	Movement since 2021
<p>Inability to achieve sustainable growth, whether through acquisition, new products, new geographies or industry-specific solutions, may:</p> <ul style="list-style-type: none"> <li>Jeopardise our position as the preferred international geotechnical specialist contractor.</li> <li>Lead to inefficiencies and increased operating costs, which in turn could impact our ability to deliver balanced profitable growth, which is a key component of our strategy.</li> <li>Failure to deliver on our key strategic objective may result in the loss of confidence and trust of our key stakeholders including investors, financial institutions and customers.</li> </ul>	<ul style="list-style-type: none"> <li>Increased competitor activity especially in tight or contracting markets.</li> <li>Failure to adjust to changing customer demands or fully understand and meet their requirements.</li> <li>Inability to identify changes in market demands, including changes to promote sustainability.</li> </ul>	<ul style="list-style-type: none"> <li>A clear business strategy with defined short, medium and long-term objectives, which is monitored at local, divisional and Group level.</li> <li>Continued analysis of existing and target markets to ensure opportunities that they offer are understood.</li> <li>An opportunities pipeline covering all sectors of the construction market.</li> <li>A wide-ranging local branch network which facilitates customer relationships and helps secure repeat work.</li> <li>Continually seeking to differentiate our offering through service quality, value for money and innovation.</li> <li>North American businesses reorganisation delivering on cross-selling opportunities.</li> <li>Minimising the risk of acquisitions, including getting to know a target company in advance, often working in joint venture, to understand the operational and cultural differences and potential synergies, as well as undertaking these through due diligence and structured and carefully managed integration plans.</li> </ul>	 <p>Robust internal controls within Finance and Treasury, along with trading in line with expectations, demonstrate clear ability to manage existing and anticipated risks.</p>

[Link to strategy](#) 
[Link to viability](#) 
[Timeframe](#) 


## Strategic risks

### 5. Ethical misconduct and non-compliance with regulations

Description and impact	Causes	Mitigation and internal controls	Movement since 2021
<p>Keller operates in many different jurisdictions and is subject to various rules, regulations and other legal requirements including those related to anti-bribery and anti-corruption. Failure to comply with the Code of Business Conduct or other regulations could leave the Group exposed to:</p> <ul style="list-style-type: none"> <li>• Instances of bribery and corruption.</li> <li>• Fraud and deception.</li> <li>• Human rights abuses, such as modern slavery, child labour abuses and human trafficking.</li> <li>• Unfair competition practices.</li> <li>• Unethical treatment within our supply chain.</li> </ul> <p>These failures could result in legal investigations, leading to fines and penalties, reputational damage and business losses.</p>	<p>Failure to comply with the Code of Business Conduct or related policies and procedures could stem from:</p> <ul style="list-style-type: none"> <li>• Failure to establish robust corporate culture.</li> <li>• Failure to adopt a compliance risk approach.</li> <li>• Failure to embed the Group's values and behaviours across the entire organisation, including any joint ventures.</li> <li>• Failure to have a robust training and monitoring programme in place.</li> <li>• Deliberate non-compliance.</li> </ul>	<ul style="list-style-type: none"> <li>• A Code of Business Conduct that sets out minimum expectations for all colleagues in respect of ethics, integrity and regulatory requirements, that is updated annually and is backed by a training programme to ensure that it is fully embedded across the Group.</li> <li>• Ethics and Compliance Officers in every business unit who support the ethics and compliance culture and ensure best practice developed by the Group is communicated and embedded into local business practices.</li> <li>• Regular workshops across the Group to ensure compliance risks are identified and addressed.</li> <li>• Ethics and Compliance updates to the Audit and Risk Committee semi-annually.</li> <li>• An independent third-party whistleblowing helpline that is actively promoted. Complaints are independently investigated by the Compliance and Internal Audit teams and appropriate action taken where necessary.</li> </ul>	 <p>A financial reporting fraud was discovered in the Austral business unit (BU) in Australia. As a result, management commissioned an external forensic investigation which reported to the ARC in February 2023. It concluded that the fraudulent activity had not resulted in a cash loss for the Group. A specific controls response plan has also been developed covering both control failings in Austral and a wider review across Keller. Progress against plan will be reported to the ARC. See the committee's report on page 107 for more information.</p>

**Link to strategy**    
**Link to viability** 
**Timeframe**   

### 6. Inability to maintain our technological product advantage


Description and impact	Causes	Mitigation and internal controls	Movement since 2021
<p>Keller has a history of innovation that has given us a technological advantage which is recognised by our clients and competitors. Failure to maintain this advantage through the continued technological advancements in our equipment, products and solutions may:</p> <ul style="list-style-type: none"> <li>• Impact our position in the market.</li> <li>• Not being selected for key complex, high-value projects that support the Group strategy.</li> <li>• Make it more difficult to attract and retain the best talent.</li> <li>• Result in the loss of reputation for delivering the best engineered solutions.</li> </ul>	<ul style="list-style-type: none"> <li>• Failure to maintain investment in innovation and digitisation.</li> <li>• Increased competitor investment in innovative solutions.</li> <li>• Failure to continue to invest in our people.</li> </ul>	<ul style="list-style-type: none"> <li>• Innovation initiatives developed at both Group and divisional level to ensure a structured approach to innovation is in place across the Group.</li> <li>• Digitisation initiatives focusing on strategy of facilitating equipment and operational data capture, bringing information together and making it accessible on a single platform. It will include all technical information from Keller and third-party sources at each stage of delivery, including data analysis and visualisations where possible, and it will also be BIM-compatible.</li> <li>• We take a leadership role in the geotechnical industry, with many of our team playing key roles in professional associations and industry activities around the world.</li> <li>• Global product teams set standards, provide guidance and disseminate best practice across the Group.</li> <li>• Continued investment in both external and internal equipment manufacture.</li> </ul>	

**Link to strategy**    
**Link to viability** 
**Timeframe**   

Principal risks and uncertainties continued

Strategic risks

7. Climate change

Description and impact	Causes	Mitigation and internal controls	Movement since 2021
<p>Climate change is a global threat and failure to manage and mitigate it could lead to:</p> <ul style="list-style-type: none"> <li>• Inability to achieve Keller's commitment to deliver solutions in an environmentally conscious manner, which may in turn have a negative impact on our reputation, affect employee morale and lead to a loss of confidence from our customers, suppliers and investors.</li> <li>• Product offerings becoming obsolete because they are no longer compliant with environmental standards.</li> <li>• Remediation of non-compliant work at our own expense to maintain compliance.</li> </ul>	<ul style="list-style-type: none"> <li>• Failure to update product offerings in line with both legislation and customer demand.</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainability Steering Committee that is responsible for integrating sustainability targets and measures into the group business plan to successfully drive changes important to the company.</li> <li>• Collaboration with the University of Surrey's Centre for Environment and Sustainability to apply sustainability best practice to all business functions.</li> <li>• Scope 1 and 2 carbon emissions verified by accredited external third party (Carbon Intelligence).</li> <li>• Carbon calculator tool used to identify/improve carbon efficiency.</li> <li>• Cross-functional team created to develop and embed processes to meet TCFD requirements. See page 90 for our Organisational and reporting structure for climate governance.</li> </ul>	 <p>Starting to win project opportunities related to climate impact. Focus remains on delivering sustainability targets and meeting TCFD reporting requirements.</p>

**Link to strategy** 
**Link to viability** 
**Timeframe** 

Operational risks


8. Service or solutions failure

Description and impact	Causes	Mitigation and internal controls	Movement since 2021
<p>In designing a product or a solution for customers many factors need to be considered, including client requirements, site and loading conditions and local constraints (eg neighbouring buildings, other underground structures). Inadequate design of a customer product and/or solution may lead to:</p> <ul style="list-style-type: none"> <li>• Inability to achieve the required standard.</li> <li>• Failure to meet quality standards, damaging our reputation, giving rise to regulatory action and legal liability, and ultimately impact financial performance.</li> <li>• A negative impact on long-term profitability from poorly designed product/solution as they are generally covered by a liability limitation period of 12 years.</li> </ul>	<ul style="list-style-type: none"> <li>• Misinterpretation of client requirements or miscommunication of requirements by the client may lead to a poorly designed solution and consequently failure.</li> </ul>	<ul style="list-style-type: none"> <li>• Continuing to enhance our technological and operational capabilities through investment in our product teams, project managers and our engineering capabilities.</li> <li>• Employing geotechnical engineers that are focused purely on design.</li> <li>• Disaster Recovery/Business Continuity Plans in place and reviewed across the Group.</li> <li>• The global product teams set standards, provide guidance and disseminate best practice across the organisation for our eight key products.</li> <li>• We seek to agree liability limits in our contracts with customers.</li> <li>• Insurance solutions are in place to limit financial exposure of a potential customer claim.</li> </ul>	

**Link to strategy** 
**Link to viability** 
**Timeframe** 


## Operational risks

### 9. Ineffective execution of our projects

Description and impact	Causes	Mitigation and internal controls	Movement since 2021
<p>Inability to successfully deliver projects in line with the agreed customer requirements may result in:</p> <ul style="list-style-type: none"> <li>Cost overruns, contractual disputes and reputational damage.</li> <li>Ineffective project delivery may also expose the Group to long-term obligations including legal action and additional costs to remedy solution failure.</li> </ul>	<ul style="list-style-type: none"> <li>Failure to manage our projects to ensure that they are delivered on time and to budget due to unforeseen ground and site conditions, weather-related delays, unavailability of key materials, workforce shortages or equipment breakdowns.</li> <li>Lack of comprehensive understanding of contract obligations.</li> <li>Inadequate resources (people, physical assets and materials).</li> </ul>	<ul style="list-style-type: none"> <li>Ensuring we understand all of our risks through the bid appraisal process and applying rigorous policies and processes to manage and monitor contract performance.</li> <li>Ensuring we have high-quality people delivering projects. Keller's Project Management Academy and Field Leadership Academy are designed to create project managers with a consistent skill set across the entire organisation. The academies cover a broad range of topics including contract management, planning, risk assessment, change management, decision-making and finance.</li> <li>KDAQ system enabling comparison of performance across sites using similar products, identification of areas of best practice and quickly raising awareness of where improvement is needed.</li> <li>Safety Standards for operations (eg platform, cage handling), Equipment Standards and fleet renewal.</li> <li>The PLM Standard aims to drive a consistent approach to project delivery with robust controls at every project phase.</li> <li>A formal, structured approach to Lean and 5S is being rolled out across the organisation, which is improving processes and strengthening Keller's working culture.</li> </ul>	 <p>Number of projects not executed to expectations in 2022 above the long-term average. Adversely impacted by persistently high inflation across North America and Europe.</p>

[Link to strategy](#)    
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### 10. Supply chain – partners fail to meet the Group’s operational expectation and contractual obligations (including capacity, competency, quality, financial stability, safety, environmental, social and ethical)

Description and impact	Causes	Mitigation and internal controls	Movement since 2021
<p>Failure to manage suppliers effectively could lead to:</p> <ul style="list-style-type: none"> <li>Delays to executing projects waiting for materials and ongoing business disruption.</li> <li>Additional costs to find alternative suppliers.</li> <li>Becoming involved in legal disputes and potentially fines and penalties.</li> <li>Damaging our reputation and potentially being barred from bidding on future contracts.</li> <li>Human rights abuses, such as modern slavery, child labour abuses and human trafficking.</li> </ul>	<ul style="list-style-type: none"> <li>Failure to embed the Group's expectation within the procurement process.</li> <li>Inadequate assessment of supply chain partner capabilities during bidding phase.</li> <li>Lack of supplier resilience due to rising costs of energy as a result of geopolitical uncertainty.</li> <li>Lack of supply availability due to increased demand from and too little supply.</li> <li>Inflation driving up prices.</li> <li>Logistical impact causing delays due to lack of HGV drivers.</li> </ul>	<ul style="list-style-type: none"> <li>The Group has developed long-term partnerships with key suppliers, working closely with them to understand their operations, but is not over-reliant on any single one, with an extensive network of approved suppliers in place across the organisation to support its strategic ambitions.</li> <li>A Supply Chain Code of Business Conduct that sets out minimum expectations for all suppliers in respect of ethics, integrity and regulatory requirements, that is updated annually.</li> <li>Working group established, reporting to the Group Company Secretary and Legal Advisor, to drive minimum standards both contractually and behaviourally across key labour suppliers.</li> </ul>	 <p>Supply chain issues, including both scarcity of certain materials (steel, cement and energy) and the pricing impact of this, are beginning to show signs of easing. While pressure remains as a result of the geopolitical uncertainty following Russia's invasion of Ukraine, it is being better managed as demand cools across North America and Europe. It will continue to be closely monitored and action taken to mitigate impacts.</p> <p>The Group is committed to ensuring slavery and forced labour is not taking place in its business or supply chain. Following a recent issue with a contractor's use of overseas recruitment agents, we are undertaking a modern slavery assessment of our labour only contractors to ensure they are complying with our standards.</p>

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Principal risks and uncertainties continued

Operational risks

11. Causing a serious injury or fatality to an employee or a member of the public

Description and impact	Causes	Mitigation and internal controls	Movement since 2021
<p>Failure to maintain high standards of health and safety, and an increase in serious injuries or fatalities, leading to:</p> <ul style="list-style-type: none"> <li>Erosion of trust of employees and potential clients.</li> <li>Damage to staff morale, an increase in employee turnover rates and a decrease in productivity.</li> <li>Threat of potential criminal prosecutions, fines, disbarring from future contract bidding and reputational damage.</li> </ul>	<ul style="list-style-type: none"> <li>Inadequate risk identification, assessment and management.</li> <li>Lack of clear leadership driving the safety culture.</li> <li>Lack of employee competency.</li> <li>Poorly designed processes that do not eliminate or mitigate risk.</li> <li>Lack of focus on the wellbeing and mental health of employees and JV partners.</li> </ul>	<ul style="list-style-type: none"> <li>Board-led commitment to drive health and safety programmes and performance with a vision of zero harm.</li> <li>An emphasis on safety leadership to ensure both HSEQ professionals and operational leaders drive implementation and sustainment of our safety standards through ongoing site presence, using safety tours, safety audits, safety action groups and mandatory employee training.</li> <li>Ongoing improvement of existing HSEQ systems to identify and control known and emerging HSEQ risks, which conform to internal standards.</li> <li>Incident Management Standard and incident management software driving a robust and consistent management process across the organisation that ensures the cause of the incident is identified and actions are put in place to prevent recurrence.</li> </ul>	

Link to strategy



Link to viability



Timeframe



12. Not having the right skills to deliver

Description and impact	Causes	Mitigation and internal controls	Movement since 2021
<p>Failure to attract and develop excellent people to create a high-quality, vibrant, diverse and flexible workforce could:</p> <ul style="list-style-type: none"> <li>Harm the Group's ability to win or execute specific high-value, complex projects.</li> <li>Fail to meet strategic objectives to grow the business and lose key stakeholder confidence within the market.</li> </ul>	<ul style="list-style-type: none"> <li>Inability to recruit and retain strong performers.</li> <li>Lack of a diverse workforce.</li> <li>Failure to maintain and promote the Keller culture.</li> <li>Overheating of market causing significant increase in demand or competition for people.</li> <li>Lack of visibility of long-term pipeline for career progression resulting in existing employees leaving the business.</li> <li>Post COVID-19 recovery driving increase in attrition or people leaving the sector.</li> <li>Pressure from wage inflation and increased offers from competition.</li> </ul>	<ul style="list-style-type: none"> <li>Continuing to invest in our people and organisation in line with the four pillars of the Keller People agenda as noted below.</li> <li>Ensuring that the 'Right Organisation' is in place with people having clear accountabilities; each organisational unit is properly configured with a matrix of line management, functional support and product expertise.</li> <li>As an industry leader, that Keller is made up of 'Great People' that are well trained, motivated and have opportunities to develop to their full potential. Project managers and field employees receive comprehensive training programmes which cover a broad range of topics including contract management, planning, risk assessment, change management, decision-making and finance.</li> <li>A strong focus on the 'Exceptional Performance' of employees in delivering commercial outcomes safely for Keller based upon project successes for our customers. Business leaders are incentivised to deliver their annual financial and safety commitments to the Group.</li> <li>The 'Keller Way' provides guidance to the company's employees and leaders to comply with local laws and work within Keller's values and Code of Business Conduct.</li> </ul>	<p>While we are still witnessing inflationary pressure on pay across many locations where Keller operates, the pressure on competition for skilled personnel is beginning to ease. Focus remains on retaining staff with the right skills to deliver.</p>

Link to strategy



Link to viability




Timeframe



## Operational risks

### 13. Cyber security

Description and impact	Causes	Mitigation and internal controls	Movement since 2021
<p>Risk of potential disruption in the business operations, reputational damage and/or loss or corruption of data could lead to:</p> <ul style="list-style-type: none"> <li>Loss of intellectual property and competitive advantage.</li> <li>Operational impact restricting ability to carry out business critical activities.</li> <li>Potential fines and penalties.</li> <li>Reputational damage leading to loss of market and customer confidence.</li> </ul>	<ul style="list-style-type: none"> <li>Poor internal governance.</li> <li>Failure to embed preventative culture.</li> <li>Lack of or inadequate training and awareness.</li> <li>Increased exposure to phishing attacks and ransomware due to increased use of personal devices and remote working.</li> <li>Inconsistent approach to data security, especially with JV partners and external third parties.</li> <li>Increased use of cloud services without equivalent investment in modern threat prevention.</li> <li>Cyber attacks.</li> </ul>	<ul style="list-style-type: none"> <li>The Group has a cyber security and information assurance team and is utilising zero trust layered technology.</li> <li>Creation of an Information Security Management System framework, referencing industry standards to ensure appropriate governance, control and risk management and then onward management for compliance, maturity and development of service.</li> <li>Introduction of technical capabilities and services to further enable prevention, detection, prediction and response services.</li> <li>Multi-factor authentication for all users prevents unauthorised access to Keller's networks and applications.</li> <li>Advanced threat protection on all IT equipment delivers comprehensive, ongoing and real-time protection against viruses, malware and spyware.</li> <li>Data protection framework to ensure compliance with the GDPR and other standards of data protection.</li> <li>Independent third-party review of our approach to cyber security and the adequacy of the control environment.</li> </ul>	

[Link to strategy](#)

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## 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 ►

TCFD statement continued

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			Time horizon		
		North America	AMEA	Europe	Short	Medium	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 - Notexposed ✗ No ✓ Yes

TCFD category	Risks	Keller division			Time horizon		
		North America	AMEA	Europe	Short	Medium	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 - Notexposed ✗ 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.	<ul style="list-style-type: none"> <li>▶▶ Training our employees on the sector standard carbon calculator, to understand the current emissions of our solutions.</li> <li>▶▶ Offering carbon comparisons when tendering large alternative solutions, to upsell the low carbon solution.</li> <li>▶▶ Created a sustainability brochure and various case studies to share with customers, highlighting our lower carbon solutions.</li> </ul>
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.	<ul style="list-style-type: none"> <li>▶▶ The breadth of expertise across the Group means we are already well positioned for many existing resilience and retrofit projects.</li> <li>▶▶ The short-term nature of most projects means we can pivot easily to new markets.</li> <li>▶▶ We already have the ability to treat desertification or work on adaptation, resilience and mitigation projects, such as dams and flood defences.</li> </ul>





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.	<ul style="list-style-type: none"> <li>▶ All the rigs we produced in 2022 were electrohydraulic or fitted with the latest anti-idling software and low emission tier 5 engines.</li> <li>✔ We have developed a rig decarbonisation strategy which included conducting HVO biofuel trials and exploring electric equipment to reduce our dependence on fossil fuels.</li> <li>▶ Collaboration with our trade associations to understand upcoming legislation and support engagement with legislators.</li> </ul>
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.	<ul style="list-style-type: none"> <li>▶ Upsell our existing low carbon solutions, particularly our cement and steel-free ground improvement solutions.</li> <li>▶ 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.</li> <li>▶ Short project lead-in times mean we have generally been successful at passing on material price inflation to our customers.</li> </ul>
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.	<ul style="list-style-type: none"> <li>▶ We are working to embed automatic Scope 3 calculations in our ERP programme development.</li> <li>▶ We are conducting a business unit trial in Austria to calculate business unit-wide material Scope 3 emissions.</li> <li>▶ Collaborate with industry trade associations to request emissions data from suppliers and set minimum carbon reporting standards.</li> </ul>
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.	<ul style="list-style-type: none"> <li>▶ Integrate financial contingencies into project planning in areas with a higher risk of being impacted by extreme weather events.</li> <li>▶ Continuously improve best practice guidance regarding preparation, shut down, and recovery from storm-related events.</li> </ul>
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.	<ul style="list-style-type: none"> <li>▶ 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).</li> <li>🕒 Integrate contingencies into project planning.</li> </ul>

Continues overleaf ▶

## TCFD statement continued

## 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 <ul style="list-style-type: none"> <li>• RCP 4.5: 2°C</li> <li>• RCP 8.5: 4°C</li> </ul>	Transition scenarios informed by IEA pathways <ul style="list-style-type: none"> <li>• Net Zero Emissions (NZE): 1.5°C</li> <li>• Announced Pledges Scenario (APS): 1.8°C</li> <li>• Stated Policies Scenario (STEPS): 2.5°C</li> </ul>



## 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.

## TCFD statement continued

## 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.

## ESG and sustainability



**Peter Hill CBE**  
Chairman



**Making sustainability core to our business helps differentiate us from our competitors and helps us achieve long-term profitability and growth."**

Our corporate purpose, 'Building the foundations for a sustainable future', is at the heart of everything we do. As the Director responsible for ESG and sustainability on the Board I am profoundly dedicated to this topic and I have a strong desire to make a positive change.

We set our first-ever net zero targets during 2021, to be net zero by 2050, and I am able to report good progress against this key priority. We are committed to reducing the carbon intensity of our work and increasing the quality and granularity of our carbon reporting and we have made good progress in this area. We could not achieve this without the many initiatives being undertaken all across our business, including energy efficiency audits at every business unit in Europe, multiple business units generating renewable energy or moving to green energy tariffs, and over 900 of our engineers starting to use our sector-standard carbon calculator to help our customers understand the carbon impacts of solutions available to them.

Keller recognises and embraces the broadest definition of diversity. In 2022 we have focused on strengthening local accountability to embed the right ambitions, behaviours and practices in the company, whilst ensuring that our employees' views are considered in all that we do. I am able to confirm that in employee engagement surveys carried out in 2022, 78% of our employees felt that the company respected individual differences.

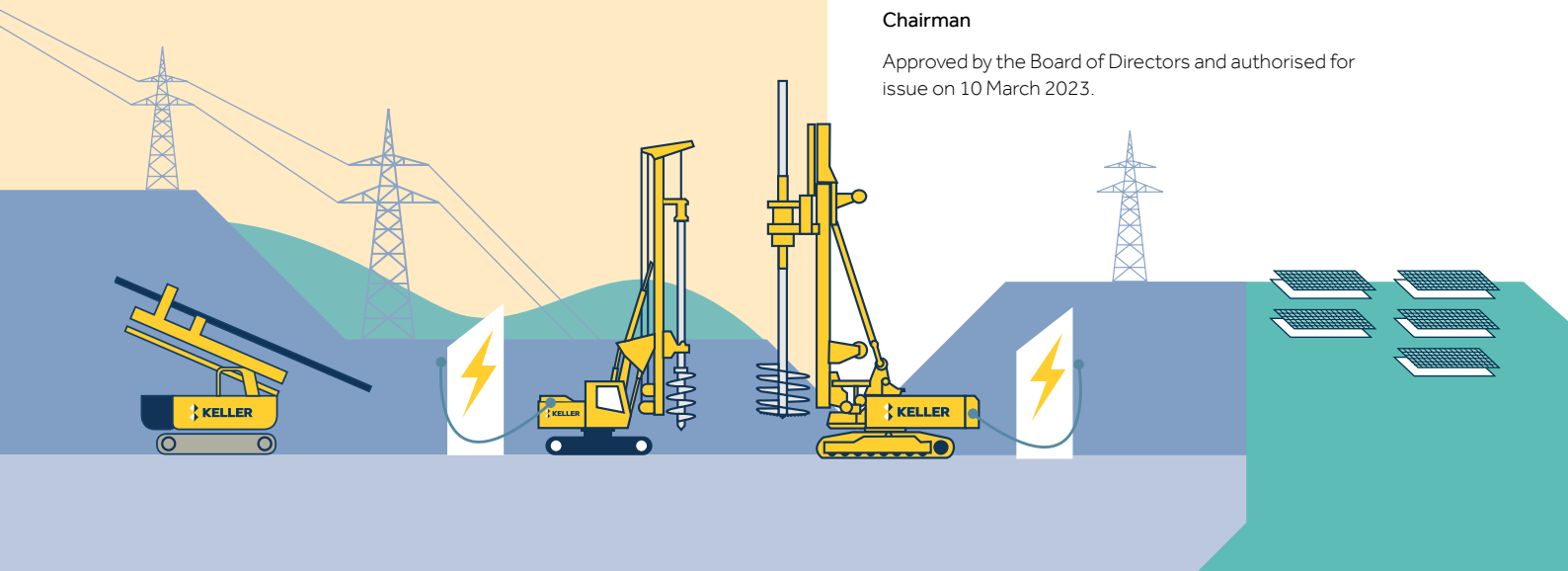
People are our business, so keeping our colleagues safe and well is paramount. We want every person who works for us, or with us, to go home safely at the end of each day. Disappointingly, the metric by which we measure our safety performance, accident frequency rate (AFR), increased in the year with an uptick particularly in hand and finger injuries. The data is being scrutinised and a remedial plan has been put in place. More positively, we have ensured that our Employee Assistance Programme is available to all of our employees wherever they work across the globe.

The Board continued to receive quarterly reports on all ESG initiatives and deliverables from the Group Company Secretary and Legal Advisor, assuring a clear reporting line on all ESG matters to me and to my fellow Board members.

I would like to thank everyone at Keller for their continued commitment to our ESG and sustainability agenda.

**Peter Hill CBE**  
Chairman


Approved by the Board of Directors and authorised for issue on 10 March 2023.










## Our key ESG and sustainability metrics

◆ Global initiatives    ■ Local initiatives

Planet					
UN SDG alignment	Objective	KPI description	KPI performance		Further reading
			2022	2021	
 <b>Carbon reduction</b> ◆	We are committed to reducing the carbon intensity of our work and increasing the quality and granularity of our carbon reporting.	CDP score	B	B	See page 58
		Absolute tonnes of CO <sub>2</sub> e per £m revenue	74	85	See page 58

People					
UN SDG alignment	Objective	KPI description	KPI performance		Further reading
			2022	2021	
 <b>Safety</b> ◆	We want every person who works for us, or with us, to go home safely at the end of each day.	Accident frequency rate, per 100,000 hours worked	0.10	0.07	See page 67
		Total recordable incident rate, per 100,000 hours worked	0.79	0.63	See page 67
 <b>Gender equality</b> ◆	'We are Keller' recognises and embraces the broadest definition of diversity. Gender equality and empowerment is a UN sustainability development goal we have committed to progressing.	% of women in senior leadership	22%	18%	See page 65
		% of women engineers	16%	13%	See page 65
		% of women engineering graduates and apprenticeships	7%	13%	See page 65
 <b>Quality education</b> ■	We are committed to investing in our emerging talent and building diverse capability for the future.	Number of engineering graduates, apprenticeships, intern and co-op opportunities	191	238	See page 70

Principles			
UN SDG alignment	Objective	2022 KPI performance	Further reading
 <b>Good governance</b> ◆	We want an effective internal framework of systems and controls in place which clearly defines authority and accountability and promotes success whilst permitting the appropriate management of risk.	ESG reporting framework in place	See page 72
 <b>Partnerships</b> ■	We want to partner with 'like-minded' organisations to drive change in our organisation and the wider geotechnical industry.	Three-year partnership with UNICEF's Core Resources Fund; donation of £250,000 in the first year	See page 73



ESG and sustainability continued

# Our role in building the foundations for a sustainable future.

**Sustainability is at the heart of Keller’s strategy for building the foundations for a sustainable future. At Keller, we are committed to better understanding our contribution to sustainable development and working collaboratively with our customers and stakeholders to improve sustainability. We define what sustainability means to Keller using the four Ps: planet, covering environmental sustainability; people, covering social sustainability; principles, covering governance; and profitable projects, covering economic sustainability and how we apply sustainability in our work.**

Beneath each of the four Ps, we align our initiatives to the UN Sustainable Development Goals (SDGs). These goals provide a common language for us to communicate sustainability initiatives globally, both to our internal and external stakeholders. We have four global SDG initiatives, with the whole Keller Group focused on carbon, gender DEI, safety and good governance. We then have a number of other local initiatives, where our business units can focus on areas of sustainability that are most relevant to our local markets. To measure progress on these SDGs, we use metrics from GRI and the SDG compass. See page 76 for our GRI Index.

Keller’s Chairman has ultimate responsibility for ESG and sustainability on the Board. This reflects the importance of these issues to our core business, ensuring sustainability-related risks and opportunities are viewed at the highest level. We describe this further on page 90 in the Governance report.

Both the Executive Committee and Keller’s divisions are represented on the Sustainability Steering Committee. This Management Committee allows divisions and functions to raise sustainability challenges, including climate-related topics, to the executive and ultimately to the Board. It also acts as a place to share sustainability best practices between divisions and discuss sustainability strategy. Meetings are held quarterly and are structured around Keller’s four Ps.





## Planet

We are helping to build a sustainable future by using less resources, reducing carbon emissions and reducing waste across our operations, whilst playing a positive role in our local communities, the environment and wider society.

For more information see page 56

### Global initiatives



**Carbon reduction**

See page 56



## People

We operate in a way that respects people and their health, safety and environment, always striving for zero harm. Our motivating and inclusive culture makes us a good employer that people are proud to work for.

For more information see page 62



**Safety**

See page 67



**Gender equality**

See page 65

### Local initiatives



**Resilient cities**

See page 61



**Resource use and waste reduction**

See page 61



**Tackling pollution**

See page 61



## Principles

An effective framework of systems and controls ensures we manage risk and run our company well, and we seek out partners who understand our principles and the standards we operate by.

For more information see page 72



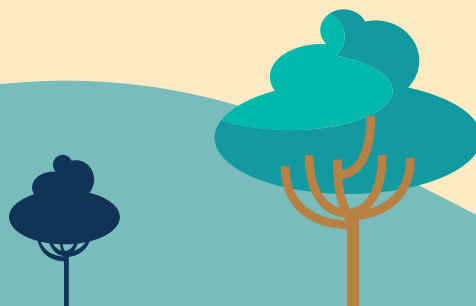
**Good governance**

See page 72



**Partnerships**

See page 73



ESG and sustainability continued



# Planet

## Global priorities



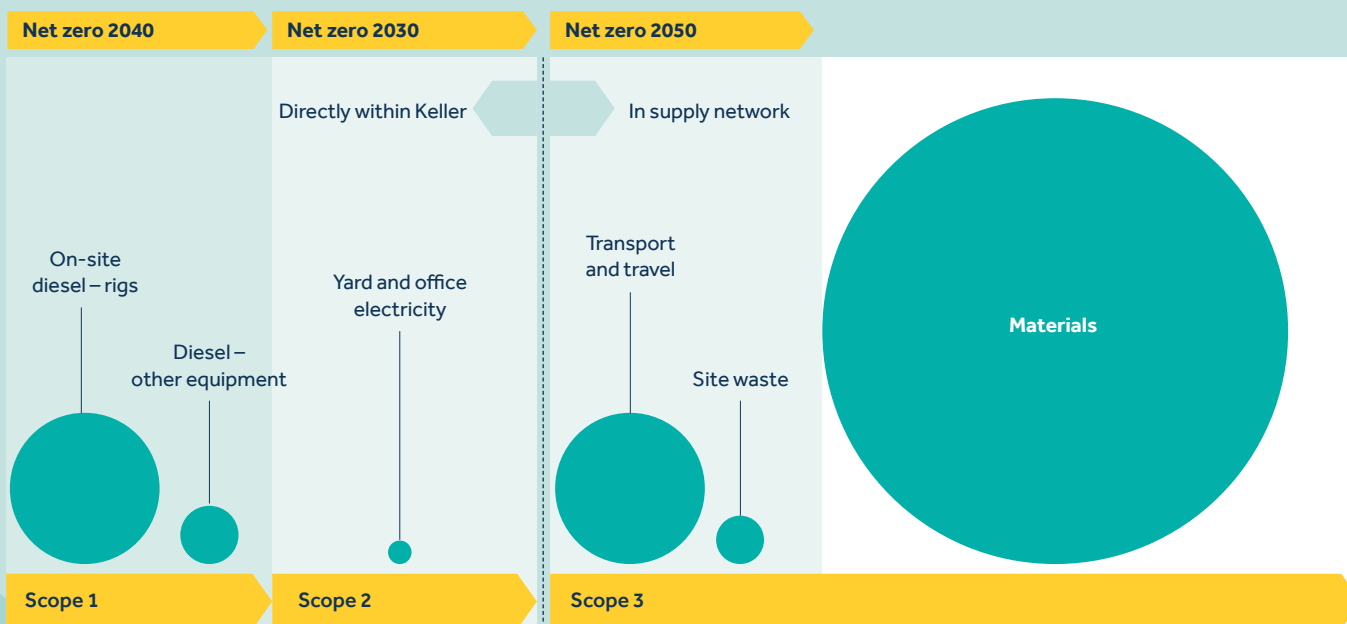
### Carbon reduction

2022 was the first full year since we set our first-ever net zero carbon targets. These targets represent Keller’s commitment to the planet as we build the foundations for a sustainable future.

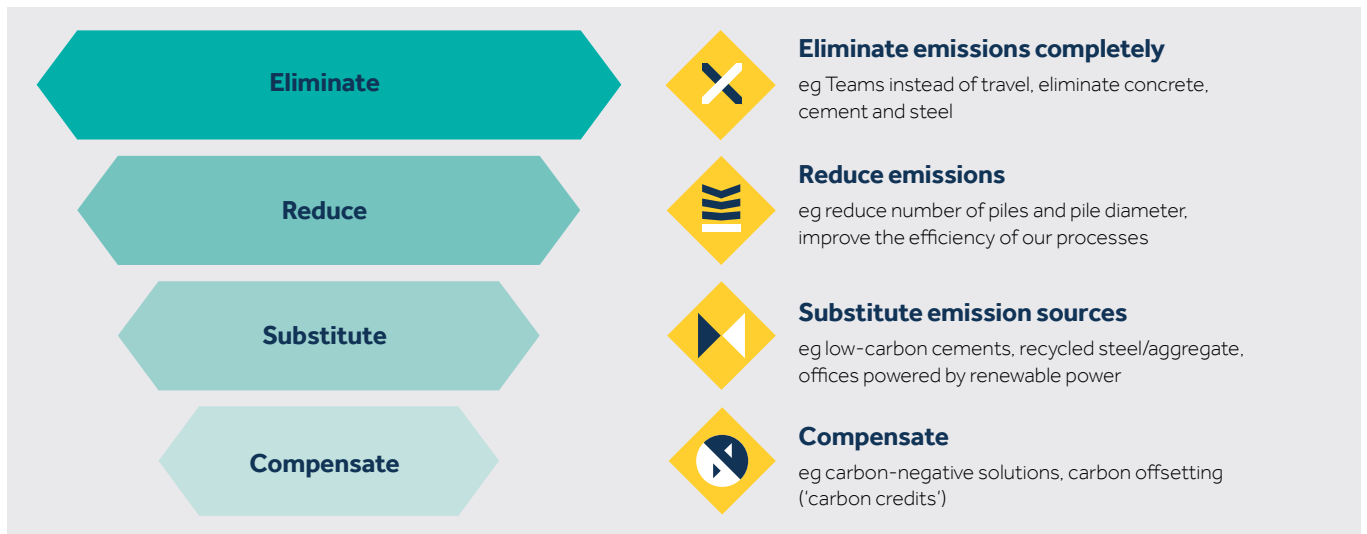
These absolute targets will help us mitigate future climate-related risks and recognise climate-related opportunities. We divide our emissions targets using the scopes set out in the GHG Protocol. These targets and our current performance are set out in the following section. The timeframe and lagging targets we set for each net zero commitment reflect the size and the level of control we have over each emission scope (see below). To achieve these targets, we have set multiple internal leading targets, built around the carbon hierarchy (see right). This explains that, after we work through the hierarchy to eliminate, reduce and substitute emissions, we may offset our remaining emissions as a last resort.

Scope	Net zero target	More information
1	Net zero by 2040	<a href="#">See page 59</a>
2	Net zero by 2030	<a href="#">See page 60</a>
3 Operational	Net zero by 2050	<a href="#">See page 60</a>

### Relative size of our emissions (approximate)



The carbon hierarchy



Case study

Piling software cuts carbon and speeds up design

Keller's Central Europe and South-West Europe business units have developed new software that optimises piling projects, speeding up the design process and reducing carbon and costs.

Severin Vollmert, Technical Lead for the CFA Competence Team, explains how to improve piling designs, and to do them faster.

"When you have lots of piles supporting different loads, you either find the pile in each section bearing the largest load and design them all to that specification, and you have a lot of over-designed piles, or you spend a long time working out the ideal design for each pile. Both approaches have inefficiencies."

Keller's new Pile Designer software allows users to calculate different pile types, diameters, soil profiles and steel reinforcements for the load of each individual node of a structure, all at the same time.

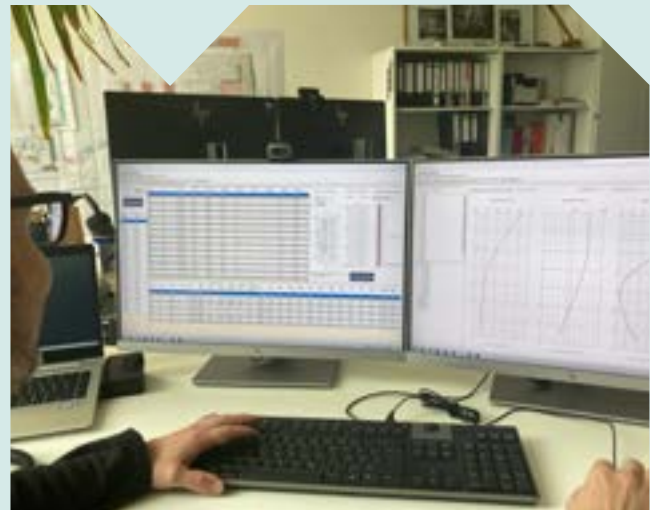
The result offers simple comparisons across different solutions and an optimised design for each pile. The software also makes it much simpler and quicker to recalculate designs when faced with client changes.

Minimising a project's carbon footprint

Once the design is finalised, the calculations can be fed into rig technology, enabling the operations teams to drill each pile to exactly the right depth and install the precise amount of material.

This cuts design time in half, whilst significantly reducing materials and embodied carbon and, consequently, the overall cost base.

The software has been trialled on six projects, with good feedback. The aim is to now encourage more design specialists to start using it and, because design standards vary so much, to look at whether it can be adapted for different markets.



## ESG and sustainability continued

### Planet

#### Overall performance

This year, Keller's overall Scope 1 and 2 emissions increased. This mostly reflects the acquisition of RECON and an increase in the number of projects carried out compared to 2021. However, in terms of the carbon intensity of our operations, relative emissions actually continued to fall. This reflects the range of carbon reduction and efficiency improvements implemented throughout the year (see pages 59 and 60). It also means that Keller's total relative emissions have either remained level or fallen every year since 2017.

#### Third-party assurance statement

At the request of the Director responsible for sustainability, Keller seeks annual third-party verification of our emissions. This verification process is compliant with the same consolidation rules as are applied to our financial accounting. This is consistent with the approach used in the ISO 14040 series and reflects the impact we have on overall emissions in our entities.

Independent verification, in accordance with best practices required by ISO 14064-3 Standard, on the Scope 1 and Scope 2 GHG accounts has been provided by Carbon Intelligence. Their summary opinion is provided below (full opinion and recommendations are available on request).

Based on the data and information provided by Keller and the processes and procedures conducted, Carbon Intelligence concludes with limited assurance that the GHG assertion:

- is materially correct;
- is a fair representation of the GHG emissions data and information; and
- is prepared in accordance with the criteria listed above.

It is our opinion that Keller has established appropriate systems for the collection, aggregation and analysis of quantitative data for determination of these GHG emissions for the stated period and boundaries.

#### CDP

As in previous years, Keller disclosed our climate change performance to CDP. CDP assesses the carbon intensity of Keller's operations, as well as our ability to identify and mitigate climate-related risks and opportunities. In 2022, we achieved a score of B. This is the same as in 2021, with Keller remaining above the global and construction average CDP score of a C. Since this CDP score reflects our progress in 2021, the score does not include our progress on climate scenario analysis and wider TCFD improvements. These should be reflected in next year's CDP score. For more on our climate risks and opportunities and TCFD, see pages 44 to 51.

#### Overall performance and verification

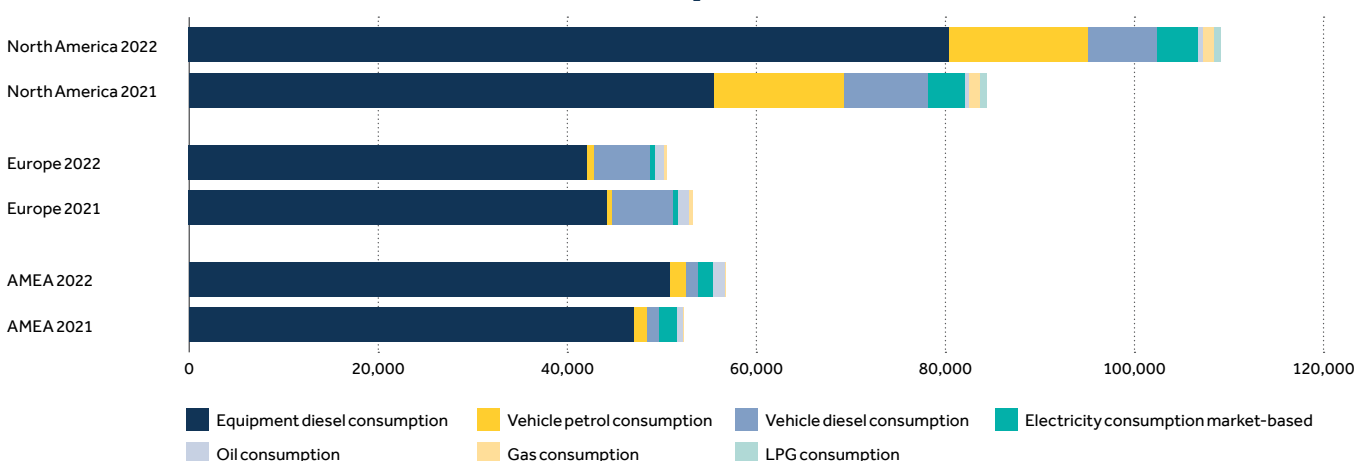
Group	2022	2021	2020	2019
Energy use MWh	<b>897,717</b>	741,579	691,074	811,881
Scope 1 tonnes CO <sub>2</sub> e	<b>210,186</b>	183,112	169,216	198,289
Scope 2 (market-based) tonnes CO <sub>2</sub> e	<b>6,593</b>	6,574	7,091	
Scope 2 (location-based) tonnes CO <sub>2</sub> e	<b>6,913</b>	6,723	7,094	9,159
Total Scope 1 and 2 (market-based) tonnes CO <sub>2</sub> e	<b>216,779</b>	189,686	176,307	
Total Scope 1 and 2 (location-based) tonnes CO <sub>2</sub> e	<b>217,099</b>	189,835	176,310	207,448
Absolute tonnes of CO <sub>2</sub> e per £m revenue	<b>74</b>	85	85	90

Keller UK	2022	2021	2020	2019
Energy use MWh	<b>20,673</b>	19,699	12,949	16,724
Scope 1 tonnes CO <sub>2</sub> e	<b>4,790</b>	4,961	3,033	3,915
Scope 2 (market-based) tonnes CO <sub>2</sub> e	<b>0</b>	0	218	
Scope 2 (location-based) tonnes CO <sub>2</sub> e	<b>117</b>	69	219	265
Total Scope 1 and 2 (market-based) tonnes CO <sub>2</sub> e	<b>4,790</b>	4,961	3,251	
Total Scope 1 and 2 (location-based) tonnes CO <sub>2</sub> e	<b>4,907</b>	5,030	3,252	4,180
Absolute tonnes of CO <sub>2</sub> e per £m revenue	<b>38</b>	50	53	64
Scope 3 business travel tonnes CO <sub>2</sub> e	<b>721</b>	97	26	

Note that some of the fuel we use in our equipment is purchased by the main contractor and we are currently unable to report on these emissions due to difficulties with collecting accurate data.

#### Keller Group 2022 and 2021 greenhouse gas emissions (tCO<sub>2</sub>e)





Scope 1: Direct emissions

# Net zero by 2040

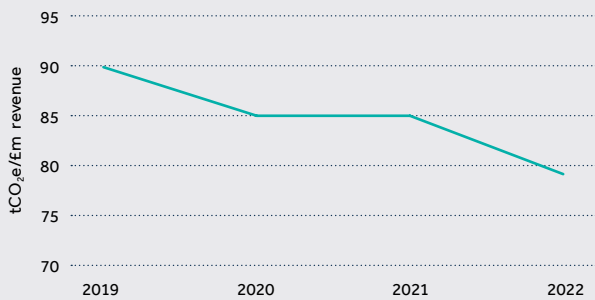
Scope 1 covers our direct emissions. These mostly arise from the fuel use of our rigs and Keller vehicles. Keller's 2022 Scope 1 emissions have increased since 2021. Scope 1 fuel emissions are highly dependent on the projects completed annually. Therefore, since we have completed more work this year than during the COVID-19 restrictions of 2021, our emissions have increased. This also reflects the addition of RECON projects in 2022. However, the carbon intensity of our operations has decreased. This means we have continually decreased or maintained our Scope 1 emissions per £m revenue year on year since 2017.

This reduction in relative emissions reflects a number of carbon reduction initiatives that were introduced this year. All these initiatives are needed to decouple our growing work from absolute Scope 1 emissions. Following the carbon hierarchy, we use Lean design and optimise site set-up to reduce the number of days we spend on site and thereby reduce emissions.

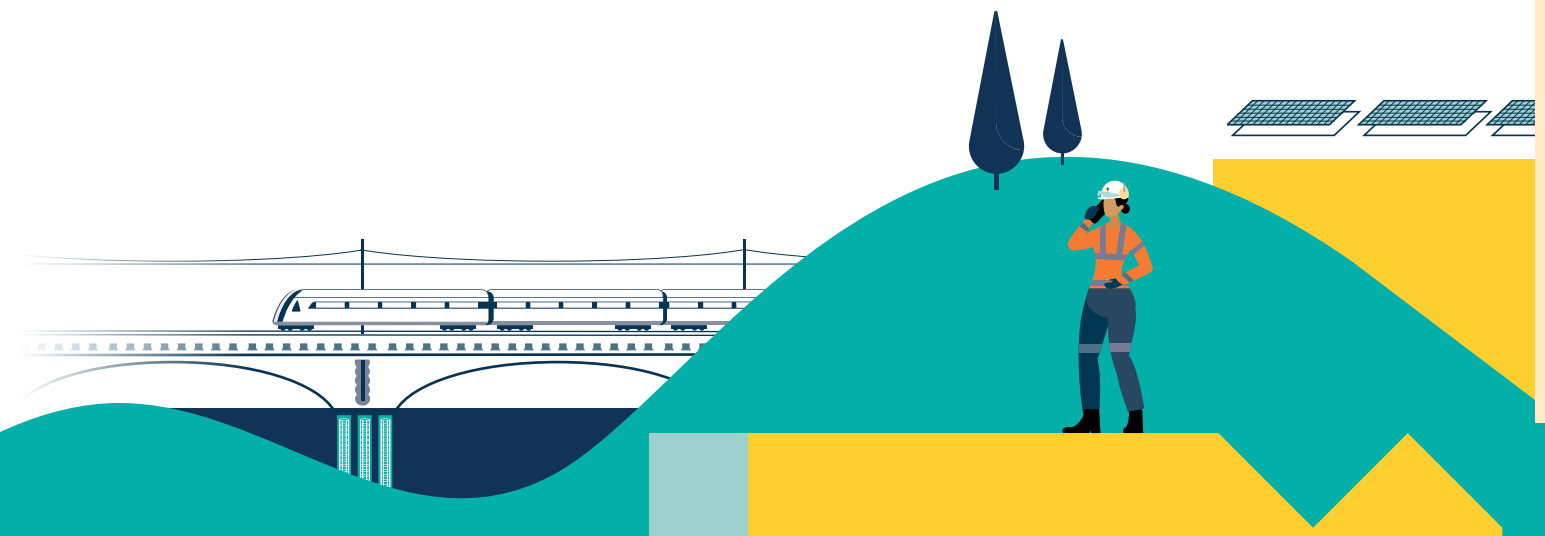
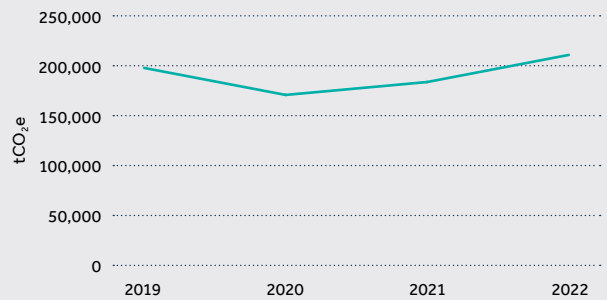
In terms of substituting emission sources, all the rigs we produced in 2022 were electrohydraulic or fitted with the latest tier 5 engines. This reduces our emissions on site, improves fuel efficiency and reduces our fuel consumption. Through our in-house rig manufacturers, we are constantly innovating to develop more sustainable equipment. This includes work developing our first electric rig, the KB0-E. 2022 also saw the first year-long hydrogenated vegetable oil biofuel trials in our rigs. This initiative, alongside many others, represents stepping stones in our fleet and machinery decarbonisation strategy.

Although most of our emissions come from our rigs, our vehicle fleet is also a large source of emissions. Therefore, in North America, where vehicle emissions are largest, we are trialling hybrid trucks as a way to reduce carbon emissions and improve air quality. In markets with good electric charging infrastructure, we have also adapted company car schemes to encourage the uptake of hybrid and electric vehicles.

Scope 1 per £m revenue



Absolute Scope 1



## ESG and sustainability continued

## Planet

## Scope 2: Indirect emissions from electricity



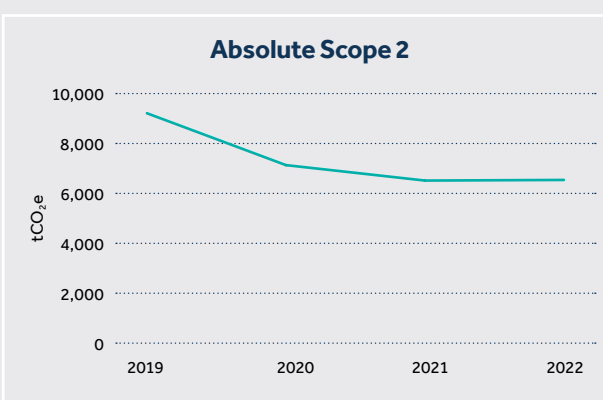
## Net zero by 2030

Scope 2 covers indirect emissions from the electricity we use. These emissions are mostly from office and maintenance yard operations. This makes Scope 2 the smallest of Keller's three emission scopes. Location-based emissions are dependent on the average carbon intensity of energy generation in the countries in which we operate. Market-based emissions are based on the specific energy tariff we use for each of our offices and maintenance yards. Since these emissions do not significantly vary with the number of projects carried out, we only analyse absolute Scope 2 emissions.

For the first time, this year Keller linked leadership remuneration to a 10% reduction in market-based Scope 2 emissions, based on our 2019 baseline year. This was successfully achieved, with Keller seeing a 28% reduction on the baseline. Scope 2 emissions remained effectively level with 2021, even as employees returned to the office after COVID-19 restrictions were lifted in most markets.

Achieving the same emissions, despite a return to offices and an increase in yard use, is thanks to multiple carbon reduction initiatives. To help target these initiatives, Keller ran energy efficiency audits across all the divisions of our business. Using these audits, business units around the Group have implemented recommendations, from installing LED lights, to replacing old single-glazed windows and educating employees about saving energy. We also have a number of branches trialling the electrification of equipment, such as forklifts and machinery, in their yards. Although this increases Scope 2 emissions, this offers an overall carbon saving over using diesel-powered equipment.

The growing difference between location-based and market-based Scope 2 emissions reflects how some of our business units, such as in the UK and Germany, are now procuring certified renewable power electricity for the first time. Taking this one step further, certain business units, such as Austria, Austral and the UK, generated their own renewable energy using solar panels. Additional business units, such as India and Poland, also plan to install solar panels in 2023.



## Scope 3: All other indirect emissions



## Net zero for Operational Scope 3 by 2050

Scope 3 represents all other indirect emissions from Keller's supply network. This means Scope 3 is the largest proportion of Keller's emissions.

To reflect where we believe we can have the most impact, we have set a net zero target for Operational Scope 3. This covers business travel, transportation of materials, and waste disposal. Scope 3 business travel has increased since 2021 as COVID-19 travel restrictions continued to be lifted. We continue to develop our Scope 3 reporting to include the rest of our Operational target, building these transportation emissions into the upcoming ERP system. In the meantime though, we continue to encourage the use of video calls to reduce the need to travel between offices. At our sites, we also have initiatives like 5S and containerisation to reduce the number of trucks needed to mobilise and demobilise our equipment.

Whilst Keller looks to reduce Materials Scope 3 emissions by designing for less and lower-carbon materials, we are still dependent on our supply network decarbonising their activities.

Since we work with local material suppliers on each project, we have thousands of suppliers in our value chain. This use of many small suppliers for individual projects means we lack leverage when it comes to decarbonising our supply network. Our approach to Materials Scope 3 is therefore focused on creating the drivers to encourage smaller suppliers to decarbonise, as well as engaging with larger stakeholders to help drive decarbonisation. For example, we are working with our trade associations across Europe and North America to collectively leverage our supply network to drive decarbonisation. We are also looking to form strategic partnerships with larger suppliers to help decarbonise our material emissions.

In terms of measuring all Scope 3 emissions, we are integrating these into the upcoming ERP project. This will also enable us to estimate a range of other sustainability impacts from our supply network. For now, in 2022, we trained over 900 employees on the sector-standard EFFC – DFI embodied carbon calculator. This has enabled us to start proactively monitoring our Scope 3 emissions on key projects. More importantly, it also offers the opportunity to offer lower-carbon solutions to our clients, as well as helping identify carbon-intensive Scope 3 hotspots to target with future carbon reduction initiatives.

# Local priorities



## Resource use and waste reduction

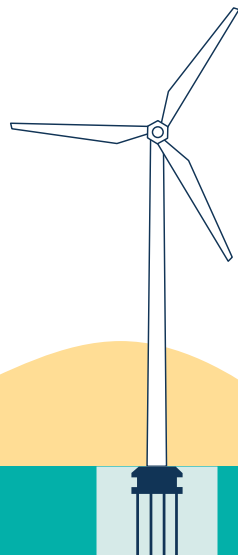
This initiative reflects the contribution Keller can make towards the circular economy. In particular, we look to reduce raw material use, increase our use of secondary materials, reduce waste to landfill and allow for pile reuse.

We recognise the large volumes of materials used and produced on our sites, so have started a number of projects to improve these impacts. This is why we are contributing to cross-sector research and development of a circular economy guide for geotechnical companies. This will help the whole sector understand their current circular economy impacts and existing legislation in this space. Critically, this will also share good practices that geotechnical companies can adopt to improve their impact on the circular economy.

Internally, Keller routinely promotes ground improvement solutions as a way to reduce raw material use on site. Ground improvement uses natural or recycled materials to improve ground load carrying capacity. This reduces or completely removes the need for heavy foundations. In turn, this reduces the volume of cement and steel used on site, saving primary resource use, and potentially offering a financial saving to our clients. The reduced need for heavy foundations also reduces the carbon intensity of the overall project.

As well as addressing our use of raw materials, we are also keen to reduce waste. Of all the geotechnical solutions we offer, our jet grouting solutions have traditionally used the most water and created the most waste spoil. Therefore, our research and development teams have been trialling ways to monitor and reduce these impacts. Using a combination of filter chamber presses, centrifuges and shale shakers, we are now able to reduce the volumes of waste water and spoil produced on jet grouting sites. As well as reducing the cost of waste disposal, this has the added benefit of reducing the number of trucks required to transport materials off site. This reduces congestion around our sites, improving air quality and reducing our impact on the local community.

We also have a number of ongoing research projects looking to use alternative materials for jet grouting. Building on the success of our Halocrete® and Neutrogel® innovations announced in the 2020 annual report, we are now developing other, non-toxic, low-carbon grouts for other geotechnical purposes.



## Resilient cities

With this SDG, we focus on improving our impact on the local communities in which we operate. We also focus on ensuring our solutions offer resilience for cities and communities facing the physical risks of climate change.

Many of our business units work with local organisations and wildlife trusts to improve their local environment. For example, our India Business Unit used remaining cement left over from one project to make bricks for local community construction projects.

As subcontractors and contractors on site in urban areas, we make use of dust suppression and baffling to minimise the impact of dust and noise on the local environment. We also typically use local material suppliers to support local businesses, reduce transport distances and reduce congestion around our sites.

We recognise that every community and city that we operate in has different sustainability needs. Therefore, alongside our Group-wide commitments, each of our business units have their own local sustainability priorities. We take this same approach to our projects. For example, on treating the physical effects of climate change in different markets, Keller works on flood defence projects and projects focused on ground remediation treating desertification. We continue to develop our product portfolio to meet these growing markets. We promote these products both directly to clients and through our existing sustainability brochure.



## Tackling pollution

Keller is committed to delivering its solutions in a socially and environmentally conscious manner. Over recent years reporting processes have improved and performance is generally encouraging.

The overall number of environmental incidents remained in line with those reported the previous year, with most incidents being minor hydraulic leaks. We have therefore been rolling out our improved equipment inspection process, using our site software prior to each shift commencing, in an effort to reduce the number of minor spills.

We continue to work on our preventative maintenance programmes to ensure that we address any issues before the event occurs. In addition, we ensure that secondary containment is in place for stored equipment and materials. We continually seek to improve our processes on site, specifically around job planning, to ensure that we identify, mitigate and control our risks and minimise our environmental impact.

Whilst as subcontractors we have minimal control on biodiversity on site, multiple business units continue to engage with wildlife trusts to promote local biodiversity.

ESG and sustainability continued



# People



## Diversity, equity and inclusion (DEI)

Our Inclusion Commitments bring together what we are doing across Keller to build a more diverse, equitable and inclusive workplace. While gender equality and empowerment remains a priority, we recognise and embrace the broadest definition of diversity.

This is important because our employees represent the broadest range of backgrounds, cultures, experiences and insights. We believe this is fundamental to the successful delivery of our business strategy and to best serve our customers around the globe.

### Our Inclusion Commitments



#### Conscious Leadership

**Improve accountability through inclusive and conscious leadership.**

By empowering and equipping our leaders to excel in this space.



#### Evolve

**Continue to evolve as the employer of choice in our industry.**

To attract, inspire and retain a more diverse group of talent.



#### Listen

**Listen and engage with our workforce.**

Through employee-led affinity groups and workforce engagement opportunities.



#### Partner

**Partner with 'like-minded' organisations through inclusivity.**

To drive necessary change in the industry.



#### Empower

**Empower and invest in our workforce.**

By creating an environment of continuous learning and development to support our people in reaching their full potential.



#### Celebrate

**Celebrate our differences and all that unite us.**

Through earmarking key global events that represent the breadth of our workforce.

## Progress in 2022

Our focus on DEI during 2022 has been on strengthening local accountability to embed the right ambitions, behaviours and practices in the company, whilst ensuring that our employees' views are considered in all that we do.

Over the first half of the year, we held a number of workshops to support management teams in developing their localised DEI action plans. These ensure different parts of the business develop an approach that maximises local impact.

We recognise that we still have a long way to go and are committed to further progress based on learnings and feedback.

## Diversity, equity and inclusion: Recent progress

### Conscious Leadership

- Workshops held to help business unit teams develop local DEI action plans. Plans are now in place for every business unit in Europe and AMEA (with North America leading this at divisional level).
- Started tracking gender diversity statistics, including metrics around hiring, promotion and retention rates.
- Following its success for the Executive Committee, our reverse mentoring programme was extended to the European leadership team.
- AMEA's Conscious Leadership Programme has been extended to Keller Australia and Austral, with ASEAN, India and Middle East and Africa to follow.



### Listen

- Listening sessions with women working on site continue with key themes being embedded in localised action plans.
- Established new Keller Women in Construction (KWIC) sub-committees in North America focussing on operations, welcoming and data. Launched KWIC Europe SharePoint site and webcast series in AMEA.



### Empower

- Many of our business units in AMEA have started implementing flexible maternity leave plans and flexible return-to-work options for new mothers. Several are also improving their paternity/parental leave plans.
- All AMEA offices and sites (where necessary) are now equipped with female toilets and nursing rooms.
- Keller UK developed a menopause policy, guidance for line managers, and voluntary training.



### Evolve

- Refreshed our global PPE standard with additional guidance for procurement teams on how to source inclusive PPE that meets the needs of a diverse workforce.
- Nine students have benefitted from our Pitcairn Geotechnical Leaders' Scholarship that encourages more exceptional, ambitious and diverse students to pursue careers in engineering.



### Partner

- Raised awareness of the 'Three Barriers to Women's Progression' in conversation with Sharon Peake, producer of the white paper.
- Increased the use of external search companies to explore the wider market for key vacancies, successfully recruiting Athena Venios, business unit leader, Keller Australia.



### Celebrate

- We continue to celebrate key global events that represent the breadth of our workforce, with sponsorship from our Executive Committee.
- Keller UK won Managing Director of Year 2022 and HR Director/Manager of the Year at the National Centre for Diversity FREDIE awards.



ESG and sustainability continued  
People

Case study

## Making the construction industry more inclusive

Keller UK has made great strides in recent years to become one of the country's most inclusive workplaces.

This year, it became a double winner at the National Centre for Diversity's FREDIE Awards. Managing Director Bob Thompson was announced as Board Member/Director of the Year, while Amrit Ingham was awarded HR Director/Manager of the Year. This is the fourth year running that the business unit has featured in the Centre's Top 100 Most Inclusive Workplaces. Keller rose 64 places this year, to 21st, and also earned prestigious Leaders in Diversity status.

The recognition is a reflection of the journey Keller UK has been on over the past few years and the wide-ranging diversity, equity and inclusion (DEI) initiatives that continue to be implemented.

The business started with basic elements, such as policies and procedures and gender pay gap reporting, before moving onto things like mandatory DEI training, securing Level 2 Disability Confident accreditation. They have also partnered with Mates in Mind to deliver awareness training focused on promoting better mental health, and now have more than 20 mental health first aiders.

Other steps the business unit has taken include working with schools and universities to encourage a more diverse workforce into the industry, promoting Keller Women in Construction, supporting charities through community days, introduction of home working, and providing physical, emotional and psychological safety through its 'Step Forward for Safety' training.

More recently, the company has been looking at creating more family-friendly work policies around maternity and paternity leave, and is currently developing further DEI training.

All these efforts have had a positive impact on the workplace in terms of attracting a more diverse workforce, fostering a supportive environment and helping secure geotechnical contracts.

Employees

439

Different ethnicities

31

Different nationalities

29

Ranked 21st

in the NCFD's Top 100 Most Inclusive Workplaces



It's no secret that construction was behind other sectors when it came to DEI, but we're now making progress, both as an industry and a company."

**Amrit Ingham**

Head of HR and Training, Keller UK





### Measuring and evaluating our success

To hold us accountable in our progress to achieving greater diversity and inclusivity in the workplace, we believe transparency and accountability are paramount.

At Keller, inclusion is primarily measured via engagement surveys and focus groups and we continue to check in with colleagues to understand whether our working environment is one where everyone feels respected, accepted, supported and valued. The data points below relate to inclusion and are based on surveys undertaken in eleven businesses to date.


**Keller respects individual differences.”**  
78%

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**I can voice a contrary opinion without fear of negative consequence.”**  
70%

Representation matters and our ambition is to build more balanced teams. We continue to measure and monitor gender diversity throughout the organisation and identify specific activities that will not only attract and retain a more diverse group of talent, but continue to enhance our culture of inclusion.

### Our inclusion and diversity data

Keller operates in an industry with a high number of men in engineering and technical roles. To increase the proportion of women across the business, we have accelerated our efforts to partner with local schools and universities to encourage the emerging workforce to consider a career in geotechnics. We have also engaged with our women who work on site through focus groups to gain a deeper understanding of the benefits, barriers and possible challenges they face on site. Outcomes have been shared with management and, where appropriate, embedded in localised action plans.

	2022		2021	
	No	%	No	%
<b>Female representation</b>				
Board members	<b>3</b>	<b>43%</b>	4	57%
Executive Committee	<b>2</b>	<b>22%</b>	2	18%
Global leadership team	<b>7</b>	<b>13%</b>	5	9%
Engineers	<b>274</b>	<b>16%</b>	200	13%
Engineering graduates and apprentices	<b>8</b>	<b>7%</b>	20	13%
<b>Total workforce</b>	<b>1,130</b>	<b>12%</b>	1,061	11%

Notes:

- All data as at 31 December 2022.
- Global leadership team excludes Executive Committee members.
- Engineers includes Engineering, Project Management, Business Development and Estimating workforce.

Our female diversity statistics show a slight increase in representation within the global leadership team. This was due to an external appointment and internal promotion. Representation in the engineering population continues to increase year on year due to significant efforts with employee referral programmes. While AMEA and Europe’s intake of engineering graduates and apprentices has improved, North America’s intake decreased significantly during the year due to a challenging talent market with high competition. The division has specific actions in place for 2023 to evolve as the employer of choice for a diverse group of talent.

Given the effort our teams have made to make Keller a far more inclusive workplace, we hoped to have made greater progress in our diversity statistics.



**ESG and sustainability** continued  
People

**Gender pay gap**

Keller is committed to providing open and detailed information about its gender pay gap. The results below pertain to Keller Limited, a UK subsidiary of Keller Group plc.

The main factors affecting the increase in the mean gender pay gap primarily relate to the significant increase in recruitment due to the High Speed 2 mega-project, as well as the appointment of a Deputy General Manager for the UK Business Unit to meet the need for increased leadership capacity and planned succession for the Managing Director role. This increase, driven by the scaling-up of the organisation as a whole during a period of significant salary pressure due to HS2, supply constraints due to external factors, as well as the specific effect of strengthening towards the top of the organisation with experienced project managers.

The main factor effecting an erosion in the median pay gap in 2020 (recovering slightly in 2021) is the effect of furlough and redundancy in the support organisation during the early stages of the pandemic which has a higher weighting of female employees than the overall UK organisation.

There are a number of actions Keller Limited are taking to attract and retain more women in the industry, including:

- Working with several universities, particularly those offering an MsC in geotechnical engineering and Degree Apprenticeships in Civil Engineering to attract young professionals to the sector.
- Collaborating with Europe's Keller Women in Construction whose purpose is to support our businesses with attracting, inspiring, supporting and developing women.
- Partnering with Women in Construction to help raise awareness, share best practice across the sector and inspire younger generations to consider a career in geotechnics.
- Undertaking annual assessments to ensure gender pay parity.
- Maintaining Leaders in Diversity accreditation, which involves a rigorous process to effectively demonstrate commitment to equality and diversity in the workplace.
- Continuing to evolve as a Disability Confident Employer.

**Gender pay gap**

**Mean UK gender pay gap:**

# 23.1%

(2020/21: 17.7%)

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**Median UK gender pay gap:**

# 15.1%

(2020/21: 17.6%)

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**Mean bonus gender pay gap:**

# 47%

(2020/21: 50.8%)

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**Median bonus gender pay gap:**

# 37.9%

(2020/21: 47.8%)

**Collaborating for change with partners**

Around the globe, Keller engages in meaningful partnerships to deliver on its diversity, equity and inclusion strategy.





## Safety

At Keller we view safety as a value, something we do not compromise. We have made great strides increasing participation in our leading indicators with a view to continuously improving our Accident Frequency Rate (AFR) and Total Recordable Incident Rate (TRIR).

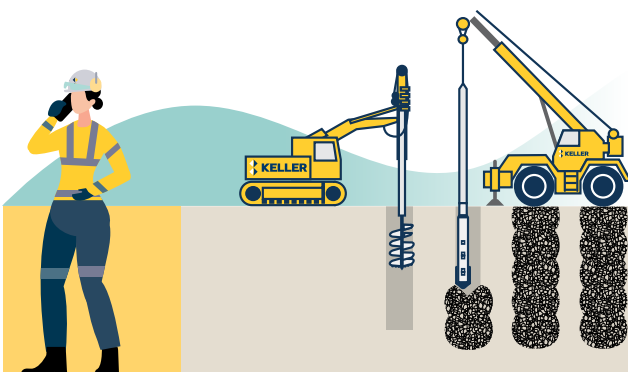
Safety leadership at all levels of the organisation is our strength; this is demonstrated through genuine and visible presence at our work sites, which is an opportunity for site teams and management to discuss and resolve issues. We set objectives and measure leadership visits throughout the year; in 2022 we recorded 4,000 visits.

Ensuring our safety programmes are well designed and simple to use is paramount to ensure everyone understands their role and personal responsibilities. We continue to implement our field-based application 'InSite'; this application enables 'real time' delivery of required safety information to our site teams. This application is now in daily use across North America and is being implemented in AMEA and Europe. We continue to focus on our key risks, known as our Work Safe 6; ensuring that we have consistent standards that are employed consistently is central to our approach. In 2022 we developed an induction programme to be used across the Keller Group that ensures new employees are provided with fundamental training requirements and understanding of our cultural expectations.

Our strong efforts on assurance continue; in 2022 we completed close to 3,000 site and shop verifications. In 2023 we will double down on this effort to ensure that key requirements are implemented effectively in all locations.

Responding with urgency and understanding the cause of incidents is an area that we have concentrated on over the years. Our incident management process and subsequent incident review board process ensures that we learn and share everything we can. In 2022 we put additional emphasis on near miss reporting and saw the number of reports increase by 50%. We view this as a very positive metric which enables us to implement actions to prevent injuries from occurring.

The Group's AFR for 2022 is at 0.1 per 100,000 hours. TRIR is at 0.79 per 200,000 hours.



### Case study

## Keller's first Global Safety Week

Keller's divisions and business units have held their own safety days or weeks in the past. Based on their success, and to have even more impact, we involved everyone this year in our first ever Global Safety Week.

The week was a chance to recognise the efforts to keep us injury free and encourage everyone to continue to work together to get people home safely, every day.

Throughout the week, leaders did more than 350 site visits to thank teams personally for their contributions and encourage everyone to continue to play their part in keeping teams safe.

Site teams took part in toolbox talks focused on our Stop Work Authority - the right of anyone to stop work if they believe something is unsafe - and health and wellbeing.

We also recognised and, via videos, celebrated our safety champions; the people that take that extra step to support safety, regardless of the job they do.



**It doesn't matter who we are, where we work, or what we do, we all have a responsibility to stop work when things don't feel right. Safety Week was a great opportunity for us to reinforce that."**

**John Raine**  
Group HSEQ Director

95%

of employees said the week increased awareness of safety generally, and understanding of Stop Work Authority in particular

98%

of employees said they took part in Global Safety Week



ESG and sustainability continued  
People



## Good health and wellbeing

Everything we achieve as a business is through our people. Their safety, health and wellbeing is at the heart of everything we do. And with strong wellbeing foundations, we can keep our business resilient and achieve sustainable success.

In 2021 we developed 'Our Foundations of Wellbeing' which sets out our approach to wellbeing at Keller. To equip our leaders with the tools to carry out wellbeing in a strategic way, we also created a wellbeing toolkit, based on best practice specific to our industry.



## We introduced two global initiatives during 2022:

### Wellbeing training for leaders

We believe leaders play a pivotal role in embedding a culture of wellbeing in the organisation. During the year, our Group Head of Talent and Diversity worked alongside CHX Performance to co-create a leadership training programme. The programme is based on Our Foundations of Wellbeing (Mind, Body, Growth, Community and Financial Education) and incorporates specific wellbeing challenges relevant to Keller and our industry. The programme was well received in AMEA and Europe.

### Global Health Challenge

We launched a Global Health Challenge which was an opportunity for colleagues to participate in a team-based physical challenge. The aim was to encourage balanced and healthy lifestyles and a greater ability to thrive. As part of the programme, participants could also choose to take part in personal mini challenges focused on how to stress less, go device free, and manage on a budget.

**We will continue to listen to our people via local focus groups and engagement surveys to understand whether we are making an impact and adapt our approach to support our people in the best possible way.**



**My immediate manager(s) genuinely cares about my wellbeing."**

Current Keller score:

**75%**



**Generally, I believe my workload is reasonable for my role."**

Current Keller score:

**75%**

### Case study

## New global health initiative

**We already have a strong, established culture of keeping our people physically safe at Keller. To build on this, we are increasing our focus on our people's health and wellbeing. This year, we gave employees the chance to take part in VP GO, a global health initiative.**

The main part of VP GO is a team challenge – Destination GO. Employees form teams of up to seven people. Every day over nine weeks, participants record and enter their daily step count from walking or running (with 'conversions' for cycling, swimming etc) into the VP GO app or website. The site adds individual step counts to their team's total and converts this to a kilometre/mile distance. It then plots the team's progress along a virtual tour of the world and shows how they're doing compared to other Keller teams.

The more active employees are, the further they go and the healthier they become. As they progress, employees can also see how they're doing against other Keller teams and find out more about the places they've reached.

As part of the programme, people can also take part in three, seven-day personal mini health and wellbeing challenges, and get access to additional resources, including an optional baseline health assessment online, daily health and wellbeing cards, healthy habit tracking and peer to peer social groups and challenges.

Some 1,500 employees took part in Destination GO, racking up 530 million steps collectively and travelling 265,000 miles, virtually, from Canada to Egypt and on to Australia.



**VP GO has encouraged many of our employees to put greater focus on their physical and mental health and wellbeing, and develop and maintain new positive lifestyle habits."**

**John Raine**

Group HSEQ Director





## ESG and sustainability continued

### People



## Quality education

**We invest in our people's professional and personal development and provide a challenging environment for them to exercise their skills. We also take a leadership role in our industry and the communities in which we operate to encourage personal and economic growth.**

### Learning and development programmes

Keller's ability to deliver its business strategy depends on employees with relevant skills, knowledge and experience. Our Group-wide learning and development programmes promote a culture that empowers our people to drive innovation and focus on Keller's principal activities of winning and executing work on behalf of clients.

North America has continued its commitment to employee development, delivering a catalogue of courses focusing on leadership, technical and sustainability training. An example of this includes the Project Manager Academy programme where high potential colleagues enhance their capability to improve execution leading to continued commercial success. A key focus for 2022 has been the delivery of a carbon calculator e-learning module to support our sustainability efforts, of which 868 completed the module. Our Leading for Results programme, which challenges participants to lead effectively, develop talent and create clarity in a complex market, was offered to our emerging leaders of the division.

Developing a well-established leadership pipeline remains integral to Keller's strategy. Alongside the delivery of technical and specialist programmes, AMEA have focused their efforts on upskilling their broader leadership team through the delivery of a Conscious Leadership programme, designed to increase knowledge of personality differences and raise self-awareness, and a new Manager programme, designed for first time line managers.

At Keller, we recognise the significant role our managers play in cultivating a culture of safety and wellbeing. In 2022, a new wellbeing training module for line managers was developed and launched in AMEA and Europe. We will continue to roll this out across Keller and look at effective ways of the workforce benefitting from wellbeing investment.

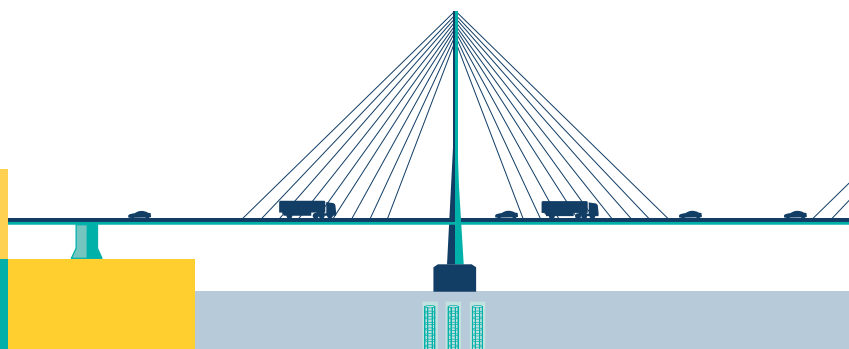
Our Europe Division reactivated their pre-COVID-19 training programmes holding a two-week face to face training session for senior leaders and Finance for Engineers training. Keller's Counsellor Sales Process which seeks to increase the company's capabilities in winning higher quality work from our clients, together with Leadership on site, have also been delivered online. Work on updating and improving commercial training has started, introducing adaptive e-learning courses and a blended learning journey. Further training courses are provided through the European Learning Management Platform, via local trainings in local languages. Evaluations show that all the offerings have been well received by participants and have helped improve their skills. The divisional leadership team in Europe took part in a reverse mentoring programme during 2022 to build on their inclusive leadership skills. In addition, all leadership related training programmes have been enhanced by adding DEI content.

### Emerging talent

We are committed to developing our future talent pipeline of leaders and investing in our people to ensure they are equipped with the skills to drive the organisation forward within an ever-changing and complex market. Our Unearthing Potential talent development programme enables us to build this capability and to respond to the future needs of the business. It also allows us to actively engage a diverse range of talent as well as develop future leader learning for all.

During the year, we took on over 55 engineering graduates and provided 66 apprenticeship and 70 intern and co-op opportunities across the Group.

Beyond emerging talent, Keller has focused on bringing people into geotechnics from a wide range of backgrounds to ensure it has a healthy pipeline of skills for the future. We continue to cultivate relationships with key universities which provide opportunities to attract diverse talent. Over the last four years, North America has seen progress year over year with diversity hires. Our diversity intake for entry-level engineering continues to grow due to our continued partnerships/relationships at universities that represent many unrepresented minorities. During 2022, we established a 5% increase overall for Hispanic hires for entry-level full-time engineers, interns and co-ops, and a 5% increase of entry-level full-time female hires. A major factor in the increase is our continued success at targeting and following through on our DEI initiatives, established employee resource groups that partner with recruiting, and continued success to enhance our benefits to attract diverse employees around North America.





The Pitcairn Geotechnical Engineering Scholarship, designed to attract the best geotechnical engineers, gives us the opportunity to not only strengthen our future talent pipeline, but to improve diversity at Keller by attracting individuals from under-represented minority groups.

### Global product teams

Keller's global product teams focus on sharing product-specific knowledge around the world through the delivery of a monthly educational webcast, making sure we are best equipped to offer safe, productive, market-leading technologies to our customers.

During 2022, we evolved the network to have smaller global product teams and new divisional product teams in our North America and Europe divisions, more closely aligned to local operations and focused on local priorities. This has enhanced the teams' ability to be more innovative, improve ways of working and to contribute more effectively to technical digitisation and sustainability initiatives.

### Geotechnical community

In addition to supporting our existing talent, Keller proactively supports the future skills agenda for the geotechnical industry.

Our businesses take a leadership role by providing employees, customers, suppliers and potential employees with technical papers, seminars, field trips and site visits. Staff from companies throughout the Group maintain close contact with partner universities to share best practice and undertake research projects to develop new and innovative products, materials and design approaches.

## Case study

### Showcasing Keller's commitment to sustainability

#### Keller showed the industry its commitment to a more sustainable future, with presentations at this year's International Conference on Deep Foundations and Ground Improvement in Berlin.

Smart Construction for the Future was the topic of this year's conference run by the European Federation of Foundation Contractors (EFFC), and its American counterpart, the Deep Foundations Institute (DFI).

The three-day event at the University of Berlin saw presentations from geotechnical companies, general contractors and manufacturers on topics ranging from advances in ground improvement techniques, to smart monitoring and new technologies.

One of those presenting on behalf of Keller was Kimberly Martin, Senior Engineer for Innovation and Sustainability in North America, who also sits on the DFI's sustainability committee.

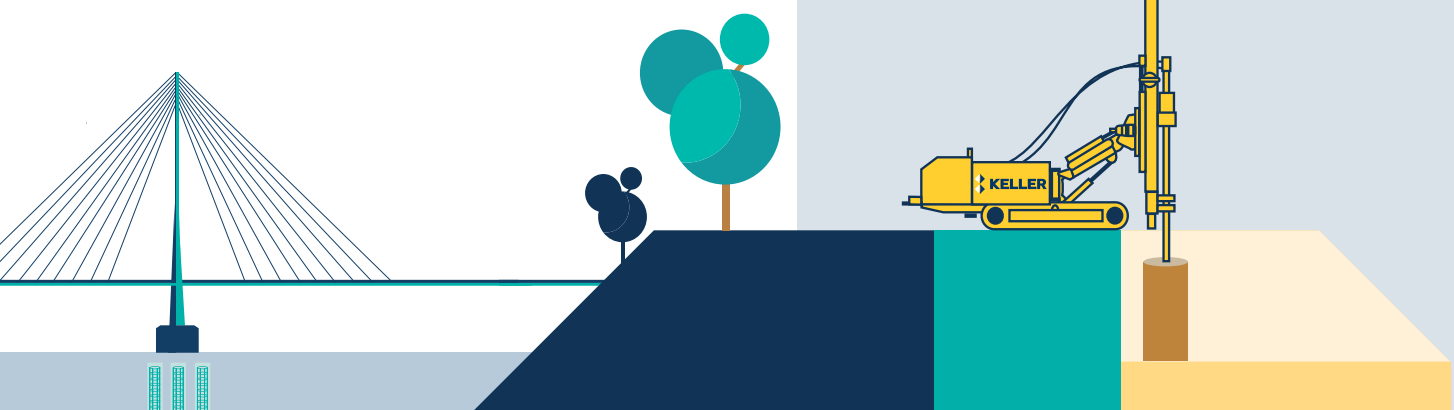
"Although a lot of great work is being done across the industry when it comes to sustainability, there are still companies who aren't really sure how or where to start," she says. "This was a chance for organisations like Keller to talk about what they're doing and share their progress."

"Keller is serious about sustainability and we've done a lot of great things we should be proud of, so showing what we've done at events like this is important. Being here also means we can keep our fingers on the pulse and learn from others."

Also in attendance was ASEAN's Managing Director, Deepak Raj, who was at the conference to talk about how engineers in ASEAN have embraced the EFFC/DFI carbon calculator. Using a large energy-sector project in Singapore as an example, he explained how the calculator demonstrated how Keller had cut emissions by more than 90% by using an alternative ground improvement foundation and deep vibro techniques.

"We're making a conscious effort to educate the market. Most of our engineers in ASEAN are now trained in using the calculator, so every tender shows clients the carbon footprint of the current and alternative solutions for a design-build proposal," he says.

As for why he feels being at the conference matters: "As a market leader, it's important we're in the front seat, to showcase what we're doing but also to see which way the industry is going, to hear from others in the value chain and to be aware of what innovations are coming through."



## ESG and sustainability continued



# Principles



## Good governance

Good governance is about balancing the needs of stakeholders and helping to run the company well through efficient processes and decision making. It involves being satisfied that an effective internal framework of systems and controls is in place which clearly defines authority and accountability and promotes success whilst permitting the appropriate management of risk.

### Human rights

Keller expects all employees and suppliers to adhere to international standards on human rights, including with respect to child and forced labour, land rights and freedom of association, among other elements. We take a zero-tolerance approach to slavery and human trafficking and are strongly committed to ensuring that all employees, as well as the people who work on our behalf, are protected. Our full expectations are included in our Supply Chain Code of Business Conduct and modern slavery and human trafficking statement, which are available on our website. We conduct appropriate due diligence on our partners, and all of our suppliers are obliged to adhere to the principles set out in the Code, including on human rights.

### Anti-bribery and corruption

Keller's Anti-Bribery and Anti-Fraud Policy and whistleblowing procedures are designed to ensure that employees and other parties, including contractors and third parties, are able to report any instances of poor practice safely through an independent organisation.

All reports received via this or any other reporting mechanism are thoroughly investigated and reported to the Audit and Risk Committee, which reviews each case and its outcomes. None of our investigations during 2022 identified any systemic issues or breaches of our obligations under the Bribery Act 2010. The Anti-Bribery and Anti-Fraud Policy is supported by periodic audits and reminders and was reviewed during the year to reinforce the processes around fraud.

Disappointingly, we finished the financial year with the announcement in January 2023 regarding the financial reporting fraud in the Austral business in Australia (AMEA). The specific incident has been forensically investigated by PwC. In the follow-on actions, management commissioned an independent review of the operation of our financial reporting controls across the rest of the Group. More detail on our actions on this matter is available on page 107 of the Audit and Risk Committee report.

### Governance and oversight

We recognise that assurance over our business activities and those of our partners and suppliers is essential. In 2022 our employees completed mandatory training on competition law compliance, data privacy and the Code of Business Conduct. You can read more about our risk management framework and principal risks from page 34 onwards.

In addition we are pleased to have been collaborating with employers across different sectors since 2020 to develop a Governance Officer Apprenticeship Standard in the UK. We expect the standard to be approved in 2023.

### Tax strategy

We publish our tax strategy on our website and are committed to managing our tax affairs responsibly and in compliance with relevant legislation. Our tax strategy is aligned to our Code of Business Conduct and Keller's values and culture, and is owned and approved by the Audit and Risk Committee and the Board annually.

## Keller's ways of working

Our Code of Business Conduct ('Code') sets out clear and common standards of behaviour for everyone who works in and with Keller, as well as a framework to guide decision-making when situations aren't clear-cut. It also ensures a positive culture that keeps us successful, operating in a way that we can all be proud of. It is a public statement of our commitment to high standards that tells others they can rely on our integrity.

The Code is supported by our Group policies, our modern slavery and human trafficking statement for 2023, our tax strategy and our Supply Chain Code of Business Conduct.

Our ethics and compliance programme is now in its seventh year of supporting our employees doing the right thing, which comprises training of our employees across the business by: maintaining ethical and honest behaviour, respecting employees' rights and diversity, and staying free from bribery and corruption.

During 2022 and the beginning of 2023 we ran tailored directors' duties training in Europe and AMEA. We did this as we appreciate the important role those colleagues who serve on subsidiary boards play in protecting their companies and the Group's reputation and in leading by example and promoting our values. Overall, we provided training to more than 70 colleagues.

**Keller's Code of Business Conduct and Group policies can be found at: [www.keller.com](http://www.keller.com) under 'How we work'**



## Partnerships

At Keller, we recognise the importance of collaborating with organisations that understand our values and commitments, and the ways of working and the standards by which we operate. Partnering with these ‘like-minded’ organisations helps us drive change in our organisation and the wider geotechnical industry.

### Industry partnerships

Many of our senior managers play key roles in the geotechnical professional associations and activities around the world.

In Europe, a number of employees are part of the European Federation of Foundation Contractors (EFFC), which is also chaired by Andreas Körbler from Keller. In Keller North America, employees are active participants in geotechnical engineering and construction trade groups, including the Deep Foundations Institute (DFI), ASCE/Geo-Institute and ADSC International Association of Foundation Drilling. Our North American engineers also hold leadership positions on multiple national technical committees (including committees on sustainability) and local and university chapters; many have served as members of the board of directors for these organisations.

Finally, in AMEA, Keller plays an important role in the local professional societies, with Keller employees holding leading positions in multiple trade associations, including in ASEAN and India.

We also support trade conferences across our divisions, including the combined American and European trade conference.

Sustainability is an increasing focus in the industry. We work with a number of universities on sustainability initiatives, focusing on whole-company innovation, specific geotechnical products like grouting and vibro stone columns, and key geotechnical projects.

We wrote the sustainability overview for the European Federation of Foundation Contractors and helped with the drafting of the American DFI sustainability guide.

We are also helping to compile sustainability best practice guides with the European and American trade associations.

### Charitable partnerships

Our business units support a broad range of groups and charities, depending on what is most important to them locally. This may involve fundraising or donating money, time or skills.

In recognition of the continued global challenges faced by our communities, we announced a new three-year partnership with UNICEF, starting with a funding contribution of £250,000 in 2022 towards its Core Resources for Children.

We again supported The Brilliant Breakfast in 2022 with a donation of £10,000. Working with The Prince’s Trust, this UK initiative aims to change the lives of young women by helping them gain the skills needed to live, learn and earn. More information on this can be found in the report of the Social and Community Committee on page 97.

## Case study

### Keller extends partnership with UNICEF

After donating £300,000 to their COVID-19 vaccines appeal in 2021, Keller has now formed a three-year partnership with UNICEF UK, starting with a funding contribution of £250,000 in 2022.

UNICEF works in more than 190 countries and territories, including some of the world’s toughest places to reach. Keller’s funding is without restrictions and can be used flexibly by UNICEF for children and their families wherever and whenever the need is greatest.

Many of the problems facing children are interconnected: for example, a hungry child will have difficulty learning at school and a child without access to clean water is more likely to suffer from disease. UNICEF therefore supports across the entire lifecycle of a child.

Interconnected problems require interconnected solutions. UNICEF designs solutions to respond to the experience of every child. It aims to ensure children survive and thrive, and are able to contribute to their family, community and society.

This approach aligns well with Keller’s own focus on the UN Sustainable Development Goals and in particular in the areas of good health, quality education and gender equality.



For over 75 years UNICEF has responded to emergencies, doing whatever it takes to reach children all around the world to ensure children can fulfil their potential and grow up healthy and safe. Keller is proud to support UNICEF’s work in providing life-saving aid to millions of children facing terrible conflicts and disasters at this time in countries such as Ukraine, Turkey and Syria.”

#### Kerry Porritt

Group Company Secretary and Legal Advisor

**Below:** Nine-year-old Artem helping volunteers at UNICEF’s Blue Dot Centre in Brasov having fled his home in Odessa, Ukraine.






















**Credit:** UNICEF / Adrian Catu



## Non-financial reporting statement

Pursuant to the Non-financial Reporting Regulations, which apply to the Group, the tables below summarise where further information on each of the key areas of disclosure can be found. Further disclosures, including our Group policies, can be found on our website at [www.keller.com](http://www.keller.com).

Reporting requirement	Relevant section of this report
<b>1</b> Description of our business model	Business model  See pages 12 and 13
	Our strategy  See pages 20 and 21
<b>2</b> The main trends and factors likely to affect the future development, performance and position of the Group's business	Our market  See pages 10 and 11
	Divisional reviews  See pages 22 to 27
<b>3</b> Description of the principal risks and any adverse impacts of business activity	Principal risks and uncertainties  See pages 34 to 43
<b>4</b> Non-financial key performance indicators	Customer satisfaction  See page 13
	Safety, good health and wellbeing  See pages 67 to 69
	Gender diversity  See pages 65 to 66
	Greenhouse gas emissions and energy  See page 58

Reporting requirement	Policies, processes and standards which govern our approach*	Risk management	Embedding due diligence, outcomes of our approach and additional information
<b>5</b> Environmental matters	ESG and sustainability  See pages 52 to 76	Climate change  See page 40	Our market  See pages 10 and 11
		Ethical misconduct and non-compliance with regulations  See page 39	Divisional reviews  See pages 22 to 27
		Losing market share  See page 38	Greenhouse gas emissions and energy data, trend analysis and assurance  See pages 58 to 60
		Inability to maintain technological product advantage  See page 39	Environment Committee report  See pages 94 and 95
			Section 172 statement  See pages 86 and 87
<b>6</b> Employees	HR Policy Code of Business Conduct Whistleblowing Policy Wellbeing Foundations ESG and Sustainability Policy ESG and sustainability  See pages 52 to 76	Serious injury or fatality to employees or a member of the public  See page 42	Diversity, equity and inclusion  See pages 62 to 66
		Ethical misconduct and non-compliance with regulations  See page 39	Training and development  See pages 70 and 71
		Not having the right skills to deliver  See page 42	Health and wellbeing  See pages 67 and 68
		Climate change  See page 40	Employee engagement  See page 67
			Section 172 statement  See pages 86 and 87
			Social and Community Committee report  See pages 96 and 97

Reporting requirement	Policies, processes and standards which govern our approach <sup>1</sup>	Risk management	Embedding due diligence, outcomes of our approach and additional information
<b>7</b> <b>Social and community matters</b>	<ul style="list-style-type: none"> <li>Code of Business Conduct</li> <li>Wellbeing Foundations</li> <li>ESG and Sustainability Policy</li> <li>ESG and sustainability  <ul style="list-style-type: none"> <li>See pages 52 to 76</li> </ul> </li> <li>Procurement Policy</li> <li>Supply Chain Code of Business Conduct</li> </ul>	<ul style="list-style-type: none"> <li>Ethical misconduct and non-compliance with regulations  <ul style="list-style-type: none"> <li>See page 39</li> </ul> </li> <li>Climate change  <ul style="list-style-type: none"> <li>See page 40</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Business model  <ul style="list-style-type: none"> <li>See pages 12 and 13</li> </ul> </li> <li>Divisional reviews  <ul style="list-style-type: none"> <li>See pages 22 to 27</li> </ul> </li> <li>Safety, good health and wellbeing  <ul style="list-style-type: none"> <li>See pages 67 to 69</li> </ul> </li> <li>Social and Community Committee report  <ul style="list-style-type: none"> <li>See pages 96 and 97</li> </ul> </li> <li>Section 172 statement  <ul style="list-style-type: none"> <li>See pages 86 and 87</li> </ul> </li> </ul>
<b>8</b> <b>Human rights</b>	<ul style="list-style-type: none"> <li>Code of Business Conduct</li> <li>Supply Chain Code of Business Conduct</li> <li>Modern slavery and human trafficking statement</li> <li>Wellbeing Foundations</li> <li>ESG and Sustainability Policy</li> <li>Privacy Policy</li> </ul>	<ul style="list-style-type: none"> <li>Ethical misconduct and non-compliance with regulations  <ul style="list-style-type: none"> <li>See page 39</li> </ul> </li> <li>Serious injury or fatality to employees or a member of the public  <ul style="list-style-type: none"> <li>See page 42</li> </ul> </li> <li>Climate change  <ul style="list-style-type: none"> <li>See page 40</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Safety, good health and wellbeing  <ul style="list-style-type: none"> <li>See pages 67 to 69</li> </ul> </li> <li>Social and Community Committee report  <ul style="list-style-type: none"> <li>See pages 96 and 97</li> </ul> </li> <li>Section 172 statement  <ul style="list-style-type: none"> <li>See pages 86 and 87</li> </ul> </li> </ul>
<b>9</b> <b>Anti-corruption and anti-bribery</b>	<ul style="list-style-type: none"> <li>Anti-Bribery and Anti-Fraud Policy</li> <li>Competition Law Compliance Policy</li> <li>Conflicts of Interest Policy</li> <li>Whistleblowing Policy</li> </ul>	<ul style="list-style-type: none"> <li>Ethical misconduct and non-compliance with regulations  <ul style="list-style-type: none"> <li>See page 39</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Principles  <ul style="list-style-type: none"> <li>See page 72</li> </ul> </li> <li>Audit and Risk Committee report  <ul style="list-style-type: none"> <li>See pages 101 to 107</li> </ul> </li> </ul>

1 Some policies, processes and standards shown here are not published externally.

## GRI index

To facilitate access to information for our stakeholders, the following table indexes the information relevant to the GRI Standards' General Disclosures, with which the Group aims to align its activities. Further disclosures, including Group policies and standards referenced below, can be located on our website at [www.keller.com](http://www.keller.com).

### General Disclosures

#### GRI 2: General Disclosures

Disclosure	Page	Comments	
2-1	Organisational details	Note 1 on page 143, 22–27	
2-2	Entities included in sustainability reporting	Note 9 on page 199, 58	
2-3	Reporting periods, frequency and contact point	76	
2-4	Restatement of information	76	
2-5	External assurance	58	Practice for seeking assurance not disclosed
2-6	Activities, products, services and markets served	2–3, 10–12, 22, 24, 26	Entities up and downstream not disclosed
2-9	Governance structure and composition	80–93	
2-10	Nomination and selection of highest governance body	91, Nomination and Governance Committee terms of reference, Board Diversity Policy	
2-11	Chair of highest governance body	80	
2-12	Role of highest governance body in overseeing management of impacts	44, 85, 88–91	Management of impacts not disclosed
2-13	Delegation of responsibility for managing impacts	44, Environment and Social and Community Committees terms of reference	
2-14	Role of the highest governance body in sustainability reporting	34–35, 44, 52, 90	
2-15	Conflicts of interest	80–81, 85	
2-17	Collective knowledge of the highest governance body	93	
2-19	Remuneration policies	112, 114, 120, 60 and 115 (for Scope 2 reduction objective), Remuneration Policy (Keller website)	
2-20	Process to determine remuneration	110–112	
2-21	Annual total compensation ratio	118–119	
2-22	Statement of sustainable development strategy	52–55	
2-23	Policy commitments	72, 74–76, supporting policies on Keller website	
2-26	Mechanisms for seeking advice and raising concerns	72, 74–75	Wider channels to report concerns not disclosed
2-27	Compliance with laws and regulations	93	
2-28	Membership associations	73	Select list of partnerships disclosed
2-29	Approach to stakeholder engagement	79, 86–87, 96–97	

<sup>1</sup> Some policies, processes and standards shown are not published externally.

### Sustainability reporting period

The collated information on sustainability was aligned to the financial reporting period of 1 January to 31 December 2022, in correspondence with GRI disclosure 2-3.

### Restatements

Pursuant to GRI disclosure 2-4, there were no restatements of sustainability information during the reporting period.

For further queries relating to the reported information on sustainability, please contact [secretariat@keller.com](mailto:secretariat@keller.com).

The Strategic report has been approved, authorised for issue and signed by order of the Board by:



**Kerry Porritt**  
Group Company Secretary and Legal Advisor

10 March 2023



# Governance and Financial statements

## Governance

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## Chairman's introduction



**Peter Hill CBE**  
Chairman

**We will continue as a Board to maintain the highest standards of corporate governance across the Group."**

### Dear shareholder

On behalf of the Board, I would like to introduce our Governance report for the year ended 31 December 2022. This report sets out our approach to effective corporate governance and outlines key areas of focus of the Board and its activities undertaken during the year as we continue to drive long-term value creation for all our stakeholders.

During 2022, I visited our operations in North America, the UK, the Middle East, Singapore and Australia, where I have gained first-hand insight from our local management teams and colleagues about the opportunities and challenges they face. I am very grateful to all the colleagues and stakeholders who have taken time to speak with me during the year and to share their knowledge and insights.

This knowledge is essential to ensure that I can continue to lead the Board effectively and create the right conditions to enable us to deliver on our strategy of sustainable growth.

### Board succession and diversity

On 1 February 2022, we welcomed Juan G. Hernández Abrams to the Board as an independent Non-executive Director. Juan was appointed Chair of the Environment Committee in May 2022. Juan brings rich and diverse experience to the Board and we have greatly appreciated his early contributions to our Board decision-making.

Nancy Tuor Moore retired from the Board in May 2022. The Board and the wider Group benefitted greatly from her extensive knowledge and experience, particularly of the US engineering and construction sector, and we wish her well in her future ventures.

I reported last year that we had met the targets set out in our Board Diversity Policy. In 2022 we met the targets set by the FTSE Women Leaders Review, the Parker Review and the targets specified in recent updates to the FCA's Listing Rules, which Keller will report against in 2023. The Board and the Nomination and Governance Committee will continue to drive the agenda of diversity, equity and inclusion across the Group.

### Company purpose and culture


In early 2023, we were immensely disappointed to announce a financial reporting fraud at one of our business units in Australia. It had no impact on cash but nonetheless a reminder for the Board and management to continue to be vigilant in our supervision and stewardship roles, continually evaluating and improving all that we do across the Group.

## Compliance with the Code


The company was subject to the Code in respect of the year ended 31 December 2022 (the full text of which can be found at [www.frc.org.uk](http://www.frc.org.uk)). The Board is pleased to confirm that the Group applied the principles and complied with the provisions of the Code.

The remainder of this report contains the narrative reporting variously required by the Code, the Listing Rules and the Disclosure, Guidance and Transparency Rules, setting out in greater detail the framework and processes that Keller has in place to ensure the highest levels of corporate governance.


### Board leadership and company purpose

 For more information see pages 18 and 84


### Division of responsibilities

 For more information see page 91


### Composition, succession and evaluation

 For more information see page 92

### Audit, risk and internal control

 For more information see page 95 and the Audit and Risk Committee report

### Remuneration

 For more information see the Directors' remuneration report

The Board is responsible for setting the tone from the top and promoting a culture which creates a positive work environment where everyone feels respected, motivated and able to thrive. Our employees are essential for the delivery of our strategic objectives and our continued success. Their feedback is critical to the Board and we continue to monitor our culture through surveys, town-hall sessions and formal and informal engagement activities.

**Engagement with our stakeholders**

Stakeholder engagement is critical to the long-term success of our business; the art of balancing different stakeholder views and needs in Board discussions and decision-making is key. The role of our designated workforce engagement director has been in place since 2017 and, supported by the Social and Community Committee, continues to be a successful way of ensuring that the Board appropriately considers the interests of employees in its deliberations and, in doing so, makes better decisions.

Last year, I reported that we had commissioned an independent perception audit of a number of investment managers. The outcome has been invaluable in affording the Board a deeper level of understanding of the views of our shareholders and potential investors whilst giving the executive management additional input as they formulate the strategy for the years ahead.

**Board evaluation**

It is extremely important that the Board, its committees and individual Directors rigorously review their performance and embrace the opportunity to develop, where necessary. In 2020 and 2021, I reported that an external effectiveness review had been undertaken with support from the Group Company Secretary and Legal Advisor. In 2022, we have actively progressed the areas of focus identified, further detail of which can be found on pages 92 and 93. An internal review of the effectiveness of the Board and its committee's will be facilitated by the Group Company Secretary and Legal Adviser during 2023.

**Looking forward**

We will continue as a Board to maintain the highest standards of corporate governance across the Group, focus on delivery of our strategy and evaluate and improve all that we do across the Group.

I encourage all our stakeholders to take every opportunity presented to engage with the company and I would welcome you to attend, and in any case vote at, the forthcoming AGM. Needless to say, that if we cannot meet in person in May, if you wish to ask a question of the Board relating to this report or the business of the AGM, please feel free to do so by emailing the Group Company Secretary and Legal Advisor at [secretariat@keller.com](mailto:secretariat@keller.com). We will consider and respond to all questions received and, to the extent practicable, publish the answers on our website.

As I look forward to the year ahead, I would like to take the opportunity to thank my colleagues on the Board and across the business for their continued hard work and dedication.

Yours faithfully



**Peter Hill CBE**  
Chairman

Approved by the Board of Directors and authorised for issue on 10 March 2023


**Highlights**

**In 2022 we...**

**February**

Enhanced Board composition through the appointment of Juan G. Hernández Abrams as Non-executive Director and Chair of the Environment Committee.




 For more information see pages 94, 95 and 100

**May**

Strengthened Board effectiveness and competence on climate change by attending an externally facilitated training session on climate matters, TCFD and the audit and corporate governance reform.

**July**


Approved our approach to our second year of reporting under TCFD, which included scenario analysis.

 For more information see pages 44 to 51

**August**

Announced a three-year partnership with UNICEF, starting with a funding contribution of £250,000 towards its Core Resources for Children.



 For more information see page 73

**October**

Carried out two site visits in New York to feel the operational environment and enhance understanding of employees' experience of their working environment.



**November**

Announced an increase in the 2022 final dividend, in recognition of the importance of capital returns to our shareholders.

 For more information see page 31

## Board of Directors

### Chairman



#### Peter Hill CBE

**Non-executive Chairman and designated Director for ESG and sustainability matters**

**Nationality:** British

**Appointed:**  
2016



#### Skills and experience:

A mining engineer by background, Peter was Non-executive Chairman of Volution Group plc until January 2020; Non-executive Chairman of Imagination Technologies plc from February 2017 until its sale to Canyon Bridge Partners in September 2017; Non-executive Chairman of Alent plc from 2012 to the end of 2015; Chief Executive of the electronics and technology group Laird PLC from 2002 to late 2011 and a Non-executive Director on the boards of Cookson Group plc, Meggitt plc and Oxford Instruments plc. He has been a non-executive board member of UK Trade and Investment, and a Non-executive Director on the board of the Royal Air Force, chaired by the UK Secretary of State for Defence. His early career was spent with natural resources companies Anglo American, Rio Tinto and BP; he was an Executive Director on the board of the engineering and construction company Costain Group plc, and he has also held management positions with BTR plc and Invensys plc.

#### Other appointments:

Peter is the Non-executive Chairman of Petra Diamonds Limited.

### Executive Directors



#### Michael Speakman

**Chief Executive Officer**

**Nationality:** British

**Appointed:**  
2018 and CEO in 2019



#### Skills and experience:

Michael joined Keller from Cape plc, a leading international provider of industrial services, where he was Chief Financial Officer. He has over 30 years of experience across a range of industries, holding senior operational, divisional and corporate roles within TI Group plc and Smiths Group plc between 1982 and 2004, before his appointment as Chief Financial Officer for the oilfield services company Expro International Group plc. Michael holds a BSc in Engineering and is a Fellow of the Chartered Institute of Management Accountants.



#### David Burke

**Chief Financial Officer**

**Nationality:** Irish

**Appointed:**  
2020



#### Skills and experience:

David is a highly experienced finance executive who has worked in a variety of industries and geographies over the last 30 years. Most recently he was Chief Financial Officer of J. Murphy & Sons Limited, a leading international specialist engineering and construction company. He has held senior finance roles at Serco Group plc and at Barclays plc.

David trained as an accountant with KPMG in London and is a Fellow of the Institute of Chartered Accountants in England and Wales.

### Non-executive Directors



#### Baroness Kate Rock

**Senior Independent Director and designated Non-executive Director with responsibility for workforce engagement**

**Nationality:** British

**Appointed:**  
2018



#### Skills and experience:

Kate was a Non-executive Director and Chairman of the Remuneration Committee of Imagination Technologies plc, the former global FTSE 250 high technology company, until November 2017. She is a Board member of the world's first Centre for Data Ethics and Innovation. She sat on the House of Lords Science and Technology Select Committee until the end of January 2023 and from 2017 to 2018 was a member of the House of Lords Select Committee on Artificial Intelligence. Kate was a partner at College Hill for 12 years from 1996 and was Vice-Chairman of the Conservative Party with responsibility for business engagement until July 2016. She holds a BA in Publishing and History.

#### Other appointments:

Kate is the Non-executive Chair of Costain Group Plc and a Non-executive Director of Unbound Group plc. She is also a Director and Trustee of The Prince's Countryside Fund. She was appointed a Life Peer in 2015 and is also a Senior Adviser at Instinctif Partners and at Newton Europe.



**Eva Lindqvist**  
Non-executive Director

**Nationality:** Swedish

**Appointed:**  
2017



**Skills and experience:**

Eva graduated with a Master of Science in Engineering and Applied Physics from Linköping Institute of Technology and holds an MBA from the University of Melbourne. She is a member of the Royal Swedish Academy of Engineering Sciences. Eva began her career in various positions with Ericsson working in Continental Europe, North America and Asia from 1981 to 1990 followed by director roles with Ericsson from 1993 to 1999. She joined TeliaSonera in 2000 as Senior Vice President before moving to Xelerated, initially as Chairperson and later as Chief Executive from 2007 to 2011.

**Other appointments:**

Eva is a Non-executive Director of Bodycote plc, Tele2 AB and Greencoat Renewables plc.



**Paula Bell**  
Non-executive Director

**Nationality:** British

**Appointed:**  
2018



**Skills and experience:**

Paula has extensive FTSE 250 board experience as both an Executive and Non-executive Director. From 2013 to 2016 she was Chief Financial Officer of support services group John Menzies plc and between 2006 and 2013 was Group Finance Director of the advanced engineering group Ricardo plc. Prior to that Paula held senior management positions at BAA plc, AWG plc and Rolls-Royce plc. Paula was a Non-executive Director and Chairman of the Audit Committee of the global engineering and technology group Laird PLC from 2012 until its acquisition and delisting in July 2018, including a period as Senior Independent Director.

Paula is a Fellow of the Chartered Institute of Management Accountants and a Chartered Global Management Accountant.

**Other appointments:**

Paula is the Chief Financial and Operations Officer of Spirent Communications plc.



**Juan G. Hernández Abrams**  
Non-executive Director

**Nationality:** American

**Appointed:**  
2022



**Skills and experience:**

Juan has served in multiple senior roles with Fluor Corporation, including General Manager and Vice President of the Mining and Metals business in South America, as well as President of the Industrial Services business including the Operations and Maintenance group. His responsibilities included the strategic direction, operations and financial performance across a wide range of industries and sites throughout Europe, the USA, Asia, Australia and the Middle East.

Juan was born and raised in Puerto Rico and holds a Bachelor's degree in Environmental Sciences from the University of Maine. He is a graduate of Thunderbird University International Management Program, the INSEAD International Competitive Strategy Program, and the London Business School's International Business Program.

**Other appointments:**

Juan is President of Fluor Corporation's Advanced Technologies & Life Sciences business. He is a member of the Board of Directors for the US National Association of Manufacturers.

**Secretary**



**Kerry Porritt**  
Group Company Secretary and Legal Advisor

For full biography see page 83

**Keller committees:**

- Audit and Risk
- Nomination and Governance
- Remuneration
- Environment
- Social and Community
- Executive
- Denotes Chair



# Executive Committee

## Executive Committee



**Michael Speakman**  
Chief Executive Officer



For full biography see page 80



**Eric Drooff**  
President, North America

**Nationality:** American

**Member since:**  
2018



**Skills and experience:**

Eric is the President of Keller in North America, which includes the geotechnical and foundation companies of Keller as well as Geo-Instruments, Moretrench Industrial, RECON, and Suncoast Post-Tension.

Eric holds a BSCE from Bucknell University and has been involved in the design and construction of foundation and ground stabilisation projects for over 30 years. He is a member of the ASCE Geo Institute where he currently serves as a member of the Grouting Committee, he is a past Chairman of the ASTM D1816 Grouting Committee, and is a member of the Deep Foundations Institute, and The Moles. Notable projects managed by Eric include North America's first compensation grouting project at the St. Claire River Tunnel in Sarnia, Ontario, compaction grouting for seismic mitigation for the Paiton Power Station in Java, Indonesia, and chemical grout ground stabilisation for the CA/T, C11A1, Atlantic Avenue Tunnel. He has authored numerous papers and frequently presents on specialised geotechnical construction.



**Jim De Waele**  
President, Europe

**Nationality:** British

**Member since:**  
2018



**Skills and experience:**

Before his appointment as President, Europe in January 2021, Jim was Group Strategy and Business Development Director from January 2019 until December 2020. Jim has over 30 years' experience in the industry and has held various senior positions, including 10 years as Managing Director of Keller's North-West Europe business. He has served the UK trade association, the Federation of Piling Specialists, for many years, including two as Chairman.

Jim is a Chartered Engineer, a fellow of the ICE and RICS. He is also an honorary professor at the University of Birmingham.



**Peter Wyton**  
President, AMEA

**Nationality:** Australian

**Member since:**  
2018



**Skills and experience:**

Peter joined Keller after 25 years at AECOM, a leading global infrastructure firm. He is an experienced business leader and engineering professional with extensive knowledge of the Asia-Pacific region. He has supported the delivery of major infrastructure projects in transport, building, utilities, mining and industrial markets across APAC. Peter received a Bachelor of Civil Engineering from the Queensland University of Technology.



**David Burke**  
Chief Financial Officer



For full biography see page 80

**Keller committees:**

- Bank Guarantees and Facilities
- Disclosure
- Safety Leadership
- Share Plans
- Sustainability Steering
- Treasury
- Denotes Chair





**Venu Raju**  
Engineering and Operations Director

**Nationality:** Singaporean

**Member since:**  
2012



**Skills and experience:**

Venu began his career with Keller in Germany in 1994 as a geotechnical engineer. He has held the roles of Managing Director Keller Singapore, Malaysia and India; Business Unit Manager, Keller Far East in 2009; and Managing Director, Asia. Venu has extensive operational and strategic management experience. He served as an Executive Director from January 2017 until June 2020.

Born in India, Venu studied civil engineering in India and the USA, has a PhD in structural engineering from Duke University and a Doctorate in geotechnical engineering from the University of Karlsruhe in Germany.



**Kerry Porritt**  
Group Company Secretary and Legal Advisor

**Nationality:** British

**Member since:**  
2013



**Skills and experience:**

Kerry has over 25 years' experience of company secretarial roles within large, complex FTSE listed companies across a broad range of sectors. Kerry is a Fellow of the Chartered Governance Institute and holds an Honours degree in Law. Kerry is a member of the European Corporate Governance Council and the Chartered Governance Institute's Company Secretaries' Forum, and an Ambassador for Women Supporting Women, a group enabling The Prince's Trust to support more young women through its programmes.

Kerry has been Keller's Group Ethics and Compliance Officer since 2015.



**John Raine**  
Group HSEQ Director

**Nationality:** British

**Member since:**  
2018



**Skills and experience:**

John is an experienced HSEQ practitioner who has lived and worked in Europe, Asia-Pacific and the US. He was, most recently, at AMEC Foster Wheeler, an international engineering and project management company, where he was Chief HSE Officer.

Before that, he was Vice President QHSE for Weatherford International, one of the world's largest multinational oil and gas service companies.



**Katrina Roche**  
Chief Information Officer

**Nationality:** British

**Member since:**  
2020

**Skills and experience:**

Katrina has over 25 years of experience in delivering technology-driven change and business transformation in multiple industries such as Aerospace Defence, Telecommunications, Transport and Technology. She joined Keller from Cobham Plc, where she held the position of Executive Vice President IT. Katrina has also held senior IT roles in Raytheon, Systems Union and MCI WorldCom as well as senior roles in Product Development and Transformation at Cable & Wireless and Verizon.

Katrina has a BSc in Mathematics and an MSc in Operational Research.

**Former member**

**Graeme Cook**  
Group People Director

**Nationality:** British

Graeme was the Group People Director from 2018 and he stepped down in September 2022.

## Board leadership

### Leadership

#### Board and Committee meetings and attendance

All Directors are expected to attend each Board meeting and each Committee meeting for which they are members, unless there are exceptional circumstances preventing them from participating. The table below shows the Directors attendance at all Board and Committee meetings throughout the year.

Meetings	Paula Bell	David Burke	Juan G. Hernández Abrams <sup>1</sup>	Peter Hill CBE	Eva Lindqvist <sup>2</sup>	Baroness Kate Rock	Michael Speakman <sup>4</sup>	Nancy Tuor Moore <sup>3</sup>
<b>B</b> Board	◆◆◆◆◆◆◆◆	◆◆◆◆◆◆◆◆	◆◆◆◆◆◆◆◆	◆◆◆◆◆◆◆◆	◆◆◆◆◆◆◆◆	◆◆◆◆◆◆◆◆	◆◆◆◆◆◆◆◆	◆◆◆◆
<b>A&amp;R</b> Audit and Risk Committee	◆◆◆◆◆	—	◆◆◆◆◆	—	◆◆◆◆◆	◆◆◆◆◆	—	◆
<b>REM</b> Remuneration Committee	◆◆◆◆◆	—	◆◆◆◆	—	◆◆◆◆◆	◆◆◆◆◆	—	◆◆
<b>N&amp;G</b> Nomination and Governance Committee	◆◆	—	◆◆	◆◆	◆◆	◆◆	—	◆
<b>ENV</b> Environment Committee	◆◆◆◆◆	—	◆◆◆◆	—	◆◆◆◆◆	◆◆◆◆◆	◆◆◆◆◆	◆◆
<b>S&amp;C</b> Social and Community Committee	◆◆◆◆◆	—	◆◆◆◆	—	◆◆◆◆◆	◆◆◆◆◆	◆◆◆◆◆	◆◆

1 Juan G. Hernández Abrams was appointed to the Board on 1 February 2022 and succeeded Nancy Tuor Moore as Chair of the Environment Committee in May 2022.

2 Eva Lindqvist was unable to attend a number of the meetings held in December 2022 due to unavoidable personal matters. She was briefed by the Chairman prior to the meetings and she also provided comments on the meeting materials to both the Chairman and the Group Company Secretary and Legal Advisor in advance.

3 Nancy Tuor Moore retired from the Board on 18 May 2022.

4 Michael Speakman was unable to attend the joint meeting of the Environment and Social and Community Committees held in December 2022 due to unavoidable personal matters. He received the papers in advance and discussed them with the committees' Chairs prior to the meeting.

## Effectiveness

### Directors and Directors' independence

The Board currently comprises the Chairman, four independent Non-executive Directors (NEDs) and two Executive Directors. The names of the Directors at the date of this report, together with their biographical details, are set out on pages 80 and 81.

The NEDs constructively challenge and help to develop proposals on strategy and bring strong independent judgement, knowledge and experience to the Board's deliberations. Periodically, the Chairman meets with the NEDs without the Executive Directors present. Apart from formal contact at Board meetings, there is regular informal contact between the Directors.

Paula Bell, Eva Lindqvist, Baroness Kate Rock and Juan G. Hernández Abrams are all considered to be independent NEDs. Their other professional commitments are as detailed on pages 80 and 81. Peter Hill CBE was independent at the time of his appointment as Chairman on 26 July 2016. Peter's other professional commitments are as detailed on page 80.

All Directors are subject to election by shareholders at the first AGM following their appointment and to annual re-election thereafter, in accordance with the Code.

**Directors' conflicts of interests**

Under the Companies Act 2006 (the '2006 Act'), a Director must avoid a situation where they have, or could have, a direct or indirect interest that conflicts, or possibly may conflict, with Keller's interests. The 2006 Act allows Directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the Articles of Association (the 'Articles') contain a provision to this effect. The Articles give the Directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with. To address this issue, at the commencement of each Board meeting, the Board considers its register of interests and gives, when appropriate, any necessary approvals.

There are safeguards which will apply when Directors decide whether to authorise a conflict or potential conflict. Firstly, only Directors who have no interest in the matter being considered will be able to take the relevant decision and, secondly, in taking the decision, the Directors must act in a way that they consider, in good faith, will be most likely to promote Keller's success. The Directors are able to impose limits or conditions when giving authorisation if they think this is appropriate. These procedures on conflicts have been followed throughout the year and the Board considers the approach to operate effectively.

Board activities and principal decisions	
 <p><b>Strategy and performance</b></p>	<ul style="list-style-type: none"> <li>Evaluated and further focused the Group's strategy</li> <li>Reviewed and considered the monthly performance of the divisions and business units</li> <li>Promoted a review of the PLM Standard and endorsed its relaunch as Project Performance Management Standard</li> </ul>
 <p><b>People and culture</b></p>	<ul style="list-style-type: none"> <li>Completed the appointment of a new Non-executive Director</li> <li>Evaluated the Executive Committee succession plan</li> <li>Progressed inclusion and diversity, maintaining focus on ambitions</li> </ul>
 <p><b>Operational performance</b></p>	<ul style="list-style-type: none"> <li>Reviewed the company's contract performance and revenue over the year</li> <li>Continued the company's delivery of initiatives against its ESG and sustainability objectives</li> <li>Approved the business case for the ERP and continued its development</li> <li>Met with employees in North America, Australia and Dubai</li> <li>Visited operational sites in New York, USA</li> </ul>
 <p><b>Financial management</b></p>	<ul style="list-style-type: none"> <li>Evaluated and approved the 2023 business plan and budget, and the approach and process for the viability and going concern statements</li> <li>Reviewed the company's forecast net debt levels, facility headroom and covenants and working capital</li> <li>Considered and agreed the recommendation to increase the 2022 final dividend, as well as the payment of the 2022 interim dividend</li> </ul>
 <p><b>Risk and control</b></p>	<ul style="list-style-type: none"> <li>Considered the principal and emerging risks and uncertainties which could impact the Group</li> <li>Reviewed the risk management framework with particular regard to going concern and impact on the viability statement</li> <li>Considered the impact of the audit and corporate governance reform and developed an approach to respond, aligned with the ERP</li> </ul>
 <p><b>Governance</b></p>	<ul style="list-style-type: none"> <li>Received training on climate matters, TCFD and the audit and corporate governance reform</li> <li>Received updates on legal and regulatory changes</li> <li>Following the investor perception audit conducted in 2021, factored feedback received into decisions</li> <li>Agreed the Modern slavery and human trafficking statement for 2022</li> </ul>

## Section 172 statement

As a Board, we have always taken decisions for the long term. Collectively and individually, our aim is always to uphold the highest standards of conduct. We understand that our business can only grow and be successful over the long term if we understand and respect the views and needs of our employees, customers and the communities in which we operate, as well as our suppliers, the environment and the shareholders to whom we are accountable.

**In summary, as required by section 172 of the 2006 Act, a director of a company must act in the way they consider, in good faith, would most likely promote the success of the company for the benefit of its shareholders. In doing this, the director must have regard, amongst other matters, to the:**

- likely consequences of any decisions in the long term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- company's reputation for high standards of business conduct; and
- need to act fairly as between members of the company.

 For more information see page 93

## Shareholders

**Delivering for our shareholders ensures that the business continues to be successful in the long term and can therefore continue to deliver for all our stakeholders.**

### Strategy

The Chief Executive Officer and Chief Financial Officer met major shareholders following the preliminary announcement of the Group's 2021 results to discuss a number of matters, including progress against the Group's strategy. Additionally, the Chief Executive Officer and the Chief Financial Officer had calls with major shareholders following the announcement of the Group's 2022 interim results. Following these announcements, analysts' notes were circulated to the Board.

### Performance

The Board initiated an investor perception audit and received feedback which afforded the Board a deeper level of understanding of the views of shareholders and potential investors and gave the executive management additional input to formulate the strategy for the years ahead.

The Chief Executive Officer and the Chief Financial Officer had calls with major shareholders following the Group's trading update announcement in November 2022. The Chairman and the Senior Independent Director had calls with shareholders to discuss Group performance and risk management throughout the year. The Chair of the Audit and Risk Committee had calls with shareholders on the wake of the financial reporting fraud in Austral.

### Website

The investor relations section of our website provides information on the financial calendar, dividends, AGMs and other areas of interest to shareholders. Copies of annual reports and investor presentations are available to view and download.

Shareholders can also register to receive 'news alerts' relating to the Group's activities. During the year, we enhanced the ESG and sustainability section of the website to improve users access to information.

### AGM

The Board uses the AGM as an opportunity to communicate with shareholders, who are invited to attend, ask questions and meet Directors prior to, and after, the formal proceedings. The Chairs of the Main Board Committees are present at the AGM to answer questions on the work of their committees.

The results of the voting at the 2022 AGM can be found on our website.

### Dividend

We have consistently either grown or maintained our dividend since listing and we announced a further increase to the final dividend for 2022. We have strong cash generation and a robust balance sheet, which together support our ability to continue to increase the dividend to shareholders sustainably through the market cycle.

### Outcomes for our shareholders:

- Keller is a stable business with a long-term track record
- Continued growth opportunities

## Employees

**Our people are our most valuable asset. We want them to be inspired and motivated, equipped with the right skills, tools and standards to be successful.**

### Workforce engagement

During 2022, the Board continued its approach to engagement with the workforce led by Baroness Kate Rock, Keller's designated Non-executive Director for employee engagement matters.

### Communications

We communicate regularly with our employees through face to face meetings, webcasts, our company intranet and newsletter and site and office visits. Site visits allow NEDs to feel the operational environment and enhance their understanding of employees' experience of their working environment.

### Outcomes for our employees:

- Local and global opportunities
- Development and training
- Long-term employment

The Directors of Keller – and those of all UK companies – must act in accordance with a set of general duties. These duties are detailed in the 2006 Act and include a duty to promote the success of the company, which is summarised on the previous page. As part of their induction, the Directors are briefed on their duties and they can access professional advice on these – either through the company or, if they judge it necessary, from an independent provider.

The Directors fulfil their duties partly through a governance framework that delegates day-to-day decision-making to employees of the company. The Board recognises that such delegation needs to be much more than simple financial authorities and, in this section of the report, we have summarised our governance structure. This covers: the values and behaviours expected of our employees; the standards they must

adhere to; how we engage with stakeholders; and how the Board looks to ensure that we have a robust system of control and assurance processes.

For more detail on our governance framework, see pages 88 to 90. Details about the principal decisions the Board made during the year can be found on page 85.



## Customers

**Our customers are central to our business – without them we would not exist. We want to continuously improve on efficiently delivering a consistently high performance across all our strategic levers so as to meet our customers' needs.**

### Contact

The Chief Executive Officer and the Divisional Presidents are in regular contact with our customers, and they regularly brief the Board on our performance in delivering on our commitments to customers and the quality of these critical relationships.

### Research

We conduct a wide range of customer research to better understand their expectations of us.

During the year, our local teams engaged with our customer network to better understand their requirements post-pandemic and how they are facing the repercussions of rising inflation from the past year.

#### Outcomes for our customers:

- Benefit from Keller's global strength and local focus
- Provision of cost-effective geotechnical solutions



## Suppliers

**Building strong relationships with our suppliers enables us to obtain the best value, service and quality. We want to work with suppliers who understand us and adhere to our ways of working.**

### Procurement

Established in 2016, our procurement function continued to work hard to understand our supply chain and how to develop deeper and more strategic relationships with key suppliers.

### Working together to do the right thing

Keller's Supply Chain Code of Business Conduct sets out our expectations that our supply chain should respect the human rights of their employees and contractors and treat them fairly, in accordance with all applicable laws.

Increased communications with our suppliers during the year has assisted us in managing our resources and materials on site.

#### Outcomes for our suppliers:

- A reliable local relationship with a financially strong global company
- Support in meeting global supply chain standards



## Communities

**What we do is an integral part of the community and the community is ultimately our customer. Poor relationships can damage and even destroy our reputation. Good relationships win us goodwill.**

### Contributing to the community

The Board recognises the importance of leading a company that not only generates value for shareholders, but also contributes to wider society.

The Board approved a new three-year partnership with UNICEF, starting with a funding contribution of £250,000 in 2022 towards its Core Resources for Children.

### Our environmental impact

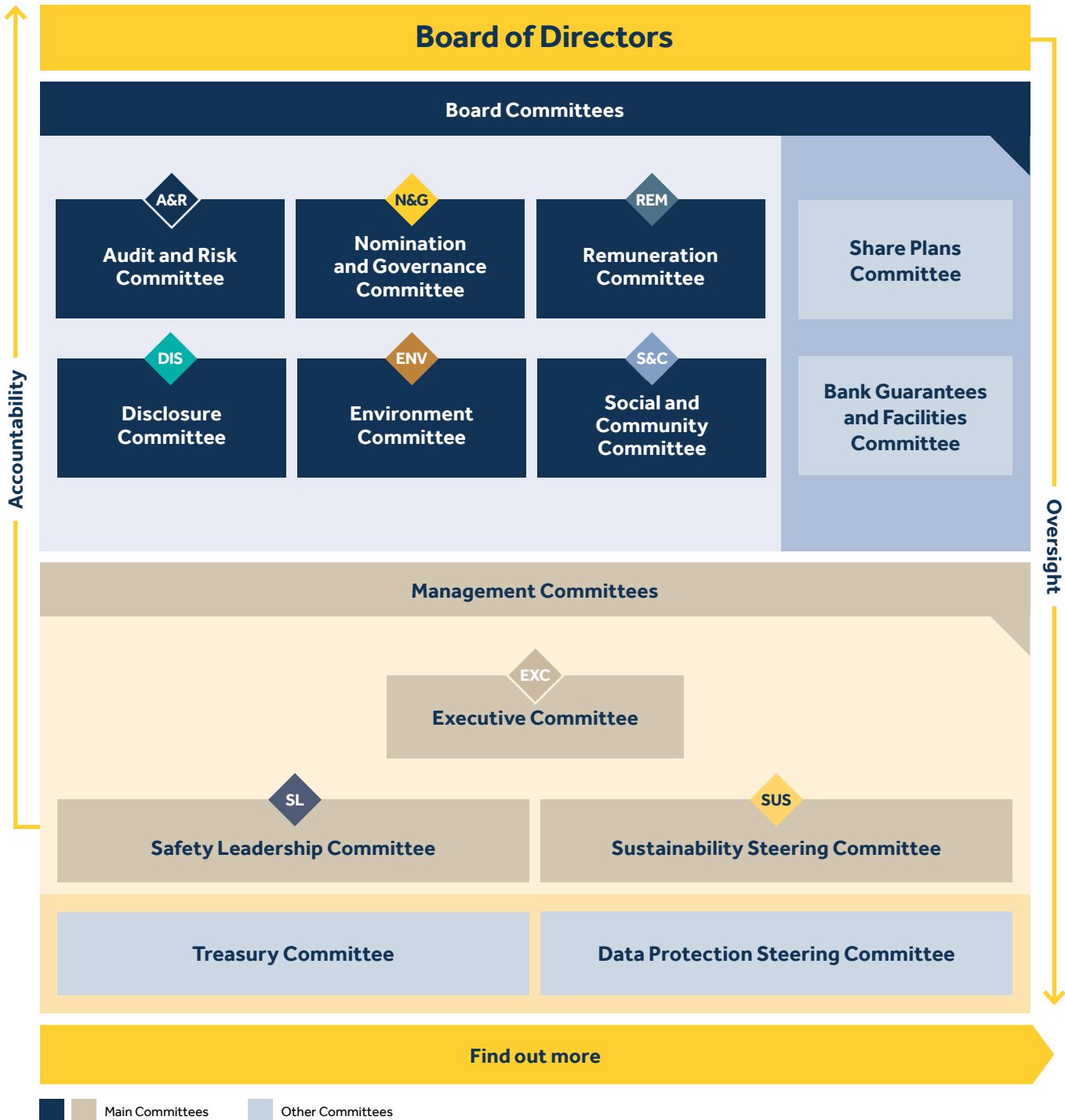
As a geotechnical engineering specialist, we understand that environmental and climate risks could impact us directly. We are committed to protecting the environment, and aim to have a positive impact on it – so we safeguard the future.

#### Outcomes for our communities:

- Local employment
- Charitable partnerships
- Participation by our employees in community events
- Sustainable commitments

## Governance framework

The Board is appointed by shareholders, who are the owners of the company. The Board’s principal responsibility is to act in the best interests of shareholders as a whole, within the legal framework of the 2006 Act and taking into account the interests of all stakeholders, including employees, customers, suppliers and communities. Ultimate responsibility for the management and long-term success of the Group rests always with the Board, notwithstanding the delegated authorities framework detailed below.





## Board

### Develops

strategy, grows shareholder value, provides oversight and corporate governance, and sets the tone from the top.

### Provides

entrepreneurial leadership of the Group, driving it forward for the benefit, and having regard to the views, of its shareholders and other stakeholders.

### Governs

the Group within a framework of prudent and effective controls, which enable risks to be assessed and managed to an appropriate level.

### Approves

the Group's strategic objectives.







### Ensures

that sufficient resources are available to the Group to enable it to meet strategic objectives.

The Board delegates authority to manage the business to the Chief Executive Officer (CEO) and also delegates other matters to its committees and management as appropriate. The Board has formally adopted a schedule of matters reserved to it for its decision, which is available on our website. Details about the principal decisions the Board made during the year can be found on page 85.

The CEO in turn chairs the Executive Committee for day-to-day management matters and delegates other matters to various Management Committees.

## Main Board Committees

Committees	Remit	Membership	Quorum
 <b>Audit and Risk Committee</b>	Oversight of the Group's financial and non-financial reporting, risk management (including TCFD) and internal control procedures and the work of its internal and external auditor.	Independent Non-executive Directors (NEDs)	Two
 <b>Nomination and Governance Committee</b>	Review of the composition of the Board and senior management, and plans for its progressive refreshing with regard to balance and structure as well as succession planning, taking account of evolving legal and regulatory requirements as well as stakeholders' expectations. Responsibility for governance matters.	Chairman and independent NEDs	Two
 <b>Remuneration Committee</b>	Framework, policy and levels of remuneration of the Executive Directors and senior executives.	Independent NEDs	Two
 <b>Disclosure Committee</b>	Inside information determination and advice on scope and content of disclosures to the market.	Any two Directors (including CEO or Chief Financial Officer) and the Group Company Secretary and Legal Advisor	Two
 <b>Environment Committee</b>	Oversight of the Board's responsibilities in relation to environmental matters, including climate-related matters and TCFD.	Independent NEDs and CEO	Two
 <b>Social and Community Committee</b>	Understanding of the key concerns of the workforce and wider stakeholders, apart from shareholders.	Independent NEDs and CEO	Two

The terms of reference for each of the Main Board Committees are reviewed on an annual basis and can be found on our website ([www.keller.com](http://www.keller.com)).

## Other Board Committees

Committees	Remit	Membership	Quorum
<b>Share Plans Committee</b>	Consideration of administrative matters related to the provision of share-based employee benefits for the company and its subsidiaries.	All Directors and the Group Company Secretary and Legal Advisor	Two
<b>Bank Guarantees and Facilities Committee</b>	Consideration of matters related to the provision of bank guarantees and facilities for the company and its subsidiaries.	All Directors and the Group Company Secretary and Legal Advisor	Two

The terms of reference for each of these Other Board Committees can be found on our website ([www.keller.com](http://www.keller.com)).

Governance framework continued

Main Management Committees

Committees	Remit	Membership	Chair	Quorum
<b>EXC</b> <b>Executive Committee</b>	Day-to-day management	CEO, CFO, Group Company Secretary and Legal Advisor and any other officers as invited by the CEO. Minimum of six.	CEO or Chief Financial Officer (CFO) in CEO's absence	Four (including CEO or CFO)
<b>SL</b> <b>Safety Leadership Committee</b>	Safety culture	CEO, Divisional Presidents of Europe, North America and AMEA, Group HSEQ Director, Group Company Secretary and Legal Advisor and any other direct reports as required by the CEO. Minimum of six.	CEO	Four (including CEO or Group HSEQ Director)
<b>SUS</b> <b>Sustainability Steering Committee</b>	Mostly climate-related and environmental matters, but also people, community, governance and reputational matters.	A minimum of six representatives of each division and the Group's relevant functions.	Group Engineering and Operations Director	Four (including Group Engineering and Operations Director)

Other Management Committees

Committees	Remit	Membership	Chair	Quorum
<b>Treasury Committee</b>	Management of the company's financial risks in accordance with the objectives and policies approved by the Board.	CFO, Group Financial Controller, Group Head of Treasury, Group Head of Tax.	Group Head of Treasury	Two (including CFO)
<b>Data Protection Steering Committee</b>	Implementation of Keller's strategy for compliance with data protection laws.	Legal representatives from each division (Europe, North America, AMEA), Group Company Secretariat and Group IT.	n/a	n/a

Organisational and reporting structure for climate governance

The Environment Committee provides oversight of TCFD activities on behalf of the Board. The committee is supported by the TCFD working group on TCFD matters. The Sustainability Steering Committee has a wider remit than the TCFD working group and feeds through sustainability matters to the Executive Committee, the Environment Committee, the Social and Community Committee and the Board.



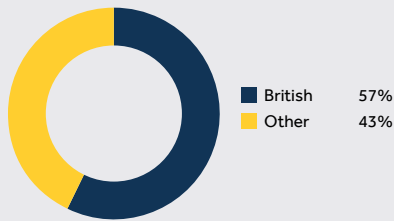
## Division of responsibilities

The Keller Charter of Expectations and Role Profiles sets the role profiles for all of the key positions on the Keller Group plc Board, and states the expectations that are demanded of each of the Directors and the Group Company Secretary and Legal Advisor. The charter is available on our website so that there is complete transparency of the standards we set ourselves for all our stakeholders. The performance of the Board and Board Committees and of each of the Directors individually is measured against these expectations.

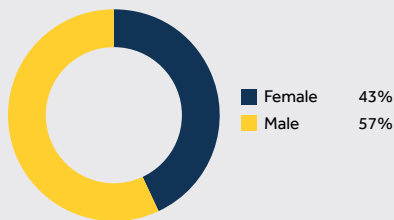
Key role	Responsibilities
<b>Chairman</b>	<p><b>Responsible for leading the Board, its effectiveness and governance.</b></p> <p><b>The Chairman is also responsible for:</b></p> <ul style="list-style-type: none"> <li>• Being the ultimate custodian of shareholders' interests.</li> <li>• Ensuring appropriate Board composition and succession.</li> <li>• Ensuring effective Board processes.</li> <li>• Setting the Board's agenda.</li> <li>• Attends meetings with major shareholders to obtain an understanding of their issues and concerns, ensuring effective communication with them.</li> <li>• Ensuring that Directors are properly briefed in order to take a full and constructive part in Board and Board Committee discussions.</li> <li>• Ensuring constructive relations between Executive and Non-executive Directors.</li> <li>• Being the designated Director for ESG and sustainability matters, in particular climate-related issues.</li> </ul>
<b>Chief Executive Officer</b>	<p><b>Responsible for the formulation of strategy, and the operational and financial business of the Group.</b></p> <p><b>The CEO is also responsible for:</b></p> <ul style="list-style-type: none"> <li>• Formulating strategy proposals for the Board.</li> <li>• Formulating annual and medium-term plans, charting how this strategy will be delivered.</li> <li>• Apprising the Board of all matters which materially affect the Group and its performance, including any significantly underperforming business activities.</li> <li>• Leading executive management in order to enable the Group's businesses to meet the requirements of shareholders.</li> <li>• Ensuring adequate, well-motivated and incentivised management resources.</li> <li>• Ensuring appropriate succession planning.</li> <li>• Ensuring business processes for long-term value creation.</li> </ul>
<p><b>The roles of the Chairman and the CEO are quite distinct from each other and are clearly defined in written terms of reference. They do collaborate and have a close working relationship.</b></p>	
<b>Senior Independent Director</b>	<ul style="list-style-type: none"> <li>• Works closely with the Chairman, acting as a sounding board and providing support.</li> <li>• Acts as an intermediary for other Directors as and when necessary.</li> <li>• Is available to shareholders and other NEDs to address any concerns or issues they feel have not been adequately dealt with through the usual channels of communication.</li> <li>• Meets at least annually with the NEDs to review the Chairman's performance and carries out succession planning for the Chairman's role.</li> <li>• Attends sufficient meetings with major shareholders to obtain a balanced understanding of their issues and concerns.</li> </ul>
<b>Chief Financial Officer</b>	<p><b>Responsible for financial management and control, budgeting and forecasting, tax and treasury and investor relations.</b></p> <p><b>The CFO is also responsible for:</b></p> <ul style="list-style-type: none"> <li>• Adherence within the company to all applicable accounting standards.</li> <li>• Internal financial controls within the company.</li> <li>• Custodian of the Group's financial resources.</li> <li>• Oversight of the company's financial functions and staffing including motivation, development and succession.</li> <li>• Maintaining adequate financial liquidity and ensuring the viability and resilience of the Group.</li> </ul>
<b>Group Company Secretary and Legal Advisor</b>	<ul style="list-style-type: none"> <li>• Ensures good information flows to the Board and its Committees and between senior management and NEDs.</li> <li>• All Directors have access to their advice and services.</li> <li>• Responsible for ensuring that the Board operates in accordance with the governance framework it has adopted.</li> <li>• Advises on evolving standards and supports the Chairman on the continuing development of the Board.</li> <li>• Their appointment and resignation is a matter for consideration by the Board as a whole.</li> </ul>
<b>Committee Chairs</b>	<p>Responsible for the effectiveness of each committee and individual member Directors.</p>

## Board composition, succession and evaluation

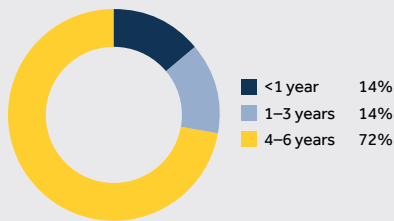
### Nationality (%)



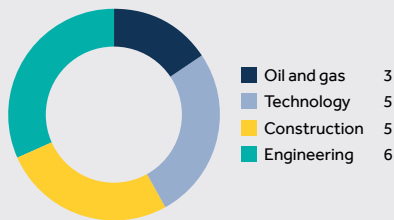
### Gender (%)



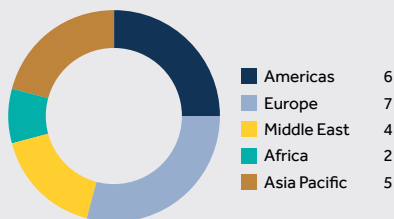
### Length of tenure (%)



### Number of Board members with relevant experience



### Number of Board members with relevant international experience



### Board composition

As reported in last year's annual report, Juan G. Hernández Abrams joined the Board in February 2022 and took over as Chair of the Environment Committee from Nancy Tuor Moore, who retired in May 2022. No other changes occurred during the year and the new Board Committees structure effectively allowed more focus on Keller's ESG priorities.

Please refer to our Governance framework on page 88 for further information and also the ESG and sustainability section of this report starting on page 52.

### Board diversity

Our Board Diversity Policy has been in place since January 2021.

In 2022, Keller's Board of Directors had a 43% female share (2021: 57%). The decrease was due to the appointment of Juan G. Hernández Abrams in place of Nancy Tuor Moore, who retired last year. The appointment of Juan allowed us to meet the Parker Review target with one Board Director from an ethnic minority background.

The selection of candidates to join the Board continues to be made based on merit and the individual appointee's ability to contribute to the effectiveness of the Board, which in turn is dependent on the pool of candidates available. All appointments and succession plans will seek to promote diversity of gender, ethnicity, skills, background, knowledge, international and industry experience and other qualities.

Our commitment to equality and diversity and inclusion aligns with our values of integrity, collaboration and excellence and is underpinned by our Inclusion Commitments.

The Board is committed to promoting equality, diversity and inclusion in the boardroom, to ensure all are able to contribute to Board discussions, and aims to meet industry targets and recommendations wherever possible. This includes our objective of meeting the diversity targets recommended by the Hampton-Alexander Review and Parker Review.

The Board, supported by the Nomination and Governance Committee, is also committed to:

- ensuring that the Board is comprised of a good balance of skills, experience, knowledge, perspective and varied backgrounds;
- only engaging search firms who are signed up to the Voluntary Code of Conduct for Executive Search Firms;

- ensuring that Board appointment 'long lists' will be inclusive according to the widest definition of diversity;
- considering candidates for Non-executive Director Board appointments from a wide pool, including those with no listed company board-level experience; and
- reporting annually on the diversity of the executive pipeline as well as the diversity of the Board.

The annual evaluation of the Board effectiveness considers the composition and diversity of the Board.

We also aim to develop a strong pipeline of diverse candidates for executive Board roles and for the Executive Committee with a goal of ensuring that it is made up of an appropriate balance of skills, experience and knowledge required to effectively oversee the management of the company in the delivery of its strategy.

Our gender diversity statistics across the Group are shown on page 65.

### Board evaluation and review of the Chairman's performance

The externally facilitated board evaluations in 2020 and 2021 led to a number of areas being identified for improvement. The Board members agreed these areas for improvement would be a focus in 2022.

#### 2021 and 2022 – outputs from the evaluations

##### The Board:

In general, members had been very positive about the Board and how it functions, with a good blend of expertise around the table and a high level of energy. The Board felt that dialogue was open and transparent, and that the Executive Directors were working well with the Board, contributing openly and without defensiveness.

Board members agreed that there was a perceived need for improvement in the framing of issues for discussion, a desire for more strategic discussion, and a desire to close out returning issues. Given the high level of board activity, Board members felt that keeping meeting schedules tight was a good discipline to force choices and to prioritise the agenda. They agreed that they all had good opportunities to contribute and that the expertise around the table was appropriate.

**Overall, Keller's Board Diversity Policy aligns to the FTSE Women Leaders Review and the Parker Review, and we report in line with the UK Corporate Governance Code (via the Listing Rules), the relevant Disclosure Guidance and Transparency Rules, and the Companies Act 2006 on people matters.**

Overall, there was a high level of respect for people around the table and although discussions were sometimes considered to be robust, they were also respectful with a good level of debate.

#### The Chairman:

The Board agreed that the Chairman's style and approach had been appropriate and necessary to drive change during a critical period. Members also agreed that his style was inevitably evolving to meet the new demands in the business.

It was recognised that the events of 2020 and 2021 had led to an intense period of Board involvement and focus on operational issues, and in 2022 the Board's focus was re-oriented to a greater mix of operational and strategic issues.

The Chairman, the CEO and the Group Company Secretary and Legal Advisor meet before each scheduled Board and committee meeting to agree the itinerary and meeting schedule, before finalising agendas. The Chairman provides a briefing note to the Board members prior to each Board meeting to frame the issues for discussion and key decisions required in the meeting. There is time built in to the itinerary for discussion both between the Chairman and the Non-executive Directors, and with the Executive Directors.

Recognising the lack of face to face meetings across the business between the Board and management in 2020 and into 2021, the Board's agendas in 2022 allowed for increased attendance by the executive team.

An internal review of the effectiveness of the Board and its committees will be facilitated by the Group Company Secretary and Legal Advisor during 2023.

### Board development

On appointment, Directors are provided with induction training and information about the Group, the role of the Board and the matters reserved for its decision, the terms of reference and membership of the Board Committees and the latest financial information about the Group. This is supplemented by meetings with the company's legal and other professional advisers, and, where appropriate, visits to key locations and meetings with certain senior executives to develop the Directors' understanding of the business.

Throughout their period of office, Non-executive Directors are continually updated on our business, markets, social responsibility matters and other changes affecting the Group and the industry in which we operate, including changes to the legal and governance environment and the obligations on themselves as Directors. Specific updates this year included an externally facilitated session on climate matters, TCFD and the audit and corporate governance reform.

### Information and support

The Board and committees are satisfied that they receive sufficient, reliable and timely information in advance of meetings and are provided with all necessary resources and expertise to enable them to fulfil their responsibilities and undertake their duties in an effective manner.

The Chairman and the Group Company Secretary and Legal Advisor keep under review the forward agendas for the Board and the content and construct of management papers to allow for greater focus by the Board as a whole on strategic matters and avoiding unnecessary operational detail.

For each Board and committee meeting, Directors are provided with a tailored Board pack in advance of the meeting. To improve the delivery and security of meeting papers, we use an electronic system that allows the Board to easily access information, irrespective of geographic location. Directors regularly receive additional information between Board meetings, including a monthly Group performance update which includes carbon emissions reduction performance. If a Director is unable to attend a meeting, they are provided with all the papers and information relating to that meeting and have the opportunity to discuss issues arising directly with the Chairman and Chief Executive Officer.

### Accountability

#### Internal controls

The Board is ultimately responsible for the Group's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can provide only reasonable, not absolute, assurance against material misstatement or loss.

The Board confirms that there is an ongoing process for identifying, evaluating and managing the principal risks faced by the Group, which has been in place for the year under review and up to the date of approval of the Annual Report and Accounts. This process is regularly reviewed by the Board and accords with the guidance from the Financial Reporting Council.

Details on the identification and evaluation of risk, as well as on the management of project risk, can be found in the section headed Principal risks and uncertainties on pages 34 to 43. The key elements of the Group's system of internal controls are explained in the Audit and Risk Committee report on page 106. The management of financial risks is described in the Chief Financial Officer's review on page 33.

Disappointingly, we finished the financial year with the announcement in January 2023 regarding the financial reporting fraud in the Austral business in Australia (AMEA). The specific incident has been forensically investigated by PwC. In the follow-on actions, management commissioned an independent review of the operation of our financial reporting controls across the rest of the Group. More detail on our actions on this matter is available on page 107 of the Audit and Risk Committee report.

### Compliance with laws and regulations

Compliance with laws and regulations both local and global is of extreme importance to the Board, including the minimisation of instances of non-compliance. Throughout the reporting year, the Group Company Secretary and Legal Advisor received reports from and met with members of divisional management to assess and understand the key challenges and opportunities faced in relation to legislative and regulatory developments within each jurisdiction of operation, which were subsequently reported to the Board for consideration.

Instances of non-compliance identified throughout the year involved the introduction of new monitoring and reporting requirements, particularly with regard to cyber security and data protection within the AMEA Division. Having identified these, the Group Company Secretary and Legal Advisor coordinated responses along with Management Committees to understand the requirements and implement due process, as to ensure compliance.

For more information on policy commitments in compliance with laws and regulations, please see our Non-financial reporting statement on pages 74 and 75.

### Information included in the Directors' report

Certain information that fulfils the requirements of the Corporate governance statement can be found in the Directors' report in the sections headed 'Substantial shareholdings', 'Repurchase of shares', 'Amendment of the company's Articles of Association', 'Appointment and replacement of Directors' and 'Powers of the Directors' and is incorporated into this Corporate governance section by reference.



# Environment Committee report



**Juan G. Hernández Abrams**  
Chair of the Environment Committee

Committee composition during 2022	Meeting attendance
Juan G. Hernández Abrams (Chair)*	◆◆◆
Nancy Tuor Moore**	◆◆
Paula Bell	◆◆◆◆
Eva Lindqvist	◆◆◆◇
Baroness Kate Rock	◆◆◆◆
Michael Speakman	◆◆◆◇

\* Member from February 2022      \*\* Chair until May 2022

See biographies on pages 80 and 81

## Role of the committee

The role of the committee is to help the Board of Directors fulfil its oversight responsibilities in relation to environmental and related sustainability matters arising out of the activities of the Group.

## Committee highlights in 2022

Oversaw the development of the ESG and sustainability section of the website.

Made substantial progress on TCFD disclosures.

Monitored progress against the year’s environmental objectives.

Monitored progress of the Group’s environmental initiatives.

Reviewed the committee’s priorities for 2023.

Reviewed the effectiveness of the committee.

## Dear shareholder

On behalf of the Board, I am pleased to present the report of the Environment Committee for the year ended 31 December 2022, my first report since I took over as Chair in May last year. I have been impressed by the energy and commitment of the Keller people during my first year with the organisation. I have shared my views on page 100 of this report.

## Continued focus

The committee continued to focus on our carbon reduction targets and TCFD reporting requirements.

Key initiatives such as fleet decarbonisation, site trials on carbon saving opportunities, and energy efficiency audits remain pivotal to our journey to net zero and the delivery of sustainable strategy for our stakeholders and shareholders.

## TCFD reporting

Throughout the year, the committee invested in internal capabilities to increase the scope and quality of our disclosures under TCFD.

We are pleased to report that we have made substantial progress in our second year of reporting under TCFD, having been able to take into account the quantitative and qualitative findings from the scenario analysis modelling we ran during the year. This demonstrates Keller’s ambition to better manage and mitigate our climate-related risks and opportunities, and our commitment to increased reporting for the benefit of our stakeholders. The committee is ideally placed to provide Board-level governance and scrutiny over strategic, climate-related topics.

Our Non-financial and sustainability statement, within our TCFD report for the year, is available from page 44.

For more information on the specific climate-related risks and opportunities, please see page 40 in the Principal risks and uncertainties section of this report.

## Carbon reduction targets

Scope 1 emissions per £m revenue have decreased, with small improvements in the carbon efficiency of our operations.

We trialled several equipment decarbonisation initiatives during 2022 such as use of hybrid electric rigs, biofuels (HVO) and company policies to encourage use of electric or hybrid vehicles. These will form the basis for our first steps towards fleet decarbonisation.

Keller has seen good engagement on Scope 2 activities, with the Group readily achieving their Scope 2 emissions reduction target. Energy audits have also been conducted across Keller’s three divisions, highlighting opportunities to save energy and money going forwards.

Multiple projects are under way to quantify and reduce Scope 3 emissions. These include developing the first complete estimate of Scope 3 material emissions for a business unit in Keller Austria. The new ERP system is also being designed to have the capability to capture the necessary data for measuring Scope 3 emissions.



**Corporate governance**

The remit of the committee is set out in its terms of reference which are available on the Group’s website (www.keller.com) and on request, from the Committee Secretary. During this financial year we met four times, with attendance at the meetings shown on pages 84 and 94.

One of the meetings was held jointly with the Social and Community Committee.

The committee is comprised of the independent Non-executive Directors of the company and the CEO. The committee may invite members of the senior management team to attend meetings where it is felt appropriate, and the Group Chairman, the CFO, the Group Company Secretary and Legal Advisor, the Engineering and Operations Director and members of his team regularly attend meetings of the committee.

The Board delegates authority to the committee to manage, plan and mitigate Keller’s climate-related risks and opportunities, but the Board maintains ultimate accountability for these with the Group Chairman being the Director responsible for ESG and sustainability. As such, the Board continued to monitor the efficacy, expertise and knowledge of the committee in executing the environmental strategy throughout the year. Our organisational and reporting structure for climate governance, and how it fits within our governance framework, is set out on page 90. In addition, the committee’s performance, and that of its members, was evaluated internally in an exercise facilitated by the Group Company Secretary and Legal Advisor and overseen by the Group Chairman. More detail about this exercise can be found on pages 92 and 93.

I look forward to meeting shareholders who attend our AGM this year to answer any questions on this report or on the committee’s activities. Shareholders are also encouraged to email their questions to the Committee Secretary at [secretariat@keller.com](mailto:secretariat@keller.com).

**Looking forward**

As industry leaders, we are on the right path at Keller on environmental matters and will continue to drive for a more sustainable future. Our priorities for 2023 will revolve around:

- Embedding climate risks and opportunities in our overall strategy
- Supporting the company in its progress towards net zero.
- Assisting the Remuneration Committee in monitoring the impact of ESG targets on remuneration.
- Continuing to engage employees on sustainability matters.



**Juan G. Hernández Abrams**  
Chair of the Environment Committee

Approved by the Board of Directors and authorised for issue on 10 March 2023.



**We are on the right path at Keller on environmental matters and will continue to drive for a more sustainable future.”**



## Social and Community Committee report



### Baroness Kate Rock

Chair of the Social and Community Committee

#### Committee composition during 2022

#### Meeting attendance

Baroness Kate Rock (Chair)	◆◆◆◆
Paula Bell	◆◆◆◆
Juan G. Hernández Abrams*	◆◆◆
Eva Lindqvist	◆◆◆◇
Michael Speakman	◆◆◆◇
Nancy Tuor Moore**	◆◆

\* Member from February 2022

\*\* Member until May 2022

See biographies on pages 80 and 81

### Role of the committee

The role of the committee is to obtain and address feedback from employees and wider stakeholders, and review relevant people, social and community policies and practices.

We are also responsible, along with the Audit and Risk Committee, for ensuring that the company has policies in place to encourage, understand and address employee concerns and feedback.

Finally, we work closely with the Remuneration Committee, making recommendations to the Board on whether Keller's policies and practices are in line with the purpose and values, and support the desired culture.

### Committee highlights in 2022

Supported management in extending Keller's culture and engagement programme to a further seven business units.

Monitored whistleblowing reports on HR and reputational matters.

Reviewed and recommended the Modern slavery and human trafficking statement to the Board.

Recommended the entering into a three-year partnership with UNICEF to the Board.

### Dear shareholder

It is my pleasure as Chair to present the report of the Social and Community Committee for the year ended 31 December 2022 on behalf of the Board.

During the year we continued to deliver our obligations by:

- Ensuring that the 'voice of the employee' is considered in the boardroom.
- Reviewing formal data and informal feedback from employees with management.
- Regularly reviewing Keller's People initiatives as to their appropriateness in delivering the strategy and supporting our values and desired culture.
- Identifying consistent themes received via feedback from employees.
- Ensuring that the identified themes, along with the introduction of any Board identified topics that support the company's business strategy and desired culture, are fed into the appropriate strategies.

### Employee engagement

As Senior Independent Director and designated Non-executive Director for workforce engagement, I continued to champion effective engagement by the Board and its committees with our workforce, making sure that the Directors understand and learn from the views of all our stakeholders. Opportunities for the Directors to learn from the views of our workforce arose in particular during the year when the Board visited two sites in New York in October, where we learned about jet grouting and secant piles, and when we met with Divisional Presidents and their teams on various occasions during the year.

Keller's culture and engagement programme, comprising leadership upskilling, engagement surveys, reporting by team and team-based action planning sessions provides a structured way of getting and actioning employee feedback. The aim being to continually improve the employee experience and drive better business performance.

The programme was piloted in four business units in 2021, and the Board supported its continued rollout to a further seven business units in 2022.

To actively monitor the culture of the business, the committee regularly reviews the results of employee engagement surveys, as well as insights from focus groups and site visits. Where consistent themes emerge, actions are fed into the appropriate strategies to further strengthen our culture. As an example, key feedback was heard and led to the implementation of separate PPE for women on site in North America and in the UK, and availability of electric and hybrid company cars in consideration of sustainability objectives.

After the success of the reverse mentoring exercises in 2021, the committee also promoted the cascading of such programmes to divisional management teams.

**Supporting The Brilliant Breakfast 2022**



Keller was delighted to once again support The Brilliant Breakfast with a donation of £10,000.

This amazing initiative started two years ago to raise awareness and funding for The Prince's Trust. The funds raised will help The Prince's Trust support disadvantaged young women to change their lives for the better, through education or meaningful employment. To date, The Brilliant Breakfast has raised over £1m.



**Governance**

Our committee met four times during 2022, on one occasion jointly with the Environment Committee as to focus on employee engagement of environmental matters.

The committee's terms of reference can be found on our Group website ([www.keller.com](http://www.keller.com)) and on request from the Committee Secretary.

In line with best practice, the committee completed an effectiveness review of the business covered during the year against its terms of reference.



**Last year we were delighted to announce the launch of a three-year partnership agreement between Keller and UNICEF, supporting children wherever and whenever the need is greatest."**

In addition, the Group Company Secretary and Legal Advisor ran an internal exercise to review the performance of the committee and its members. More detail can be found on pages 92 and 93.

**Activities**

Further detail on the committee's activities can be found in the People and Principles sections of our ESG and sustainability report, starting on page 62, but I would like to highlight the following topics considered during the year:

- We reviewed and promoted management's proposal to invest towards internal talent and skills development.
- We supported the embedding of Keller's Wellbeing Foundations through local accountability. This great piece of work focused on equipping our Extended Leadership Group to identify common wellbeing challenges such as stress, burnout and isolation, and reinforcing the five key pillars: body, mind, community, growth and financial security.
- Under the Charitable Giving Policy approved in 2021, last year we recommended entering into a three-year partnership with UNICEF with an initial contribution of £250,000. Keller's three-year partnership, approved by the Board, is contributing to Core Resources for Results (unrestricted funds). By contributing unrestricted funds, UNICEF UK is able to use the funds where the need is greatest.
- We were kept abreast of the implementation of our Diversity, Equity and Inclusion Commitments, which continued at pace, with excellent engagement and commitment shown at divisional level in implementing dynamic plans, which strengthened accountability and empowered Keller divisional leaders to drive progress in their respective regions.

**Looking forward**

Last year we said that one of the priorities for 2022 was going to be the development of talent and skills. We did not make much progress on that front due to other priorities, but we continue to think that it is essential to ensure that our talent programmes and promotion practices are inclusive and based on merit. So we will reinstate talent and skills development as a priority for 2023.

In addition, we will support management in the actions to be undertaken in the wake of the Austral reporting fraud in so far as they will have an impact on culture and behaviours.

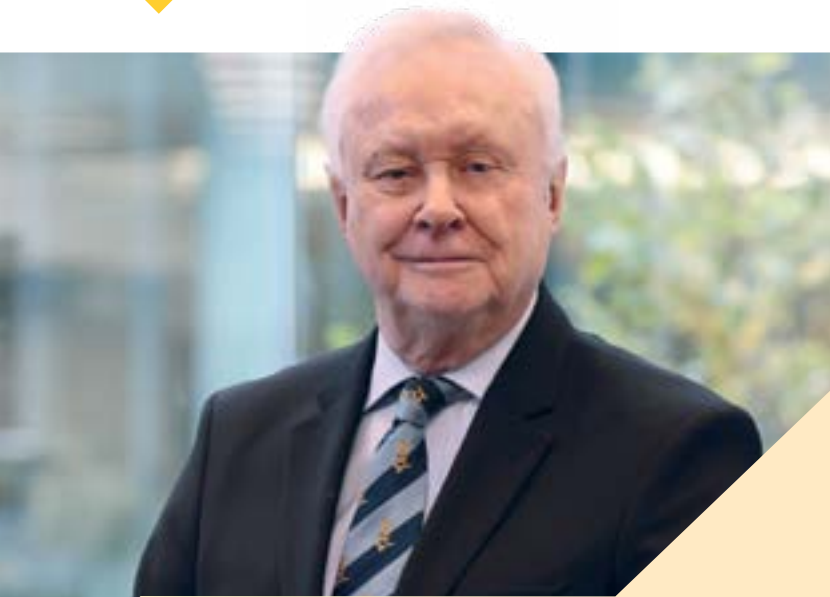
Following the success in North America and the UK, we will also be pushing for the development and implementation across the board of a PPE standard for women on-site.

I will also continue to give the Board feedback on the thoughts and ideas of our employees, ensuring that our workforce and wider stakeholders are represented appropriately in the Board's decision-making process.

**Baroness Kate Rock**  
Chair of the Social and Community Committee

Approved by the Board of Directors and authorised for issue on 10 March 2023.

## Nomination and Governance Committee report



**Peter Hill CBE**

Chair of the Nomination and Governance Committee

Committee composition during 2022	Meeting attendance
Peter Hill CBE (Chair)	◆◆
Paula Bell	◆◆
Juan G. Hernández Abrams*	◆◆
Eva Lindqvist	◆◇
Baroness Kate Rock	◆◆
Nancy Tuor Moore**	◆

\* Member from February 2022

\*\* Member until May 2022

See biographies on pages 80 and 81

### Role of the committee

The role of the committee is to recommend the structure, size and composition of the Board and its Committees.

It is also responsible for succession planning of the Board and executive management, for promoting the overall effectiveness of the Board and its Committees, and for governance matters in general.

### Committee highlights in 2022

Appointment of Juan G. Hernández Abrams as a Non-executive Director.

Evaluation of the Board and its committees, the Board Strategy Day and the Chairman and Directors.

Continued to develop and monitor succession plans for the Board and senior management.

Monitored the length of tenure of the Non-executive Directors.

Reviewed the terms of reference of the committee.

Reviewed the committee's effectiveness during the year.

### Dear shareholder

Welcome to the report of the Nomination and Governance Committee for the year ended 31 December 2022.

The committee has continued to review the balance of skills on the Board as well as the knowledge, experience, length of service and performance of the Directors. During the year, we held two meetings, one in May and one in December. The attendance at both meetings is shown on pages 84 and 98.

Particular areas of focus this year included the appointment and induction of a new Non-executive Director, Juan G. Hernández Abrams, who joined the Board on 1 February 2022. Please read his views on his first year at Keller on page 100.

Nancy Tuor Moore, who had been on the Board since 2014, retired after the Annual General Meeting in May 2022.

### Board evaluation

It is extremely important that the Board, its committees and individual Directors rigorously review their performance and embrace the opportunity to develop, where necessary. In 2020 and 2021, I reported that an external effectiveness review had been undertaken with support from the Group Company Secretary and Legal Advisor. In 2022, we have actively progressed the areas of focus identified, further detail of which can be found on pages 92 and 93. An internal review of the effectiveness of the Board and its Committee's will be facilitated by the Group Company Secretary and Legal Advisor during 2023.

### Board composition

The committee's activities during the year included:

- Considering the number of Executive and Non-executive Directors on the Board, and whether the balance was appropriate to ensure optimum effectiveness.
- Reviewing the balance of industry knowledge, relevant experience, skills and diversity on the Board.
- Assessing and confirming that all the Non-executive Directors remained independent.

We are confident that each Director remains committed to their role and the Board continues to work well and benefits from an appropriate and diverse mix of skills and industry knowledge. Collectively, the Directors bring a range of expertise and experience of different business sectors to Board deliberations, and this encourages constructive and challenging debate around the boardroom table. Having a good mix of skills plays an important role in keeping the Board relevant and up to date with the market.

**Board diversity**

Our commitment to equality, diversity and inclusion aligns with our values of integrity, collaboration and excellence and is underpinned by our Inclusion Commitments.

The Board is committed to promoting equality, diversity and inclusion in the boardroom, to ensure all are able to contribute to Board discussions, and aim to meet industry targets and recommendations wherever possible. This includes our objective of meeting the diversity targets recommended by the Hampton-Alexander (now FTSE Women Leaders Review) and the Parker Reviews.

In 2022, Keller’s Board of Directors had a 43% female share, meeting the Hampton-Alexander Review target of 33% female share of Board Directors by 2020. With the appointment of Juan G. Hernández Abrams to the Board on 1 February 2022, we also met the Parker Review target with one Board Director from an ethnic minority background by 2022.

For further information on diversity at Board level, as well as more generally at Keller, please see the ESG and sustainability section of this report.

**Non-executive appointments and time commitments**

When we make recommendations to the Board regarding Non-executive Director appointments, we will consider the expected time commitment of the proposed candidate, and any other existing commitments, to ensure that they have sufficient time available to devote to the company.

Before accepting any additional commitments, Non-executive Directors will discuss them with the Chairman of the Board, or in the case of the Chairman, with the Senior Independent Director and the CEO. Board agreement is required to ensure that any conflicts of interest are identified and that the individual will continue to have sufficient time available to devote to the company.



**Having a good mix of skills plays an important role in keeping the Board relevant and up to date with the market.”**

**Corporate governance**

The committee’s terms of reference are available on the Group’s website (www.keller.com) and on request from the Group Company Secretary and Legal Advisor. The terms of reference were reviewed during the year, with no material changes to report.

Only the Chairman and Non-executive Directors are members of the committee, and no other person is entitled to be present at committee meetings. We may invite members of senior management to attend meetings where we feel it is appropriate, and the CEO did indeed attend the two meetings held during the year.

Our 2022 evaluation of the committee’s effectiveness concluded that, consistent with the Code and our own terms of reference, the committee was discharging its obligations in an effective manner.

In accordance with the requirements of the Code, all members of the Board will seek re-election at the AGM in May 2023.

**Peter Hill CBE**  
Chair of the Nomination and Governance Committee

Approved by the Board of Directors and authorised for issue on 10 March 2023.

**Board site visits in 2022**

In October 2022 the Board visited two sites in New York where they learned about secant piles and jet grouting and met with local colleagues and divisional management.



## A conversation with Juan G. Hernández Abrams

**Juan G. Hernández Abrams joined Keller as a Non-executive Director (NED) in February 2022. He's been with Fluor – one of the largest engineering and construction companies in the world – all of his 34-year career.**

At Fluor, he's held numerous senior positions, including Vice President of Sales and Operations for the Manufacturing and Life Sciences business line as well as Vice President of Operations for the Operations and Maintenance group. He was also General Manager/Vice President of the Mining and Metals business line in South America. Juan, who was born and raised in San Juan, Puerto Rico, is currently President of Fluor's Advanced Technologies and Life Sciences business line, which he's led for the past 10 years, responsible for projects worth up to \$2.5bn. Please see page 81 for Juan's full biography.



### Q What attracted you to Keller?

After 34 years with Fluor, I wanted to join a board and offer my knowledge and experience of running global businesses. But I wanted to be very selective and join a global leader, one with a strong leadership team, a sound long-term strategy, and commitments to safety, sustainability and diversity. I take the role very seriously and want to use my experience to help the company, and ultimately our clients and shareholders.

### Q Can you tell us about your roles as a NED and Chair of the Environment Committee?

NEDs help set the tone, culture and direction of the company, both in the short and long term. Through the Board, we support and influence leadership to take the right direction.

NEDs also chair various committees. I am really excited to be Chair of the Environment Committee – it's a topic I'm very passionate about. My journey started at university when I studied environmental science and it's something I've lived throughout my career. We're on the right path at Keller and will continue to drive for a more sustainable future.

### Q What does the Environment Committee do?

All corporations are having to face up to the impact they have on the environment, and Keller is no different. We meet as a committee to discuss and analyse where we are in meeting our emissions targets and to look at ways we can mitigate them with the entire global team. The biggest goal we have is to find a way to get all employees involved and thinking about this. We want to give our employees the tools and guidance to make an impact every day, so Keller can do its part in meeting our emissions targets. For example, there's a big push at the moment to make more of our construction equipment and other vehicles electric. We're also looking at how different teams are eliminating waste through stronger project planning.

There's a lot of energy in the business to make a difference and my ultimate goal is to leave a legacy at Keller, and for us to be the environmental leader in our industry as we execute our projects with excellence.

### Q What have you enjoyed about being at Keller so far?

Most of my interactions are with the Board and leadership team, and I can tell you I've been fully embraced. I had no real expectations when I joined, but I've been impressed with the chemistry, teamwork and collaboration at Board level, as we tackle very tough issues that the industry faces. It's been exciting for me, I've enjoyed the responsibilities I've been given and I can't speak highly enough of my colleagues on the Board and the Chairman.

There's a female majority on the Board, and that diversity was another aspect that attracted me to Keller – I've learnt a lot from them.

### Q What have been your impressions of the wider company?

This is a truly global company running thousands of diverse, fast-moving, complex projects. The passion and energy from our people running them – who are excited to be part of Keller and who take on enormous responsibility – is so impressive. I really believe it's people who make the difference.

### Q What are your aspirations for the future?

The Executive Committee and the Board have a strong strategy and I believe we're going in the right direction. I think there are many opportunities for us – there's a lot of big, old infrastructure globally, so I'd like to see us do more in this area to support the modernisation of decaying infrastructure.

However, my main goal is to continue supporting the growth of the company in a sustainable way while meeting our responsibilities to our people, clients and shareholders. The world faces a lot of challenges and headwinds right now, but there's a very good Board and leadership team in place. I'm honoured to be part of it by helping to manage the company into the future.



**My main goal is to continue supporting the growth of the company in a sustainable way."**





# Audit and Risk Committee report



**Paula Bell**  
Chair of the Audit and Risk Committee

Committee composition during 2022	Meeting attendance
<b>Paula Bell (Chair)</b>	◆◆◆◆
Juan G. Hernández Abrams*	◆◆◆◆
Eva Lindqvist	◆◆◆◇
Baroness Kate Rock	◆◆◆◆
Nancy Tuor Moore**	◆

\* Member from February 2022      \*\* Member until May 2022

See biographies on pages 80 and 81

## Role of the committee

The committee is responsible for overseeing the internal risk management framework, ensuring effective internal controls are in place, financial and non-financial reporting and appropriate external and internal audit arrangements.

## Dear shareholder

On behalf of the Audit and Risk Committee, I am pleased to present our report for the financial year ended 31 December 2022.

This report is intended to provide shareholders with an insight into key areas considered, together with how the committee has discharged its responsibilities and provided assurance on the integrity of the 2022 Annual Report. This has included ensuring the 2022 Annual Report is aligned with the latest requirements and guidance from regulators, that it is fair, balanced and understandable and that all matters disclosed and reported upon meet the rapidly evolving needs of our stakeholders. In addition, the committee's fundamental priorities include ensuring the quality and effectiveness of the external and internal audit processes and monitoring the management of the principal risks of the business.

My introduction sets out the key areas of focus for the committee during 2022 (since our 2021 report) and to the date of this report.

The Group operates within a large, global and fast-changing environment, which requires an adaptive approach to assurance. Needless to say that the macro environment during 2022 was challenging so it was important to ensure that the Group's risk management and internal control systems operated effectively. Throughout the year the committee received regular updates from management on the strengthening of the financial control environment and systems of internal control.

Internal management reviews discovered a complex financial reporting fraud in the Austral business unit in Australia (AMEA division). The committee reviewed the external forensic findings and management response to the incident, including establishing follow-on actions at Austral and opportunities for improvement across the Group. More detail on the committee's actions on this matter is available on page 107.

## Committee highlights in 2022

Continued to oversee the development of the Group's financial control framework.

Monitored the implementation of the Group's risk management framework.

Reviewed and approved the enterprise resource planning (ERP) system business case, for recommendation to the Board, and initiated an external and internal assurance process for the same.

Commissioned an internal audit review on the Project Lifecycle Management (PLM) Standard.

Monitored and challenged management plans in preparation for the audit and corporate governance reform as well as the output of management's assurance map to assess controls maturity.

Reviewed and approved for recommendation to the Board a new Anti-bribery and anti-fraud policy.

Recommended to the Board the approval of an overarching Group Treasury Policy setting out the approach to managing treasury-related risks.

Reviewed the output of the evaluation of the external and the internal auditors.

Reviewed and challenged the implementation of the internal audit programme to ensure appropriate coverage of matters of business risk.

Reviewed and approved the results of the Group's annual Electronic Internal Control Questionnaire.

Reviewed its terms of reference and effectiveness during the year.

The committee closely monitored management's actions and I'm pleased to report that these provided the committee with confidence in the robustness of the financial reporting, audit processes and control environment.

The internal audit plan also continued to be adjusted to adapt appropriately to the changing needs of the business.

In particular, following the review and approval of the ERP business case by the Board, the committee challenged management on the development of the assurance plan for the new Group-wide operating model.

Following the publication of the Government's consultation on 'Restoring Trust in Audit and Corporate Governance', to which the company formally responded in 2021, management reviewed the Group's internal control environment and prepared a detailed implementation plan to address future enhanced internal control requirements, and updated the committee on progress against the implementation plan at every meeting. The committee was reassured by this review and plan and its contribution to enhancing all areas of the Group's financial reporting and operational finance processes. We appreciate that further enhancements will have to be made to address the evolving corporate governance landscape but we believe the Group is well positioned to address developments in this area, when they become mandatory.

Both the external and the internal audit processes were deemed to be effective. We are confident about the efficiency and quality of the process in place for the external audit of the 2022 year-end accounts. With regards to the internal audit, we have plans for an independent external review of effectiveness during 2023 in line with the Institute of Internal Auditors (IIA) requirement to perform an independent assessment at least every five years.

This is a time of considerable change and evolution in the role of the Audit and Risk Committee – with increasing demands for greater assurance in areas of narrative and non-financial reporting which have not traditionally been part of the Committee's role.

One of those areas is climate governance and during the year we devoted time to understand the challenges and supported management on the development of a system to respond to the risk reporting requirements under TCFD. Our TCFD report for the year, our second year of reporting under the recommendations, is available on pages 44 to 51.

As the year progressed, the committee requested additional items on its meeting agendas to ensure it had clear oversight of the evolving impact of the Group's strategy on the business. Given the criticality of technology to the successful execution of the strategy and implementation of the ERP, the Chief Information Officer now reports twice per year to the committee on information security and IT controls.

Another example of the committee's responsiveness to new or emerging risks was the request, supported by the Board, for an internal audit review of the PLM Standard. The results of the review were considered by the committee, which recommended a full review and the relaunch of the Standard, which will be called Project Performance Management. This is currently under way and will be reported on next year.

This has been another busy year for the committee and management has worked hard to drive improvements in the areas of risk, internal controls and financial reporting. Despite the challenges, we are proud of the progress that has been made during the year and remain confident in the actions that the management team has taken, and will continue to take, to ensure the maintenance of both high ethical and professional standards and resilient and effective controls throughout our organisation.

I hope that you find this report informative and can continue to take assurance from the work undertaken by the committee this year. We seek to respond to stakeholders' expectations in our reporting and, as always, welcome any feedback from shareholders or other stakeholders.

I look forward to meeting shareholders who attend our AGM this year to answer any questions on this report or on the committee's activities. Shareholders are encouraged to email their questions in advance to the Committee Secretary at [secretariat@keller.com](mailto:secretariat@keller.com).



**Paula Bell**  
Chair of the Audit and Risk Committee

Approved by the Board of Directors and authorised for issue on 10 March 2023.



**We remain confident in the actions that management has taken to ensure the maintenance of both high ethical and professional standards and resilient and effective controls throughout our organisation."**

### Activities of the committee

The committee has an extensive agenda of items of business, aligned with the financial reporting cycle, focusing on the audit, assurance and risk processes within the business which it deals with in conjunction with senior management, the external auditor, the internal audit function and the financial reporting team.

The committee's role is to ensure that management's disclosures reflect the supporting detail provided to the committee or challenge them to explain and justify their interpretation and, if necessary, re-present the information. The committee reports its findings and makes recommendations to the Board accordingly.

The committee is supported in this role by using the expertise of EY. In doing so it ensures that high standards of financial governance, in line with the regulatory framework as well as market practice for audit committees going forward, are maintained.

Furthermore, PwC in their role as internal auditors contribute to the assurance process by reviewing compliance with internal processes.

The committee met four times during the year, with attendance at these meetings shown on pages 84 and 101, and considered the items of business shown on the table on the right.

The committee also reviewed the information presented in the Group's preliminary announcement, the company's processes for the preparation of the 2022 Annual Report and the outcomes of those processes to ensure that we were able to recommend to the Board that the 2022 Annual Report satisfied the requirement of being fair, balanced and understandable.

The following processes are in place to provide this assurance:

- Coordination and review of the Annual Report and Accounts performed alongside the formal audit process undertaken by EY.
- Guidance issued to contributors at an operational level.
- Internal challenge and verification process dealing with the factual content of the information within the Annual Report and Accounts.
- Comprehensive review by senior management and external advisers to ensure consistency and overall balance.

Item of business	When
Regular updates on the Group's system of internal controls and its effectiveness.	At every meeting
Impact of audit and corporate governance reform and plan of action, alignment with work under way on the ERP implementation and impact on principal risks.	At every meeting
Progress review of the work undertaken to strengthen the financial and business control landscape across the Group.	At every meeting
Review and challenge of the output of management's assurance map to assess controls maturity.	At every meeting
Management reports on the status of remediation actions identified from completed internal audit reviews.	At every meeting
Responses and key themes arising from the Group's annual Electronic Internal Control Questionnaire.	February
Review of the Board delegated authorities.	February
Review of the Group's principal and emerging risks and definition of the Group's risk appetite.	December and February
Updates on the risk management framework.	At every meeting
Information assurance and security report aligned with the ERP.	February and September
Effectiveness and scope review of the internal audit function.	December and July
Review and approval of the programme of internal audit reviews of the Group's operations and financial controls for 2023.	December
Review and approval of areas of significant accounting judgements.	December and February
Management report on the process for assessing the Group's going concern and viability.	December and February
Basis of provisioning within the Group's captive insurance vehicle.	February
Review and approval of the EY engagement letter, audit fee and their audit plan.	December, February and September
Scope and results review of the external audit, its quality and effectiveness, and the independence and objectivity of EY.	December and July
Group's tax strategy review and approval for recommendation to the Board.	February
Briefings on global tax developments which impact the Group.	As necessary
Review of finance function resourcing and talent.	September
Updates on matters relating to ethics, fraud and compliance.	At every meeting
Review of policies including Whistleblowing and Non-audit services.	February
Review of the Executive Directors' expenses.	February
Review of the committee's effectiveness and terms of reference.	December
Review and approval of new Anti-Bribery and Anti-Fraud Policy – for recommendation to the Board.	July
Review and approval of new Treasury Policy – for recommendation to the Board.	September



## Audit and Risk Committee report continued

### Significant audit risks and accounting judgements

In planning its agenda and reviewing the audit plans of the internal and external auditors, the committee has taken into account significant operational and financial issues and risks which may have had an impact on the company's financial statements, internal controls and/or the delivery and execution of the company's strategy (including changes in the nature and significance of some of the Group's principal risks).

The committee focused on assessing whether management had made appropriate judgements and estimates in preparing the company's financial statements, particularly with regard to the significant issues listed below. These issues were subject to robust challenge and debate between management, the external auditor and the committee.

The committee also reviewed detailed external auditor reports outlining work performed and any issues identified in respect of key judgements and estimates – in the independent auditor's report on pages 126 to 137. The committee concluded there was no significant disagreement or unresolved issue that required referral to the Board.

Significant issues considered	How the committee addressed these issues
<p><b>Accounting for construction contracts</b></p> <p>There has been no change to the revenue accounting policy approved in 2019 and set out in the Group Finance Standard issued in 2019. The policy has been in effect and operational throughout 2022 and we have seen consistent application of the revenue recognition methodology applied in the businesses and across contract types. Significant judgements are still required to be made on contracts for which a degree of uncertainty remains after application of the methodology.</p>	<p>During the year the committee monitored revenue recorded. This included material revenue related to contracts that were subject to settlement agreements and variation orders. The treatment recommended by management was in line with the approved policy and consistent with previous practice.</p> <p>The committee considered these issues at all of its meetings during the year and, in particular, in December 2022 and February 2023 when it agreed with management's recommendations. The reasonableness of the recommendations made by management was also discussed with EY.</p>
<p><b>Carrying value of goodwill</b></p> <p>The Group tests goodwill annually, to assess whether any impairment has been suffered. This test is carried out in accordance with the accounting policy set out in note 2 to the financial statements. The Group estimates the recoverable amount based on value-in-use calculations. These calculations require the use of assumptions, the most important being the forecast operating profits, forecast reliability and the discount rate applied. The key assumptions used for the value-in-use calculations are set out in note 15 to the financial statements.</p>	<p>The committee considered the results of impairment tests of goodwill prepared by management at its meetings in December 2022 and February 2023. Following discussion, consultation with EY and challenge, the committee agreed with the recommendations made by management. This resulted in an impairment charge recognised for the goodwill at Austral and Keller Sweden.</p>
<p><b>Provisioning</b></p> <p>Given the nature of the contracts undertaken by the Group, there is an inherent risk of claims being made against one or more of the Group's businesses in relation to performance on specific contracts. These claims can include risks for which the Group has external insurance coverage.</p> <p>Recognition of liabilities for these claims requires judgement and coordination between different Group functions.</p>	<p>The committee received regular updates on legal claims and assurance was provided by the divisional legal teams who reviewed the claims, with provisioning being assessed with input from divisional and Group finance.</p> <p>Details of provisions are set out in note 24 to the financial statements.</p>
<p><b>Non-underlying items</b></p> <p>The disclosure of non-underlying items requires significant judgement given that no accounting standard defines specifically what items should or what items should not be presented as non-underlying.</p>	<p>The committee considered management's presentation of non-underlying items at its meetings in July and December 2022, and February 2023. The reasonableness of the assumptions made by management was discussed with EY.</p> <p>The committee agreed with the recommendations made by management.</p>

**Mozambique LNG contract**

In 2021 a large LNG contract in Mozambique was suspended due to terrorist activity in the local area. The Group negotiated reimbursement for the resulting standing costs, which is accounted for as a contract modification. There is significant judgement to be applied to the accounting for the contract modification, in particular how to estimate the remaining cost to complete given the uncertainty over the restart date for the project and the appropriate carrying value of equipment on site.

The committee received regular updates on the discussions with the customer regarding a restart date and plans to demobilise the remaining equipment from site at the meetings during the year. They considered the reasonableness of management's judgements and supporting evidence for the judgements. The reasonableness of the approach and the assumptions included were discussed with EY. The committee agreed with the recommendations made by management.

**Going concern**

Assessing the Group's ability to meet its obligations as they fall due in the near term requires estimates and judgements to be made about the likely performance of the Group. The Group, like many businesses in 2022, continued to operate within a global economy that faced significant uncertainty caused by the war in Ukraine, rising inflation and supply chain constraints leading to an increase in average net debt levels. Through this period, going concern received enhanced attention from external and internal stakeholders. On each occasion that the Group has assessed its ability to continue as a going concern, judgements and estimates have been made on prevailing market conditions.

The committee considered the judgements and estimates made by management in their assessment of the Group's ability to continue as a going concern for the period through to the end of March 2024, a period of at least 12 months from when the financial statements are authorised for issue, at its meetings in July and December 2022, and February 2023.

**Internal audit**

The Keller internal audit programme is risk-based, ensuring appropriate coverage dependent upon the size of the entity and the perceived risks associated with that operation. It also includes theme-based audits to review adherence to Group policies across the organisation.

The programme carried out by PwC during the year consisted of 18 operational entity audits and themed audits across 12 countries, which together represented approximately 39% of the Group's budgeted revenue for the year.

The committee received and considered reports from PwC which detailed the progress against the agreed work programme and the findings. In the majority of reviews, following the successful update and deployment of the Group Finance Standards, findings were limited to the need for formalising maintenance of evidence of controls performed. Where more significant control issues were identified, we reviewed the findings, discussed the remediation plans with management and received updates on the progress of remediating the control deficiencies. None of the control deficiencies identified are significant in relation to the preparation of the 2022 Annual Report and Accounts.

The audits carried out during 2022 have been performed against updated control standards wherever they have been issued and any improvement actions aligned to them. The majority of control standards are now in place and embedded across the Group, helping to improve the control environment and enable early identification of potential control breakdowns.

Special internal audit reviews were commissioned by the committee on the PLM Standard and on the Suncoast inventory. As a result a full review, a relaunch of the PLM Standard is currently under way by management, and will be reported on next year. The Standard will be renamed Project Management Performance.

Overall, progress has been made across business units and we have observed a demonstrably stronger control environment, however, not without challenges.

During the year, the committee completed an internal effectiveness assessment of the internal audit function, which measured its performance against the quality assessment criteria provided by the Institute of Internal Auditors. The work of the internal audit function was rated as fully conforming. For 2023, we expect to undertake an external review of effectiveness and we will report on the results in next year's annual report.

**External audit**

The committee places great importance on ensuring there are high standards of quality and effectiveness.

EY was appointed by shareholders at the AGM held in May 2019, and reappointed in subsequent years. The lead EY partner during the financial year ended 31 December 2022 was Kevin Harkin, who had no previous involvement with the Group in any capacity prior to appointment.

The committee considered the effectiveness and quality of the external audit process and of EY as external auditor. This review included consideration of comprehensive papers from both management and the external auditor, and meetings with management in the absence of the external auditor. It considered matters including: the competence of the key senior members of the team and their understanding of the business and its environment; the planning process; effectiveness in identifying key risks; technical expertise displayed by the auditor over complex accounting matters; communicating and resolving audit issues; timeliness of the audit process; cost and communication of issues and risks to management and the committee.

There are a number of checks and controls in place for safeguarding the objectivity and independence of EY. These include open lines of communication and reporting between EY and the committee and, when presenting their 'independence letter', EY discuss with the committee their internal process for ensuring independence.

We assess the effectiveness of the external audit process on an ongoing basis, paying particular attention to the mindset and culture, skills, character and knowledge, quality control and judgement of the external audit firm in their handling of key judgements, responsiveness to the committee and in their commentary where appropriate on the systems of internal control. By way of an example, please refer to the Independent auditor's report on page 132 where EY's actions to mitigate the risk arising out of the financial reporting fraud in Austral are explained.

We hold regular private meetings with the external auditor, during which we discuss:

- How the auditor has identified and addressed potential risks to the audit quality.
- The controls in place within the audit firm to identify risks to audit quality.
- The level of challenge the auditor has discussed with the management team and their confidence on the control landscape.
- Whether the auditor has met the agreed audit plan and how it has responded to any changes that have been required.
- Feedback from key people involved in the audit.
- The content of the auditor's management letter.

A detailed assessment of the amounts and relationship of audit and non-audit fees and services is carried out each year and we have developed and implemented a policy regulating the placing of non-audit services to EY. This should prevent any impairment of independence and ensure compliance with the updates to the Code and revised Auditing and Ethical Standards with regard to non-audit fees. Any work awarded to EY, other than audit, with a value in excess of £50,000, requires the specific pre-approval of the Board. In 2022, non-audit-related fees paid to EY were less than 5% of the total audit fee. These relate to the half-year report review and are considered to be permitted services. The breakdown is available in note 7 of the accounts on page 164.

The external audit contract is put out to tender at least every 10 years. As part of the review of the effectiveness and independence of the external auditor, we recommend the reappointment of EY for the year ending 31 December 2023.

We confirm compliance with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

### Risk management and internal control

The committee has a key role, as delegated by the Board, in ensuring appropriate governance and challenge around risk management. We also set the tone and culture within the organisation regarding risk management and internal control, and this year this was evident in the actions we have overseen (see page 107 overleaf) in light of the Austral financial reporting fraud.

Further information on the Group's risks can be found on pages 34 to 43.

The system of internal control is designed both to safeguard shareholders' investment and the Group's assets, and to facilitate the identification, evaluation and management of the significant risks facing the Group. Key elements of the Group's system of internal control include:

- An experienced and qualified finance function which regularly assesses the possible financial impact of the risks facing the Group.
- Monthly dashboard packs reviewed by the Executive Committee and the Board.
- Detailed business unit budget reviews with updates provided to the Board.
- Regular reports to the Board on health and safety issues.
- Regular visits to operating businesses by head office and divisional directors.
- Annual completion of internal control questionnaires by business unit management.
- Reports to the Committee by PwC on the findings of their internal audit reviews of the controls, processes and procedures in place at each of the Group's in-scope units.

The Group aims to continuously strengthen its processes, with the involvement of the committee, to ensure these processes are embedded throughout the organisation. In 2022, we worked with management to continue to enhance the system of internal controls, defining the following priorities and receiving updates on their progress:

- Continued development of the Group's financial control framework and setting of minimum control standards for all areas of financial reporting and operational finance.
- Monitoring of the implementation of the monthly sign-off checklist at each business to certify that accounting controls have been performed/complied with for the month.

- Review of internal control questionnaires, to identify common areas for improvement as well as to address specific risks and direct assurance efforts.
- Mapping of the Group's control environment to assess controls maturity across all functions within the Group.

Although we review the Group's system of internal controls, any such system can only provide reasonable and not absolute assurance against any material misstatement or loss.

The committee reviewed and challenged the output of management's assurance map to assess controls maturity in the context of the forthcoming audit and corporate governance reform.

### Anti-bribery and anti-fraud

The committee is responsible for reviewing the Group's procedures for detecting fraud, and the systems and controls for preventing other inappropriate behaviour with a financial impact. During the year the committee recommended a review to the policy to reinforce the processes around fraud. As a result it was agreed that any instances of fraud or suspected fraud should be reported directly to the Group Head of Risk and Internal Audit and the Group Company Secretary and Legal Advisor, or anonymously via the Group Whistleblowing hotline.

All reports of suspected or actual fraud will be treated with confidentiality and thoroughly reviewed and assessed. An effective anti-fraud response plan will be developed and implemented in proportion to the level of fraud risk identified and all fraud investigations and their results will be reported to senior management and then escalated to the committee.

During the year, the committee was kept fully apprised in regular updates on the progress and findings of investigations of cases of alleged fraud and any remedial actions taken.





**Board site visit in 2022**



This picture has been taken at one of the site visits the Board conducted in New York in October 2022, where they learned about secant piles and jet grouting and met with local colleagues and divisional management.

**Financial reporting fraud in the Austral business unit**

Following an internal management operational review, the Group announced in January 2023 that it had identified a financial reporting fraud in the Austral business in Australia, within the AMEA Division. As a result, management commissioned an external forensic investigation of the incident. The report was submitted to the committee in February 2023. The report concluded that the fraudulent activity had not resulted in a cash loss to the Group. In addressing the fraud, we followed all of the procedures established by the Company's newly revised Anti-bribery and anti-fraud policy, as described elsewhere in this report.

The following Group-wide actions have been initiated by management and approved by the committee:

- enhancement and relaunch of the standard operating procedure that governs project performance from bid through to demobilisation;
- an independent review of financial reporting risk and controls to report in the second quarter of 2023;
- all finance reporting lines changed to the Group CFO – they are currently reporting to the Divisional Presidents; and
- acceleration of a finance transformation initiative ahead of the ERP rollout.

In addition, the committee will constantly appraise the opportunities for extending the audit and assurance scope and utilising technical subject matter experts where appropriate to ensure the findings of the report are addressed.

**Corporate governance**

The committee's terms of reference, which were reviewed during the year, are available on our website ([www.keller.com](http://www.keller.com)) and on request from the Committee Secretary.

It is intended that the committee is comprised of at least three members, all of whom are independent Non-executive Directors of the company with the necessary range of relevant sector, financial and commercial expertise to enable the committee to fulfil its terms of reference. They do so by providing independent and robust challenge to management and our internal and external auditors, and ensuring there are effective and high quality controls in place and appropriate judgements are taken. The Code requires the inclusion of one financially qualified member (as recognised by the Consultative Committee of Accountancy Bodies) with recent financial expertise. Currently, the Committee Chair fulfils this requirement.

We invite the Chairman, Chief Executive Officer, Chief Financial Officer, Group Financial Controller, Group Head of Risk and Internal Audit, the Group Company Secretary and Legal Advisor, the company's external auditor, EY, and PwC in their role as internal auditor, to all meetings.

On two occasions, the committee met privately with EY without management being present and we also met twice during the year with PwC and the Group Head of Risk and Internal Audit without management present.

In line with best practice, the committee conducted an effectiveness review of the business covered during the year against its terms of reference.

Collectively, the committee has the competence relevant to the sector as required by the provisions of the Code, as well as the contracting and international skills and experience required to fully discharge its duties. The committee is authorised by the Board to seek any information necessary to fulfil these duties and to obtain any necessary independent legal, accounting or other professional advice, at the company's expense.

**Looking forward**

In 2023 our priorities will be:

- Monitoring improvement actions identified in 2022.
- Monitoring the progress of a new initiative to refresh the global finance organisation structure.
- Further developing the approach to fraud risk assessment.
- Continued assessment of the Government's audit and corporate governance reform along with the company's response to meeting and implementing the revised requirements.
- Continued review of cyber security risk mitigation plan.
- Monitoring the implementation of the redesigned PLM Standard, to be renamed Project Management Performance Standard.
- Delivering and successfully implementing the new ERP system.



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## Annual statement from the Chair of the Remuneration Committee



**Eva Lindqvist**

Chair of the Remuneration Committee

### Committee composition during 2022

**Eva Lindqvist (Chair)**

Paula Bell

Juan G. Hernández Abrams\*

Baroness Kate Rock

Nancy Tuor Moore\*\*

### Meeting attendance

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\* Member from February 2022

\*\* Member until May 2022

See biographies on pages 80 and 81

### Role of the committee

The role of the committee is to determine and agree with the Board the framework or broad policy for the remuneration of the Chairman, the Executive Directors, their direct reports and such other members of the executive management as it is designated to consider. In addition, the committee is responsible for determining the total individual remuneration packages of the Chairman, the Executive Directors, the Group Company Secretary and Legal Advisor and other senior executives, ensuring compliance with legal and regulatory requirements whilst enhancing Keller's long-term development.

The committee also:

- determines the measures and targets for annual bonus plan objectives and outcomes for the Executive Directors, Executive Committee and other senior executives;
- exercises the powers of the Board in relation to share plans;
- sets and oversees the selection and appointment process of its remuneration advisers;
- monitors developments in corporate governance and, particularly, any impacts on remuneration practices; and
- reports on its activities to shareholders on an annual basis.

The Chair of the committee reports on the committee's activities at the Board meeting immediately following each meeting.

Whilst Keller delivered strong growth in revenue and underlying profits, there were also a number of challenges and headwinds."

### Committee highlights in 2022

Monitored developments in corporate governance and market trends, including the challenges presented by increasing levels of inflation and the impact of the 'cost of living crisis', and the impact across our wider workforce.

Benchmarked and assessed the remuneration packages of the Executive Directors and the Executive Committee.

Determined bonus outcomes for 2022 and the vesting outcome of the 2020–22 Performance Share Plan (PSP) awards.

Set base salaries and established Executive Director bonus arrangements for 2023; reviewed base salaries and bonus arrangements for the Executive Committee for 2023; approved 2023–25 LTIP awards to Executive Directors and senior executives.

Reviewed its terms of reference and the effectiveness of the committee.

## Dear shareholder

On behalf of the committee, I am pleased to provide an overview of Executive Director remuneration for the year ended 31 December 2022.

## 2022 business performance and incentive outcomes

Keller delivered a strong performance in 2022 with revenue for the Group of close to £3bn, up 24% (at constant currency). Underlying operating profit increased to £108.6m, up 12% at constant currency. Underlying diluted earnings per share increased by 20% to 100.7p per share (2021: 84.2p per share). Net debt (on a bank covenant IAS 17 basis) increased by £99.4m to £218.8m, equating to a net debt/EBITDA leverage ratio of 1.2x (2021: 0.8).

The targets for the 2022 annual bonus for executive management were set by the committee in February of last year and remained unchanged throughout the year. When determining the bonus outcome, the committee considered overall company performance over the period, weighing the successful execution of the strategy and continued growth of the Group against the wider macro-economic environment and, of course, the fraud at Austral, Keller's business unit in Australia, more details of which can be found in the Strategic report.

Whilst Keller delivered strong growth in revenue and underlying profits, there were also a number of challenges and headwinds, including the financial reporting fraud at Austral, that impacted the 2022 annual bonus outcomes. The financial measures, Group profit before tax and net debt, did not pay out. There was a small measure of progress against the corporate objectives and the Executive Directors achieved 6% out of a possible 30% maximum. Overall, the annual bonus outturn was 6% of maximum.

After considering all the relevant factors for the 2022 bonus, the committee's view was that the outcome was fair and appropriate from both a performance perspective and also taking into account the wider stakeholder experience. Therefore, no discretion was exercised.

The performance of the LTIP granted to executives in 2020 and vesting in March 2023 was improved from the previous LTIP cycle. The EPS and ROCE targets were partially met during the performance period, with TSR vesting at maximum. Overall, the 2020 LTIP awards vested at 61.9% of maximum.

The committee carefully considered the vesting levels of the 2020 award, with additional reference to both the shareholder and wider workforce experience. It also specifically considered share price movements and was satisfied that there had been no inappropriate windfall gains over the period. The committee determined that the LTIP outcome fairly and appropriately reflected performance over the three years and no discretion was exercised.

In light of the restatement of the 2021 accounts due to the Austral fraud, the committee also reconsidered the outturn for the 2021 annual bonus together with the 2021 vesting of the LTIP granted in 2019. Having reviewed all of the information the committee found there to be no impact to the outcomes agreed in that year, and malus and clawback were not applied.

## 2023 salary review

Salary increases for UK-based employees across the Group were generally around 8%, effective 1 January 2023. The committee has considered the impacts of rising inflation and cost of living challenges with regard to the wider workforce and has positively noted management's efforts to provide additional security and robustness of earnings to those particularly impacted in the group.

Michael Speakman, CEO, and David Burke, CFO, were awarded salary increases of 5%. As additional context, the CEO and CFO are already aligned with the wider workforce pension rate of 7% of salary.

## Year ahead: 2023 annual bonus plan and LTIP metrics

As set out last year, management's focus will be on driving value by focusing on, and investing in, our key markets and the sustainability of operating profits and enhanced margins, whilst maintaining a robust balance sheet.

In 2022, the company committed to ambitious net zero targets for all three of our emission scopes which will culminate in carbon neutrality by 2050 at the latest and a Scope 2 reduction target formed one of management's corporate objectives for 2022. Recognising the continued importance of achieving these goals, we have agreed a further Scope 2 reduction target as one of management's corporate objectives for 2023. Further detail on the 2023 corporate objectives will be disclosed in the 2023 Annual remuneration report.

The four LTIP measures agreed in 2021, and used in 2021 and 2022, continue to support the delivery of the strategy and are therefore carried forward into 2023. Together with the targets for the LTIP for the year ahead, the measures are disclosed in the 2022 Directors' remuneration report. See page 115 for further details.

## 2023 Annual General Meeting

We very much hope that you will support our 2022 Annual report on remuneration at the AGM in May. I will be available at the AGM to answer any questions you may have about our work. Please also feel free to email your questions to the Group Company Secretary and Legal Advisor at [secretariat@keller.com](mailto:secretariat@keller.com) and we will respond to them directly.



## Eva Lindqvist

### Chair of the Remuneration Committee

Approved by the Board of Directors and authorised for issue on 10 March 2023.

## Remuneration in context

### The committee sets the Remuneration Policy for Executive Directors and other senior executives, taking into account the company's strategic objectives over both the short and the long term and the external market.

The committee addresses the need to balance risk and reward. The Committee monitors the variable pay arrangements to take account of risk levels, ensuring an emphasis on long-term and sustainable performance. The Committee believes that the incentive plans are appropriately managed and that the choice of performance measures and targets does not encourage undue risk-taking by the Executives so that the long-term performance of the business is not compromised by the pursuit of short-term value. The plans incorporate a range of internal and external performance metrics, measuring both operational and financial performance over differing and overlapping performance periods, providing a rounded assessment of overall company performance.

#### Linkage to all-employee pay

The committee reviews changes in remuneration arrangements in the workforce generally as we recognise that all our people play an important role in the success of the company. Keller is committed to creating an inclusive working environment and to rewarding our employees throughout the organisation in a fair manner. In making decisions on executive pay, the Committee considers wider workforce remuneration and conditions to ensure that they are aligned on an ongoing basis.

As part of our commitment to fairness, we have a section in this report (see ESG and sustainability) which sets out more information on our wider workforce and our diversity initiatives. We recognise there is always an opportunity to improve in relation to these issues.

#### Shareholder views

The committee engages proactively with the company's major shareholders and is committed to maintaining an open dialogue. The committee reviews any feedback received from shareholders as a result of the AGM process. Committee members are available to answer questions at the AGM and throughout the rest of the year. The committee takes into consideration the latest views of investor bodies and their representatives, including the Investment Association, the Pension and Lifetime Savings Association and proxy advice agencies such as Institutional Shareholder Services.

#### Remuneration principles

We strongly believe in fair and transparent reward throughout the organisation and when making decisions on executive remuneration the committee considers the context of wider workforce remuneration. This section shows how the 2018 Code is embedded in our remuneration principles and how they are cascaded throughout the organisation. The diagram on the following page shows how the policy is aligned with the factors set out in Provision 40, and how our principles and policy are aligned with the 2018 Code.

## Our purpose: Building the foundations for a sustainable future

### Embedding our purpose and vision in our remuneration guiding principles

- Support our purpose, values and our wider business goals.
- Drive long-term sustainable performance for the benefit of all our customers, shareholders and wider stakeholders.
- Be simple, transparent and easily understood by internal and external stakeholders.
- Attract, motivate and retain all our employees with diverse backgrounds, skills and capabilities.

### How we address the requirements under Provision 40

#### Cultural alignment and proportionality

- The committee ensures that the overall reward framework embeds our purpose and values.
- The committee reviews the executive reward framework regularly to ensure it supports the company's strategy.

#### Proportionality and risk

- A significant proportion of remuneration is delivered in variable pay linked to corporate performance.
- Performance measures/targets for incentives are objectively determined.
- Outcomes under incentive plans are based on holistic assessment of performance.

#### Simplicity, clarity and predictability

- The committee ensures the highest standards of disclosure to our internal and external stakeholders.
- The committee makes decisions on executive pay in the context of all employees and the external environment.

#### Cultural alignment and risk

- The committee ensures that a significant portion of reward is equity-based and thereby linked to shareholder return.
- Executive Directors are required to build significant personal shareholdings in the company and this is regularly monitored by the committee.

#### Clarity

The Committee ensures that Executives are provided with a remuneration opportunity which is competitive against companies of a similar size and complexity, with a strong emphasis on the variable elements.

## Alignment of the policy to the provisions of the 2018 Code

### Clarity:

The company's performance remuneration is based on supporting the implementation of the company's strategy measured through KPIs which are used for the annual bonus and LTIP. This provides clarity to all stakeholders on the relationship between the successful implementation of the company's strategy, including its sustainability framework, and the remuneration paid.

### Simplicity:

The policy includes the following:

- setting defined limits on the maximum awards which can be earned;
- requiring the deferral of a substantial proportion of the incentives in shares for a material period of time, helping to ensure that the performance earning the award was sustainable, and thereby discouraging short-term behaviours;
- aligning the performance conditions with the agreed strategy of the company as well as our sustainability and net zero carbon ambitions;
- ensuring a focus on long-term sustainable performance through the LTIP; and
- ensuring there is sufficient flexibility to adjust payments through malus and clawback and an overriding discretion to depart from formulaic outcomes, especially if it appears that the behaviours giving rise to the awards are inappropriate or that the criteria on which the award was based do not reflect the underlying performance of the company.

### Predictability:

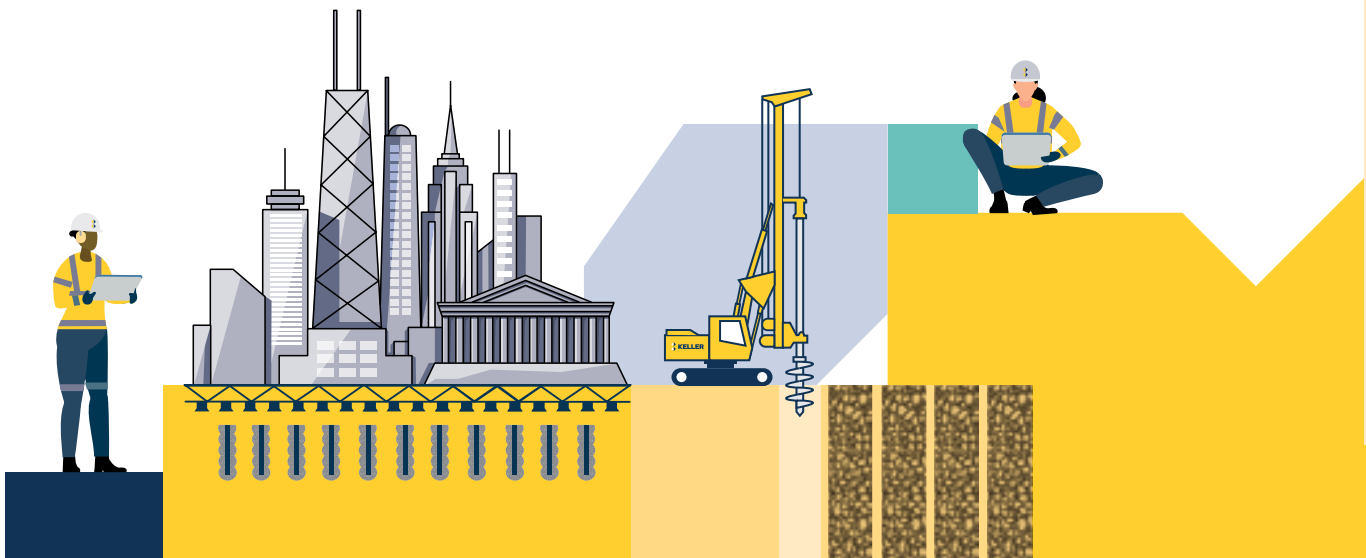
Shareholders are given full information on the potential values which can be earned under the annual bonus and LTIP plans on their approval. In addition, all the checks and balances set out above under 'Risk' are disclosed at the time of shareholder approval.

### Proportionality:

The company's incentive plans clearly reward the successful implementation of the strategy and our environmental ambitions, and through deferral and measurement of performance over a number of years ensure that the Executives have a strong drive to ensure that the performance is sustainable over the long term. Poor performance cannot be rewarded due to the Committee's overriding discretion to depart from the formulaic outcomes under the incentive plans if they do not reflect underlying business performance.

### Alignment to culture:

A key principle of the company's culture is a focus on our stakeholders and their experience; this is reflected directly in the type of performance conditions used for the bonus. The focus on long-term sustainable performance is also a key part of the company's culture. In addition, the measures used for the incentive plans are measures used to determine the success of the implementation of the strategy.



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## Remuneration at a glance

### Overview of Remuneration Policy – How Executive Directors will be paid in future years

Shareholders approved a revised policy at the 2021 AGM, full details of which can be found in our 2020 annual report. An overview of our policy and how it is proposed to apply in 2023 is set out below:

#### Fixed pay

Attract and retain high-calibre individuals needed to execute and deliver on the Group's strategic objectives.

##### Remuneration in 2023

<b>Salary</b>	<b>CEO:</b> £617,715 – 5% increase from 2022, below salary increases awarded to UK-based employees of 8%	<b>CFO:</b> £405,563 – 5% increase from 2022, below salary increases awarded to UK-based employees of 8%
<b>Pension</b>	7% of salary – aligned with the wider workforce rate	
<b>Benefits</b>	Includes car allowance, private health care and life assurance and long-term disability insurance	

#### Annual bonus

Rewards achievement of short-term financial and strategic targets.

##### Cash element

**Maximum opportunity** – up to 150% of salary. Awards subject to **malus and clawback**.

##### 25% of bonus deferred into shares for two years

##### 2023 bonus metrics:

- 50% Underlying operating profit
- 20% Net debt
- 30% Corporate objectives

#### Performance share plan (PSP)

Focus on delivering value creation for shareholders and sustainable financial performance for the company over the long term.

##### 3-year performance period

**Maximum opportunity** – up to 150% of salary. For 2023, CEO will receive 150% of salary and CFO will receive 125% of salary. Awards subject to **malus and clawback**.

##### 2-year holding period

##### 2023 PSP metrics:

- 25% Cumulative EPS
  - 25% ROCE
  - 25% Relative TSR
  - 25% Operating margin
- ✓ Aligned with our strategy
  - ✓ Aligned with shareholders
  - ✓ Aligned with strategic KPIs
  - ✓ Drive quality and sustainable performance

#### Shareholding guideline

Guideline applies in post, and extends beyond tenure.

**In-post guideline:** 200% of salary

**Post-employment guideline:** 100% of in-post shareholding (or actual shareholding if lower) in year 1 and at least 50% in year 2.

#### Policy

The policy approved in 2021 introduced or formalised a number of good governance features in line with evolving best practice.

##### Introduced

- Post-employment shareholding requirement.
- Discretion for the committee to override formulaic outcomes.

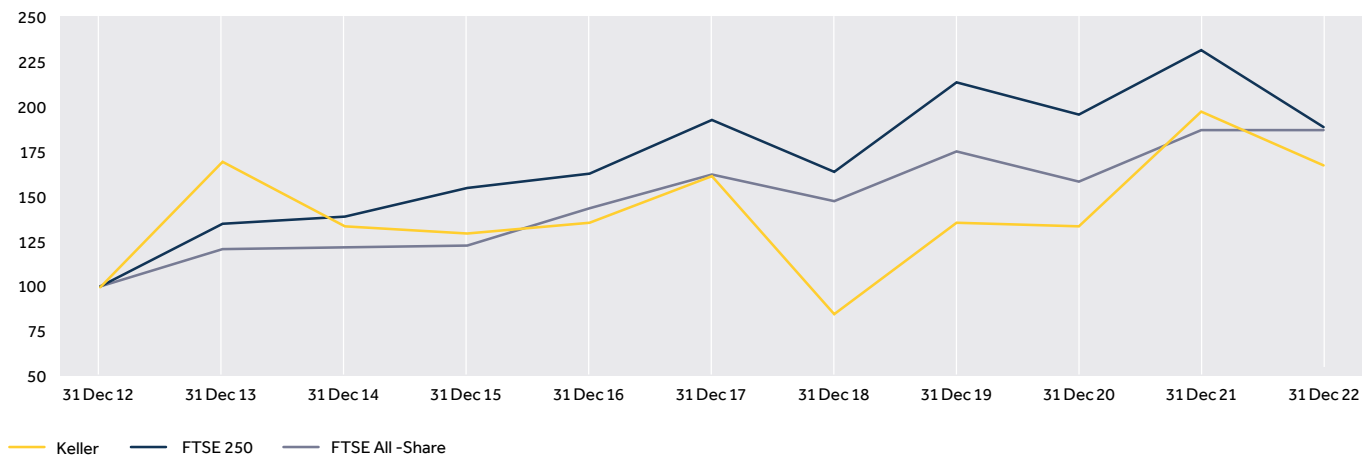
##### Formalised

- Malus and clawback policy.
- Alignment of Executive Directors' pensions to the general workforce rate.
- Mitigation measures in service contracts.
- Settlement of deferred bonus and dividend equivalents in shares.



### Remuneration for 2022 – What Executive Directors earned during 2022

The chart below shows the growth in value of a hypothetical £100 holding in Keller Group plc ordinary shares over 10 years, relative to a hypothetical £100 holding in the FTSE250 and FTSE All-Share Indices.



Annual bonus	Weighting	Threshold	Target	Max	Outcome (% of max)
PBT, £m	60%	95.6	112.5	118.1	0%
Performance outcome: 93.5 <sup>1</sup>					
Net debt (IAS 17 basis), £m	20%	117.6	112.0	95.2	0%
Performance outcome: 218.8 <sup>1</sup>					
Corporate objectives	20%	Summary of objectives on page 115			6%
Actual: 6% of max					
<b>Overall</b>					<b>6%</b>

PSP (2020–22)	Weighting	Threshold	Max	Outcome (% of max)
EPS	50%	270p	310p	46%
Actual: 281.2p				
TSR	25%	Median	Above upper quartile	100%
Actual: Upper quartile				
ROCE	25%	14%	20%	55.7%
Actual: 16.4% <sup>2</sup>				
<b>Overall</b>				<b>61.9%</b>

1 At 2022 actual exchange rates, before non-underlying items.  
 2 Average of the three-year ROCE for 2020–22.



## Annual remuneration report

The following section provides details of how Keller's Remuneration Policy was implemented during the financial year ended 31 December 2022.

### Single total figure of remuneration for Executive Directors (audited)

The table below sets out a single figure for the total remuneration received by each Executive Director for the financial years ended 31 December 2021 and 2022:

	Executive Directors			
	Michael Speakman		David Burke	
	2022 €000	2021 €000	2022 €000	2021 €000
Salary	588	571	386	375
Taxable benefits <sup>1</sup>	14	14	20	20
Pension benefits <sup>2</sup>	41	40	27	26
<b>Total fixed pay</b>	<b>643</b>	625	<b>433</b>	421
Annual bonus <sup>3</sup>	35	771	23	506
PSP <sup>4</sup>	619	229 <sup>5</sup>	–	–
<b>Total variable pay</b>	<b>654</b>	1,000	<b>23</b>	506
<b>Total pay</b>	<b>1,297</b>	1,625	<b>456</b>	927

1 Taxable benefits consist primarily of a car allowance of €12,000 and €18,000 for Michael Speakman and David Burke respectively.

2 Pension benefits represent cash in lieu of pension for Michael Speakman. David Burke's pension contribution is paid into a private SIPP.

3 The annual bonus represents the value of the bonus receivable in respect of the Group's annual bonus plan for the relevant financial year. 25% of the bonus shown above will be deferred into Keller shares for a period of two years.

4 For the PSP, the value shown for 2022 reflects the final vesting outcome of the 2020 PSP award with performance measured over the three-year performance period 1 January 2020 to 31 December 2022. The final vesting outcome of the 2020 PSP award was 61.9% of maximum. The value of the award was calculated using a three-month average closing share price to 31 December 2022 of 803.49p. See page 115 for further details. The 2020 award will vest on 15 March 2023. Using the average closing share price to 31 December 2022, the price appreciated from the date of the award. For Michael Speakman, the value shown for 2022 also includes the final vesting outcome of an additional PSP award reflecting his service as CEO from 1 September 2019–31 December 2019. The award was made at the same time as the 2020 PSP awards in March 2020, but the committee considers it to be remuneration awarded in 2019 supplementing his 2019 award.

5 The PSP for 2021 has been restated to reflect the share price on the vesting date compared with the estimate published in the 2021 Annual Report. The share price on the date of vesting was 760p compared to the three-month average share price to 31 December 2021 of 921.6p, which was used to estimate the value in the 2021 Annual report. The 2021 PSP vested on 8 March 2022 and the final vesting outcome was 36.6% maximum.

### Total pension entitlements (audited)

Michael Speakman and David Burke's pension rate has been set at 7% of base salary in line with the contribution rate provided to the majority of the UK workforce. The committee keeps the pension entitlement of the Executive Directors under review in the context of any changes in pension provision across the Group.

### 2022 annual bonus

The 2022 annual bonus was based 80% on the achievement of stretching profitability and net debt targets and 20% on individual corporate objectives aligned to the delivery of key strategic and operational priorities. Overall, the bonus outcome for 2022 was 6% of the maximum payout, for each Executive Director, based on performance as set out below.

Measures	2022 measurement ranges and outcome				Bonus as % of salary			
	Threshold 0%	Target 50%	Maximum 100%	Performance outcome <sup>1</sup>	Executive Directors			
					Michael Speakman		David Burke	
					Max %	Outcome %	Max %	Outcome %
Group PBT, €m	95.6	112.5	118.1	93.5	90	–	90	–
Group net debt (IAS 17 basis), €m	117.6	112.0	95.2	218.8	30	–	30	–
<b>Total Group measures</b>					120	–	120	–
Corporate objectives assessment					30	6	30	6
<b>Total bonus</b>					150	6	150	6
<b>Base salary</b>						€588,300		€386,250
<b>Bonus based on performance outcomes</b>					6	€35,298	6	€23,175

1 At 2022 actual exchange rates, before non-underlying items.

## Corporate objectives

Corporate objectives are measurable deliverables that are jointly shared by the Executive Directors and the Executive Committee and are focused on supporting the delivery of Keller's key strategic activities. The committee determined that this was an appropriate basis to incentivise management to increase collaboration on strategic activities. The categories of the corporate objectives have maximums from 6% to 12% of base salary that can be attained, with an overall maximum of 30% of base salary available (20% weighting of total annual bonus plan for Executive Directors). The committee retains the right to apply discretion to the overall evaluation of the attainment of corporate objectives.

Corporate objective	Opportunity (maximum)	Actual performance	Outcome (maximum 30%)
<b>Improved project performance</b> Reducing the number of loss-making projects (LMP)	12.0% of base salary	LMP performance did not meet the target for the year.	0.0%
<b>An absolute 10% reduction in Scope 2 market-based emissions</b> Using the 2019 reported number as a baseline	6.0% of base salary	Target achieved.	6.0%
<b>Margin enhancement</b> Improving the margin in our business units	12.0% of base salary	Margin performance did not meet the target for the year.	0.0%
Attainment as assessed by the Committee			6.0%
<i>Discretion applied</i>			<b>0% reduction</b>
Final outcome			6% achieved

## 2022 annual bonus outcomes

The financial targets for Keller were not met in 2022.

The objective scoring by the committee for performance in 2022 against corporate objectives resulted in an outcome of 6% of salary.

As described in the Chair's letter, the committee considered all relevant factors when determining the level of bonus payout and concluded that it was appropriate for the financial targets not to pay out and for the corporate objectives to partially pay out and no discretion was exercised.

## 2020–22 Performance Share Plan (PSP) outcomes (audited)

Based on EPS and TSR performance over the three years ended 31 December 2022, the PSP awards made in 2020 will vest as follows:

Measures	Vesting schedule and outcome <sup>3</sup>				
	% of award that will vest			Outcome	Vesting %
	0%	25%	100%		
<b>50% weight</b>					
Cumulative earnings per share (EPS) over three years <sup>1</sup>	Below 270p	270p	310p	281.2p	23.0
<b>25% weight</b>					
Keller's TSR ranking relative to the constituents of the FTSE 250 comparator index <sup>2</sup>	Less than median	Median	Upper quartile or higher	Above upper quartile	25.0
<b>25% weight</b>					
ROCE over three years <sup>3,4</sup>	Below 14%	14%	20%	16.4%	13.9
<b>Total vesting</b>					61.9

1 EPS is before non-underlying items on an IAS 17 basis.

2 Excluding investment trusts and financial services.

3 The Group adopted IFRS 16 on 1 January 2019, as disclosed in note 2 to the consolidated financial statements, and comparative financial measures have not been restated. The outcome for ROCE has been prepared on the basis of IAS 17, the previous leasing standard.

4 Average of the three-year ROCE for 2020–22.

The committee carefully considered the vesting levels of the 2020 award, with additional reference to both the shareholder and wider workforce experience. It also specifically considered share price movements and was satisfied that there had been no inappropriate windfall gains over the period. The committee determined that the LTIP outcome fairly and appropriately reflected performance over the three years and no discretion was exercised.

In line with the policy, the committee has the ability to exercise malus and clawback with regard to incentive awards in certain circumstances as outlined in the policy. Overall, the committee considers that the policy has operated as it was intended during 2022.

## Annual remuneration report continued

### Scheme interests awarded in 2022 (audited) 2022–24 PSP

The three-year performance period over which performance will be measured began on 1 January 2022 and will end on 31 December 2024. Awards will vest in March 2025, subject to meeting performance conditions. Awards were made as follows:

Executive Director	Date of grant	Shares over which awards granted	Market price at award (£)	Face value of the award at grant	Face value at threshold (£)	Face value at maximum (£)	Performance period
Michael Speakman	15 March 22	102,858	7.81 <sup>1</sup>	150% of salary	200,830	803,321	1 Jan 22 – 31 Dec 24
David Burke	15 March 22	61,820	7.81 <sup>1</sup>	125% of salary	120,704	482,814	1 Jan 22 – 31 Dec 24

1 The average of the daily closing price on 9, 10 and 11 March 2022 of the company's shares on the main market of the London Stock Exchange.

Vesting of the 2022–24 Performance Awards is subject to achieving the following performance conditions:

Measures	Vesting schedule		
	% of award that will vest		
	0%	25%	100%
<b>25% weight</b>			
Cumulative EPS over three years <sup>1</sup>	Below 330p	330p	400p
<b>25% weight</b>			
Keller's relative TSR performance vs FTSE 250 <sup>2</sup> Index over three years	Below median	Median	Upper quartile
<b>25% weight</b>			
Average ROCE over three years	Below 12%	12%	18%
<b>25% weight</b>			
Operating profit margin in year three	Below 5.5%	5.5%	6.5%

1 EPS and ROCE are before non-underlying items on an IFRS 16 basis.

2 Excluding investment trusts and financial services.

To reflect the impact of any changes in IFRS accounting standards, the committee will consider adjusting financial targets appropriately for all subsisting PSP awards, ensuring that they are not materially easier or harder to satisfy than the original targets. Any amended targets determined by the committee will be disclosed to shareholders in the next Directors' remuneration report.

### Directors' interests (audited information)

The table below sets out the beneficial interests of the Directors and their families in the share capital of the company as at 31 December 2022. None of the Directors has a beneficial interest in the shares of any other Group company. There have been no changes in the Directors' interests in shares since 31 December 2022 and the date of this report.

Director	Ordinary shares at 31 December 2022	Ordinary shares at 31 December 2021
Michael Speakman	63,008	44,280
David Burke	4,872	4,872
Peter Hill CBE	53,000	53,000
Nancy Tuor Moore <sup>1</sup>	3,000	3,000
Eva Lindqvist	–	–
Baroness Kate Rock	2,500	2,500
Paula Bell	1,581	1,581
Juan G. Hernández Abrams <sup>2</sup>	–	–

1 Nancy Tuor Moore retired from the Board on 18 May 2022.

2 Juan G. Hernández Abrams was appointed to the Board on 1 February 2022.

### Executive Directors' shareholding guideline (audited information)

The table below shows the shareholding of each Executive Director against their respective shareholding guideline as at 31 December 2022.

	Shares held		Awards held <sup>1</sup>		Shareholding guideline % salary/fee	Current shareholding % <sup>3</sup> salary/fee
	Owned outright or vested	Unvested and subject to performance conditions	Unvested without performance conditions <sup>2</sup>			
Michael Speakman	63,008	354,667	51,715		200%	86%
David Burke	4,872	126,611	20,892		200%	10%

1 Dividend accruals are included in these numbers, totalling 19,838 shares for Michael Speakman and 7,187 shares for David Burke.

2 Deferred awards.

3 Reflects closing price on 31 December 2022 of 800p.

## Supplementary information on Directors' remuneration

### Outstanding Performance Share options/awards

Details of current awards outstanding to the Executive Directors are detailed in the table below:

	At 1 January 2022 <sup>1,2</sup>	Granted during the year	Vested in year <sup>2</sup>	Lapsed during the year <sup>2</sup>	Dividend equivalents accrued during the year	At 31 December 2022 <sup>2</sup>	Vesting date
<b>Michael Speakman</b>							
8 March 2019	82,467	–	30,199	52,268	–	–	08/03/22
9 March 2020 (deferred award)	5,250	–	5,250	–	–	–	09/03/22
9 March 2020 <sup>3</sup>	4,812	–	–	3,052	90	1,850	15/03/23
9 March 2020	115,483	–	–	–	5,916	121,399	15/03/23
15 March 2021 (deferred award)	24,512	–	–	–	1,255	25,767	15/03/23
15 March 2021	107,151	–	–	–	5,489	112,640	15/03/24
15 March 2022 (deferred award)	–	24,684	–	–	1,300	25,984	15/03/24
15 March 2022	–	112,990	–	–	5,788	118,778	15/03/25
<b>David Burke</b>							
15 March 2021 (deferred award)	3,669	–	–	–	187	3,856	15/03/23
15 March 2021	58,621	–	–	–	3,004	61,625	15/03/24
15 March 2022 (deferred award)	–	16,206	–	–	830	17,036	15/03/24
15 March 2022	–	61,820	–	–	3,166	64,986	15/03/25

1 For awards granted in 2018 to 2020, performance conditions are measured 25% on TSR outperformance of the FTSE 250 excluding investment trusts and financial services, 50% on EPS over three years of the performance period, and 25% on ROCE. Awards granted in 2021 are measured 25% on TSR outperformance of the FTSE 250 excluding investment trusts and financial services, 25% on EPS over three years of the performance period, 25% on ROCE, and 25% on operating margin in year three. Each performance period ends on 31 December of the third year.

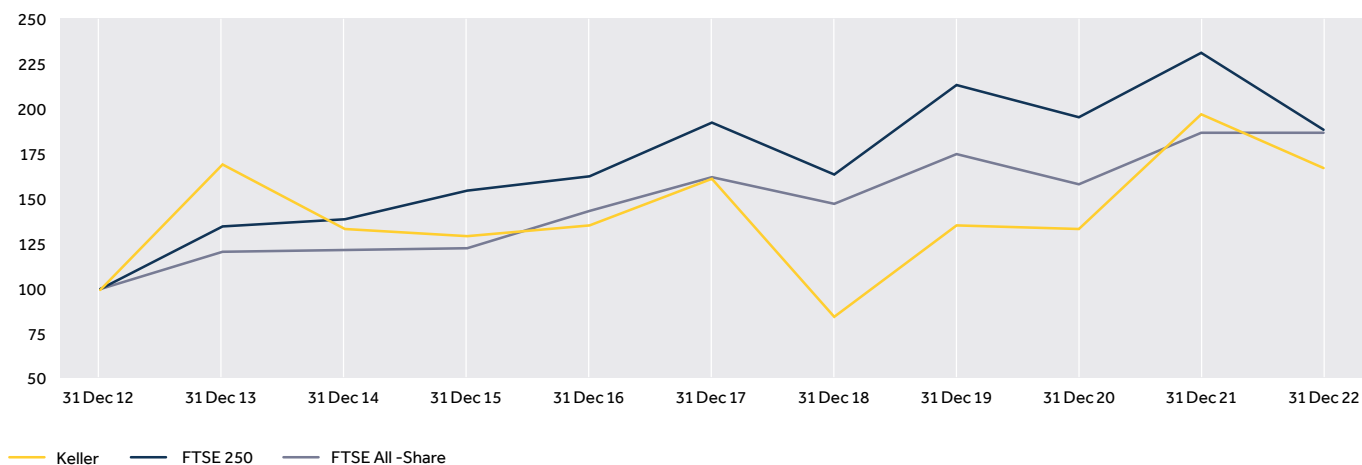
2 Includes dividend equivalents added as shares since the date of grant.

3 The committee decided to make an additional PSP award to Michael Speakman to reflect his service as CEO from 1 September to 31 December 2019. This award carries the same performance measures as the 2019–21 PSP award and will vest in three years from the date of grant. The award was made at the same time as the 2020 PSP awards in March 2020, albeit the committee considers it to be remuneration awarded in respect of 2019 and supplements his 2019 PSP award.

### CEO pay for performance comparison with TSR performance

The graph below shows the company's performance, measured by TSR, compared with the performance of the FTSE 250 Index (excluding investment trusts and financial services) and the FTSE All-Share Index. These indices have been selected for consistency with the comparator groups used to measure TSR performance for PSP awards.

This graph shows the growth in value of a hypothetical £100 holding in Keller Group plc ordinary shares over 10 years, relative to a hypothetical £100 holding in the FTSE 250 and FTSE All-Share Indices.



## Annual remuneration report continued

The table below details the CEO single figure of remuneration over the same period.

	2013	2014	2015 <sup>1</sup>	2016	2017	2018 <sup>2</sup>	2019 <sup>3</sup>	2020	2021	2022
CEO single figure of remuneration (£000)	1,870	1,630	1,420	715	1,427	639	921	1,433	1,685 <sup>4</sup>	<b>1,297</b>
Annual bonus as a % of maximum opportunity	84%	22%	85%	12%	59%	0%	38%	93%	90%	<b>6%</b>
PSP vesting as a % of maximum opportunity	100%	100%	67.3%	0%	33.9%	0%	26.5%	10.6%	36.6%	<b>61.9%</b>

1 The CEO single figure of remuneration has been calculated using Justin Atkinson's emoluments for the period from 1 January 2015 to 14 May 2015 and Alain Michaelis' emoluments for the period 14 May 2015 to 31 December 2015.

2 The Committee exercised its discretion and applied 0% bonus in 2018.

3 The CEO single figure of remuneration has been calculated using Alain Michaelis' emoluments for the period from 1 January 2019 to 30 September 2019 and Michael Speakman's emoluments for the period 1 October 2019 to 31 December 2019.

4 Reflects the restatement of the PSP for 2021 to reflect the share price on the vesting date compared with the estimate published in the 2021 Annual Report. See page 114.

### CEO pay ratio

The table below shows the comparison of the CEO's single total figure of remuneration (STFR) to the 25th, median and 75th percentile STFR of full-time equivalent UK employees on a Group-wide basis consistent with The Companies (Miscellaneous Reporting) Regulations 2018.

Financial year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2019	Option A	26:1	19:1	15:1
2020	Option A	37:1	24:1	18:1
2021	Option A	43:1	30:1	22:1
2021 (restated with actual bonuses)	Option A	43:1	30:1	22:1
<b>2022</b>	<b>Option A</b>	<b>34:1</b>	<b>20:1</b>	<b>15:1</b>

The employees used for the purposes of the table above were identified as based in the UK and on a full-time equivalent basis as at 31 December 2022.

Option A was chosen as it is considered to be the most accurate way of identifying the relevant employees required by The Companies (Miscellaneous Reporting) Regulations 2018.

The CEO pay ratio has been calculated to show the remuneration of the CEO Michael Speakman, who has been CEO on a permanent basis for the full financial year.

Due to the timing of bonus payouts for the 2022 performance year, we have used the bonus payout for 2022 for the CEO and the bonus payouts for the comparison population that was paid in 2022, in respect of the 2021 performance year. We will update these figures with the actual amounts paid in 2023, in respect of the 2022 performance year, in next year's Annual Report on remuneration.

The following table provides salary and total remuneration information in respect of the employees at each quartile.

Financial year	Element of pay	25th percentile employee	Median employee	75th percentile employee
2021 reported	Salary	£31,823	£44,986	£58,806
	Total remuneration	£39,320	£56,531	£76,235
2021 restated with actual bonus figures	Salary	£30,680	£41,966	£55,989
	Total remuneration	£38,880	£56,777	£75,217
<b>2022</b>	<b>Salary</b>	<b>£31,576</b>	<b>£46,662</b>	<b>£62,567</b>
	<b>Total remuneration</b>	<b>£37,753</b>	<b>£63,434</b>	<b>£85,133</b>

The Board has confirmed that the ratio is consistent with the company's wider policies on employee pay, reward and progression.



## Director percentage change versus employee group

The table below shows how the percentage increase in each Director's salary/fees, taxable benefits and annual bonus between 2021 and 2022 compared with the average percentage increase in each of those components of pay for the UK-based employees of the Group as a whole. The Committee has previously monitored year-on-year changes between the movement in salary, benefits and annual bonus for the CEO between the current and previous financial year compared with that of employees. As required under The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019, the analysis has been expanded to cover each Executive Director and Non-executive Director and this information will build up to display a five-year history.

	% change 2021/22			% change 2020/21			% change 2019/20		
	% change in salary or fees	% change in benefits	% change in annual bonus	% change in salary or fees	% change in benefits	% change in annual bonus	% change in salary or fees	% change in benefits	% change in annual bonus
<b>Executive Directors</b>									
Michael Speakman <sup>1</sup>	<b>3.0</b>	<b>1.90</b>	<b>(95.5)</b>	2.0	(0.8)	(1.6)	39.3	0.0	412.4
David Burke <sup>1</sup>	<b>3.0</b>	<b>2.00</b>	<b>(95.5)</b>	364.4	300.0	332.5	n/a	n/a	n/a
<b>Chairman and Non-executive Directors<sup>2</sup></b>									
Peter Hill CBE	<b>5.0</b>	-	-	2.6	-	-	8.3	-	-
Baroness Kate Rock	<b>2.1</b>	-	-	1.4	-	-	26.3	-	-
Paula Bell	<b>2.4</b>	-	-	1.6	-	-	8.8	-	-
Eva Lindqvist	<b>2.4</b>	-	-	1.6	-	-	26.5	-	-
Nancy Tuor Moore <sup>3</sup>	<b>(52.6)</b>	-	-	(7.7)	-	-	6.0	-	-
Juan G. Hernández Abrams <sup>4</sup>	<b>100.0</b>	-	-	n/a	n/a	n/a	n/a	n/a	n/a
<b>Keller UK based employees<sup>5,6</sup></b>	<b>4.5</b>	<b>44.6</b>	<b>(11.8)</b>	5.1	16.9	(11.7)	4.7	46.5	8.0

1 The substantial increase in all measures for David Burke between 2020 and 2021 reflects a full year of employment following his start date on 12 October 2020. In both 2020 and 2021 the financial targets relating to profitability and cash-based performance were achieved in full. The Executive Directors and the comparator group of employees are incentivised on the same financial metrics.

2 The increases for Non-executive Directors reflect the changes made during 2022.

3 Nancy Tuor Moore retired in May 2022.

4 Juan G. Hernández Abrams was appointed in February 2022.

5 The comparator group comprises the population of Keller UK and group head office employees being professional/managerial employees based in the UK and employed on more readily comparable terms.

6 The change in components of the comparator group remuneration is on a per capita basis, the year-on-year increases, reflect large percentage increases in small value benefits such as travel allowances.

## Relative importance of spend on pay

The table below shows shareholder distributions (ie dividends) and total employee pay expenditure for the financial years ended 31 December 2021 and 31 December 2022, along with the percentage changes.

	2022 £m	2021 £m	% change
Distribution to shareholders <sup>1</sup>	<b>26.4</b>	25.9	1.9%
Remuneration paid to all employees <sup>2</sup>	<b>699.8</b>	580.7	20.5%

1 The Directors are proposing a final dividend in respect of the financial year ended 31 December 2022 of 24.5p per ordinary share.

2 Total remuneration reflects overall employee costs. See note 7 to the consolidated financial statements for further information.

## Summary of implementation of the Remuneration Policy during 2022 and 2023

Overall, the committee considers that the Remuneration Policy has operated as it intended during 2022, with no deviations. A summary of how the committee intends the policy to be operated during 2023 can be found in the remaining pages of this report.

### 2023 base salary and benefits

The committee noted that salary increases for UK-based employees across the Group were generally around 8%, effective 1 January 2023. The Executive Directors received salary increases below this amount for 2023.

Benefits for 2023 will remain broadly unchanged from prior years.

### 2023 pensions

Pension contributions for Michael Speakman and David Burke have been set at 7% of base salary in line with the rate provided to the majority of the workforce in the UK and on a weighted average basis around Keller's most populous locations.

### 2023 annual bonus

For 2023, 70% of Executive Directors' bonus will be based on Group financial results and 30% will be based on shared corporate objectives. The performance measures will be underlying operating profit, an important indicator of the company's financial and operating performance, and a cash-based target, a more operational measure. Targets for each measure are challenging but realistic and have been set in the context of the business plan. Targets will be disclosed retrospectively in the 2023 Annual remuneration report to the extent that they are no longer considered commercially sensitive.

25% of any bonus earned will be deferred into company shares for two years.

## Annual remuneration report continued

### 2023–25 Performance Share Plan Awards (PSP)

The 2023–25 PSP performance conditions will be assessed over three years based on the following measures: relative TSR (25% weight), cumulative EPS (25% weight), return on capital employed (ROCE) (25% weight) and operating profit margin (25% weight). These measures strongly align potential payout under the PSP with Keller's strategic priorities.

Relative TSR performance will be measured by ranking against FTSE 250 companies (excluding investment trusts and financial services). Under a ranked approach, a threshold vesting (resulting in 25% of that portion of the award vesting) will be for median performance against the comparator group; maximum vesting for upper quartile performance (or above) against the comparator group. Straight-line vesting between these points.

EPS will be measured on a cumulative basis enabling target setting to reflect business plans, market consensus and the position in the construction cycle.

Cumulative EPS of 400p over the three-year period will enable full vesting of this performance condition, with a threshold vesting of 25% if 330p is achieved, calculated off the 2021 underlying EPS (at IFRS 16 basis) of 88.4p.

ROCE will be measured on an average basis over the three-year performance period, with a threshold level of performance of 12% (leading to 25% of that portion of the award vesting) and a maximum of 18% straight-line vesting between these points.

Operating profit margin will be measured in year three (with a threshold vesting of 5.5% leading to 25% of that portion of the award vesting) and maximum of 6.5% straight-line vesting between these points.

These targets have been carefully assessed and the committee considers them to be appropriately stretching, given the company's business plans, opportunity set and investor expectations and the challenging macro-economic environment.

### 2023–25 Performance Share Awards

To reflect the impact of any changes in IFRS accounting standards, the committee will consider adjusting financial targets for all subsisting PSP awards, ensuring that they are not materially easier or harder to satisfy than the original targets. Any amended targets determined by the committee will be disclosed to shareholders in the next Directors' remuneration report.

Measures	Vesting schedule		
	% of award that will vest		
	0%	25%	100%
<b>25% weight</b>			
Cumulative EPS over three years <sup>1</sup>	Below 330p	330p	400p
<b>25% weight</b>			
Keller's relative TSR performance vs FTSE 250 <sup>2</sup> Index over three years	Below median	Median	Upper quartile
<b>25% weight</b>			
Average ROCE over three years	Below 12%	12%	18%
<b>25% weight</b>			
Operating profit margin in year three	Below 5.5%	5.5%	6.5%

1 EPS is before non-underlying items on an IFRS 16 basis.

2 Excluding investment trusts and financial services.

### Chairman and Non-executive Director fees

Fees for the Non-executive Directors were reviewed with effect from 1 January 2023. The base fee, together with additional fees, were increased by 5%. The Chairman's fee was also increased by 5%.

### Single total figure of remuneration for Non-executive Directors (audited information)

The table below sets out a single figure for the total remuneration received by each Non-executive Director for the year ended 31 December 2022 and the prior year:

Non-executive Director	2022 £	2021 £
Peter Hill CBE	210,000	200,000
Eva Lindqvist <sup>1</sup>	64,500	63,000
Nancy Tuor Moore <sup>2</sup>	31,042	65,500
Paula Bell <sup>3</sup>	64,500	63,000
Baroness Kate Rock <sup>4</sup>	74,500	73,000
Juan G. Hernández Abrams <sup>5</sup>	59,125	–
<b>Total fees</b>	<b>503,667</b>	464,500

1 Eva Lindqvist received additional fees of £10,000 per annum as Chair of the Remuneration Committee.

2 Nancy Tuor Moore received additional fees of £10,000 as Chair of the Environment Committee and £10,000 for transatlantic travel. The fee for transatlantic travel was suspended in 2020 and reinstated in October 2021. Nancy retired in May 2022.

3 Paula Bell received additional fees of £10,000 as Chair of the Audit and Risk Committee.

4 Baroness Kate Rock received additional fees of £20,000 as Senior Independent Director and Chair of the Social and Community Committee.

5 Juan G. Hernández Abrams received additional fees of £10,000 as Chair of the Environment Committee and £10,000 for transatlantic travel. Juan was appointed in February 2022.

## Statement of shareholder voting

The following table sets out the results of the vote on the Remuneration report at the 2022 AGM and the Remuneration Policy at the 2021 AGM:

	Votes for		Votes against		Votes cast Number	Votes withheld Number
	Number	%	Number	%		
Remuneration report	52,806,875	91.68	4,791,178	8.32	57,598,053	5,687
Remuneration Policy	54,665,416	90.20	5,942,286	9.80	60,607,702	6,784

## Consideration by the Directors of matters relating to Directors' remuneration

The following Directors were members of the Remuneration Committee when matters relating to the Directors' remuneration for 2023 were being considered:

- Eva Lindqvist
- Juan G. Hernández Abrams
- Paula Bell
- Baroness Kate Rock

During the year, the committee received assistance from Kerry Porritt (Group Company Secretary and Legal Advisor) on salary increases, bonus awards, share plan awards and vesting, and policy and governance matters. David Burke (Chief Financial Officer) presented information with regard to 2022 financial performance and 2023 budget and the three-year plan for 2023–25. In determining the Executive Directors' remuneration for 2022 and 2023, the committee consulted the Chairman and the CEO about its proposals, except (in the case of the CEO) in relation to their own remuneration. No Director was involved in determining their own remuneration.

No member of the committee has any personal financial interest (other than as a shareholder), conflict of interest arising from cross-directorships or day-to-day involvement in running the business. Given their diverse backgrounds, the Board believes that the members of the Committee are able to offer an informed and balanced view on executive remuneration issues.

## Corporate governance

The committee's terms of reference, which were reviewed during the year, are available on the Group's website ([www.keller.com](http://www.keller.com)) and on request from the Group Company Secretary and Legal Advisor.

The committee conducted an effectiveness review of the business covered during the year against its terms of reference.

## External advisers

During the year, the committee received advice from Deloitte, an independent firm of remuneration consultants appointed by the committee after consultation with the Board. The committee is satisfied that Deloitte is and remains independent of the company and that the advice provided is impartial and objective. Deloitte is a founding member and signatory of the Code of Conduct for Remuneration Consultants, details of which can be found at [www.remunerationconsultantsgroup.com](http://www.remunerationconsultantsgroup.com).

During the year, Deloitte also provided advice in relation to tax compliance and risk advisory services. The committee is satisfied that the provision of these services did not impair Deloitte's ability to advise the committee independently and objectively. Their total fees for the provision of remuneration services to the committee for 2022 were £49,000.



### Eva Lindqvist

Chair of the Remuneration Committee

Approved by the Board of Directors and authorised for issue on 10 March 2023.

## Directors' report



**Kerry Porritt**

Group Company Secretary and Legal Advisor

The Directors present their report together with the audited consolidated financial statements for the year ended 31 December 2022.

This report is required to be produced by law. The Disclosure Guidance and Transparency Rules and the Listing Rules also require us to make certain disclosures.

The Corporate governance statement, including the Audit and Risk Committee report, forms part of this Directors' report and is incorporated by reference. Disclosures elsewhere in the Annual Report and Accounts are cross-referenced where appropriate. Taken together, the Strategic report on pages 1 to 76 and this Directors' report fulfil the requirement of Disclosure Guidance and Transparency Rule 4.1.5R to provide a Management report.

### Results and dividends

The results for the year, showing an underlying profit before taxation of £93.5m (2021 restated: £79.6m), are set out on pages 138 to 202. Statutory profit before tax was £56.3m (2021 restated: £67.5m). The Directors recommend a final dividend of 24.5p per share to be paid on 23 June 2023, to members on the register at the close of business on 2 June 2023. An interim dividend of 13.2p per share was paid on 9 September 2022. The total dividend for the year of 37.7p (2021: 35.9p) will amount to £27.3m (2021: £25.9m).

### Going concern and viability statement

Information relating to the going concern and viability statements is set out on pages 36 of the Strategic report and is incorporated by reference into this report.

### Financial instruments

Full details can be found in note 26 to the financial statements and in the Chief Financial Officer's review.

### Post balance sheet events

Please see page 193 for post balance sheet events.

### Change of control

The Group's main banking facilities contain provisions that, upon 15 days' notice being given to the Group, lenders may exercise their discretion to require immediate repayment of the loans on a change of control and cancel all commitments under the agreement.

Certain other commercial agreements, entered into in the normal course of business, include change of control provisions. There are no agreements providing for compensation for the Directors or employees on a change of control.

### Transactions with related parties

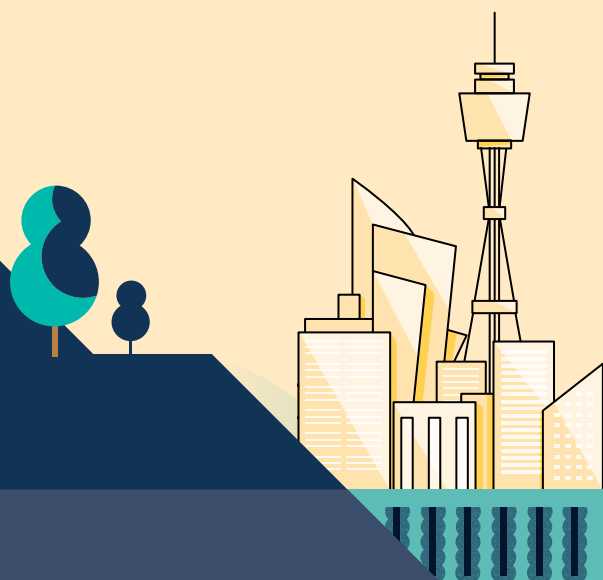
Apart from transactions between the company, its subsidiaries and joint operations, which are related parties, there have been no related party transactions during the year.

### Directors and their interests

The names of all persons who, at any time during the year, were Directors of the company can be found on pages 80 and 81. The interests of the Directors holding office at the end of the year in the issued ordinary share capital of the company and any interests in its Performance Share Plan are given in the Directors' remuneration report on pages 116 and 117.

No Director had a material interest in any significant contract, other than a service contract or a contract for services, with the company or any of its operating companies during the year.

The company's Articles of Association indemnify the Directors out of the assets of the company in the event that they suffer any loss or liability in the execution of their duties as Directors, subject to the provisions of the 2006 Act. The company maintains insurance for Directors and Officers in respect of liabilities which could arise in the discharge of their duties.



## Powers of the Directors

The business of the company is overseen by the Board, which may exercise all the powers of the company subject to the provisions of the company's Articles of Association, the 2006 Act and any ordinary resolution of the company. Specific treatment of Directors' powers regarding allotment and repurchase of shares is provided under separate headings in the following pages.

## Amendment of the company's Articles of Association

Any amendments to the company's Articles of Association may be made in accordance with the provisions of the 2006 Act by way of special resolution. The company's Articles of Association were last amended in May 2017.

## Appointment and replacement of Directors

Directors shall be no fewer than two and no more than 12 in number. Subject to applicable law, a Director may be appointed by an ordinary resolution of shareholders in a general meeting following nomination by the Board or a member (or members) entitled to vote at such a meeting, or following retirement by rotation if the Director chooses to seek re-election at a general meeting. In addition, the Directors may appoint a Director to fill a vacancy or as an additional Director, provided that the individual retires at the next AGM. A Director may be removed by the company as provided for by applicable law, in certain circumstances set out in the company's Articles of Association (for example bankruptcy, or resignation), or by a special resolution of the company. All Directors stand for re-election on an annual basis, in line with the recommendations of the Code.

## Employees

The Group employed approximately 10,000 people at the end of the year.

## Employment policy

The Group gives full and fair consideration to applications for employment made by disabled persons, having regard for their respective aptitudes and abilities. The policy includes, where practicable, the continued employment of those who become disabled during their employment and the provision of training and career development and promotion, where appropriate. Information on the Group's approach to employee involvement, equal opportunities and health, safety and the environment can be found in the ESG and sustainability section of this report on pages 62 to 71.

## Section 172 statement

During the financial year, the Directors have considered the needs of the company's stakeholders as part of their decision-making process. Details are set out in our section 172 statement on pages 86 and 87.

## Political donations

No political donations were made during the year. Keller has an established policy of not making donations to any political party, representative or candidate in any part of the world.

## Greenhouse gas emissions

Information relating to the greenhouse gas emissions of the company is set out on page 58 and is incorporated by reference into this report.

## Research and development

The Group continues to have in-house design, development and manufacturing facilities, where employees work closely with site engineers to develop new and more effective methods of solving problems of ground conditions and behaviour. Most of the specialised ground improvement equipment used in the business is designed and built in-house and, where applicable, the development costs are included in the cost of the equipment.

## Share capital

Details of the share capital, together with details of the movements in the company's issued share capital during the year, are shown in note 28 to the consolidated financial statements. The company has one class of ordinary shares which is listed on the London Stock Exchange (ordinary shares). Ordinary shares carry no right to a fixed income and each ordinary share carries the right to one vote at general meetings of the company.

There are no specific restrictions on the size of a shareholding, nor on the transfer of shares, which are both governed by the Articles of Association and the prevailing law. The Directors are not aware of any agreements between shareholders that may result in restrictions on voting rights and the transfer of securities. No person has any special rights of control over the company's share capital and all issued shares are fully paid.

Details of employee share plans are set out in note 32 to the consolidated financial statements. Treasury shares and shares held by the Keller Group plc Employee Benefit Trust are not voted.

## Repurchase of shares

The company obtained shareholder authority at the last AGM (18 May 2022) to buy back up to 7,232,181 shares. The authority remains outstanding until the conclusion of the 2023 AGM but could be varied or withdrawn by agreement of shareholders at an intervening general meeting. The minimum price which must be paid for each ordinary share is its nominal value and the maximum price is the higher of an amount equal to not more than 5% above the average of the middle market quotations for an ordinary share, as derived from the London Stock Exchange Daily Official List for the five business days immediately before the purchase is made, and an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share on the trading venue where the purchase is carried out.

The Directors have not used, and have no current plans to use, this authority.

## Allotment of shares and pre-emption disapplication

Shareholder authority was also given at the last AGM for the Directors to allot new shares up to a nominal amount of £2,410,727, equivalent to approximately one-third of the company's issued share capital (excluding treasury shares) as at 7 March 2022 and to disapply pre-emption rights up to an aggregate nominal amount of £361,609, representing approximately 5% of the company's issued share capital as at 7 March 2022.

The Directors have not used, and have no current plans to use, these authorities.

## Auditors

The Board, upon the recommendation of the Audit and Risk Committee, has decided that Ernst & Young LLP (EY) will be proposed as the Group's auditors for the year ending 31 December 2023 and a resolution to reappoint EY will be put to shareholders at the 2023 AGM.

## AGM

The full details of the 2023 AGM, which will take place on 17 May 2023, are set out in the Notice of Meeting, together with the full wording of the resolutions to be tabled at the meeting. We continue to closely monitor health and safety guidance and any changes to venue and logistics as a result will be notified by way of a Stock Exchange announcement.

## Directors' report continued

### Substantial shareholdings

At 10 March 2023, the company had been notified in accordance with chapter 5 of the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority of the voting rights of shareholders in the company as per the table below:

Ordinary shares	Number of ordinary shares	Percentage of the total voting rights
FIL Limited	8,116,522	11.15%
Schroders Plc	7,268,153	9.98%
Old Mutual Plc	4,242,670	5.56%
J O Hambro Capital Management Limited	3,637,767	4.99%
Franklin Templeton Institutional, LLC	3,557,757	4.96%
Aberforth Partners LLP	3,597,495	4.94%
Artemis Investment Management LLP	3,561,152	4.94%
Standard Life Aberdeen plc	3,443,366	4.78%
Baillie Gifford & Co	3,327,404	4.60%
Norges Bank	2,676,017	3.71%

Source: TR1 notifications made by shareholders to the company.

### Disclaimer

The purpose of this Annual Report and Accounts is to provide information to the members of the company, as a body, and no other persons.

The company, its Directors and employees, agents or advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed.

The Annual Report and Accounts contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this Annual Report and Accounts and the company undertakes no obligation to update these forward-looking statements. Nothing in this Annual Report and Accounts should be construed as a profit forecast.

### Other information

The Directors who held office at the date of approval of this Directors' report confirm that, in accordance with the provisions of section 418 of the 2006 Act, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each Director has taken all the steps that he or she ought to have taken as a Director to make him or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.



#### Kerry Porritt

Group Company Secretary and Legal Advisor

Approved by the Board of Directors and authorised for issue on 10 March 2023.

Registered office:  
2 Kingdom Street  
London W2 6BD

Registered in England No. 2442580



## Statement of Directors' responsibilities

### in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the Group and company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and company financial statements for each financial year. Under that law they have elected to prepare the Group financial statements in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006, and the parent company financial statements in accordance with UK Accounting Standards, including FRS 101 Reduced Disclosure Framework. Company law requires the Directors to prepare Group and parent Company Financial Statements for each financial year. Under that law the Directors have elected to prepare the Group Financial Statements in accordance with UK-adopted international accounting standards (IFRSs) and have elected to prepare the parent Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and company and of their profit or loss for that period. In preparing each of the Group and company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006;

- for the company financial statements, state whether the applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the company financial statements;
- assess the Group and company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report, a Directors' report, a Directors' remuneration report and a Corporate governance statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Responsibility statement of the Directors in respect of the Annual Report and the financial statements

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation as a whole; and
- the Strategic report and the Directors' report, including content contained by reference, includes a fair review of the development and performance of the business and the position and performance of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Board confirms that the Annual Report and the financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

The Strategic report (pages 1 to 76) and the Directors' report (pages 122 to 124) have been approved by the Board of Directors and authorised for issue on the date shown below.



**Kerry Porritt**  
Group Company Secretary and Legal Advisor

10 March 2023

Registered office:  
2 Kingdom Street  
London W2 6BD  
Registered in England No. 2442580

## Independent auditor's report to the members of Keller Group plc

### Opinion

In our opinion:

- Keller Group plc's consolidated financial statements and parent Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- the consolidated financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Keller Group plc (the 'Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 which comprise:

Group	Parent company
Consolidated balance sheet as at 31 December 2022	Company balance sheet as at 31 December 2022
Consolidated income statement for the year then ended 31 December 2022	Company statement of changes in equity for the year then ended 31 December 2022
Consolidated statement of comprehensive income for the year then ended 31 December 2022	Related notes 1 to 9 to the Company financial statements including a summary of significant accounting policies
Consolidated statement of changes in equity for the year then ended 31 December 2022	
Consolidated cash flow statement for the year then ended 31 December 2022	
Related notes 1 to 35 to the consolidated financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in the preparation of the consolidated financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group and parent in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent Company and we remain independent of the Group and the parent Company in conducting the audit.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group and parent Company's ability to continue to adopt the going concern basis of accounting included:

- In conjunction with our walkthrough of the Group's financial statement close process, we confirmed our understanding of management's going concern assessment process and also engaged with management early to ensure key factors were considered in their assessment, including factors which we determined from our own independent risk assessment and the evaluation of the current economic environment impacting the Group including industry wide factors such as the rising cost of materials, energy and labour which are critical parts of the Group's operations.
- We obtained management's Board-approved forecast cash flows and covenant calculation covering the period of assessment from the date of signing to 31 March 2024. As part of this assessment, the Group has modelled a number of adverse scenarios in their cash forecasts and covenant calculations in order to incorporate unexpected changes to the forecasted liquidity of the Group.
- We assessed the reasonableness of the cash flow forecast through analysing management's historical forecasting accuracy, challenging the robustness of the Group's order book, and considering actual post year-end performance to date. We considered the impact of the manipulation of contract performance in the Austral business and how management have adjusted their expectation over its future profitability and cashflows in the base case forecast. We evaluated the key assumptions underpinning the Group's assessment by challenging the measurement and completeness of downside scenarios modelled by management and how these compare with principal risks and uncertainties of the Group.
- We considered the extent to which current and emerging climate-related risks may affect the Group's assessment, including assumptions around the long-term reliance on concrete, steel and related manufacturing processes, the use of heavy duty combustion machinery, 'Environmental, Social and Governance' related covenants or levies, the cost of climate adaptation solutions and the exposure to extreme weather events which could delay project completion or cause damage to physical assets.
- We tested the clerical accuracy and logical integrity of the cash flow forecast model, used to prepare the Group's going concern and viability assessments.
- We considered whether the Group's forecasts and related key assumptions in the going concern assessment were consistent with other forecasts used by the Group in its accounting estimates, including goodwill impairment and deferred tax asset recognition.
- We evaluated, based on our own independent analysis, what reverse stress testing scenarios could lead either to a breach of the Group's banking covenants or a liquidity shortfall and whether these scenarios were plausible.
- Our analysis also considered the mitigating actions that management could undertake in an extreme downside scenario and whether these were achievable and in control of management.

- We confirmed the continued availability of debt facilities through the going concern period and reviewed their underlying terms, including covenants, by examination of executed documentation, and agreed the amounts drawn down at year-end to external confirmations from the banks.
- We considered whether management's disclosures, in the financial statements, sufficiently and appropriately capture the impact of the Group's principal risks and uncertainties on the going concern assessment and through consideration of relevant disclosure standards.
- We extended our procedures (including inquiries of management, considering the forward order book and maturity of debt/availability of access to future financing in the viability period) to consider events beyond 31 March 2024, including the forecast for covenant compliance at the next testing interval as at 30 June 2024.
- The audit procedures performed in evaluating the Directors' assessment were performed by the Group audit team, however we also considered the financial and non-financial information communicated to us from our component teams of key locations as sources of potential contrary indicators which may cast doubt over the going concern assessment.

The results from both management's evaluation and our independent reverse stress testing suggest that the Group would need to be exposed to downside events, significantly greater than the financial effect of the disruption caused in recent years (eg due to COVID-19 and high cost inflation following Russia's invasion of Ukraine), throughout the going concern period in order to breach its covenants or exhaust its available funding.

The Group has borrowing facilities available to it during the going concern period. The undrawn committed facilities available as at 31 December 2022 amounted to £227.6m which comprises the Group's £375m revolving credit facility which expires on 23 November 2025 and a \$115m bilateral term loan facility, which expires in November 2024.

## Conclusion

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and parent Company's ability to continue as a going concern for a period through to 31 March 2024.

In relation to the Group and parent Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

## Independent auditor's report continued to the members of Keller Group plc

### Overview of our audit approach

<b>Audit scope</b>	<ul style="list-style-type: none"> <li>We performed an audit of the complete financial information of 64 components and audit procedures on specific balances for a further 20 components.</li> <li>The components where we performed full or specific audit procedures accounted for 91% of profit before tax, 93% of revenue and 96% of total assets.</li> </ul>
<b>Key audit matters</b>	<ul style="list-style-type: none"> <li>Improper revenue recognition.</li> <li>Carrying value of goodwill.</li> <li>Quality of earnings including disclosure of non-underlying items.</li> <li>Austral financial reporting fraud</li> </ul>
<b>Materiality</b>	<ul style="list-style-type: none"> <li>Overall Group materiality of £4.6m which represents 4.9% of profit before tax, adjusted for one-off, non-underlying items.</li> </ul>

### An overview of the scope of the parent Company and Group audits

#### Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of Group-wide controls, changes in the business environment, the potential impact of climate change and other factors such as recent internal audit results when assessing the level of work to be performed at each company.

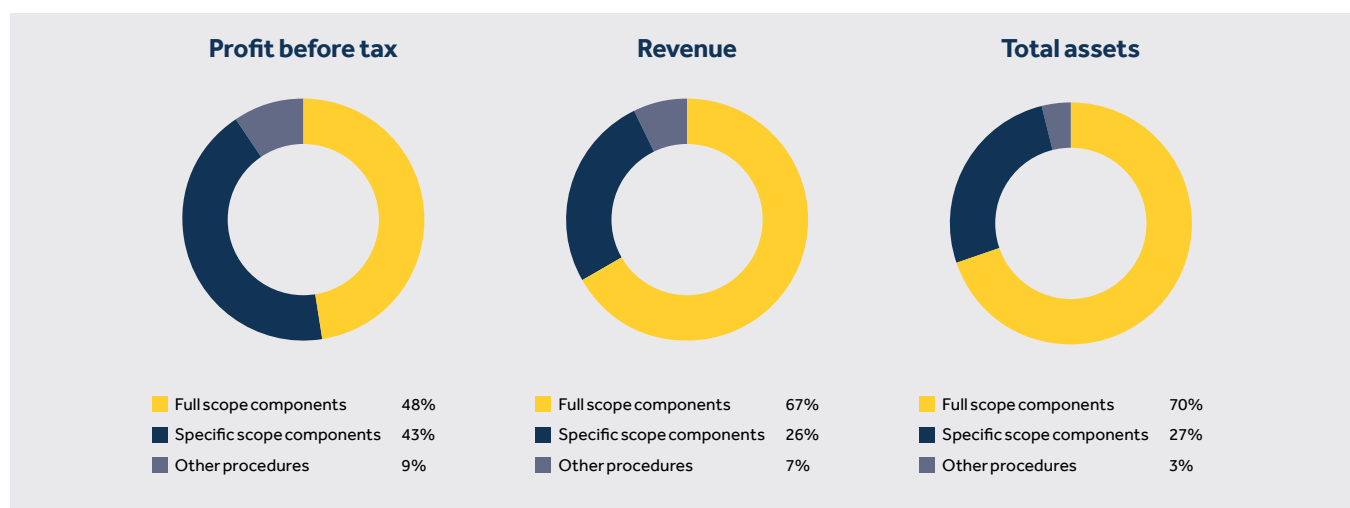
In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 205 reporting components of the Group, we selected 84 components covering entities within AMEA, Europe, and North America, which represent the principal business units within the Group.

Of the 84 components selected, we performed an audit of the complete financial information of 64 components ("full scope components") which were selected based on their size or risk characteristics. This comprised the major business units of the group and central/consolidation adjustments. For the remaining 20 components ("specific scope components"), we performed audit procedures on specific accounts or specified procedures within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The reporting components where we performed audit procedures accounted for 91% (2021: 94%) of the Group's profit before tax, 93% (2021: 91%) of the Group's revenue and 96% (2021: 88%) of the Group's total assets. For the current year, the full scope components contributed 48% (2021: 72%) of the Group's profit before tax, 67% (2021: 70%) of the Group's revenue and 70% (2021: 69%) of the Group's total assets. The specific scope component contributed 43% (2021: 22%) of the Group's profit before tax, 26% (2021: 21%) of the Group's revenue and 27% (2021: 19%) of the Group's total assets. The audit scope of these components may not have included testing of all significant accounts of the components but will have contributed to the coverage of significant accounts tested for the Group. Through a combination of instructing local component teams and centralised work performed by the primary team, we also performed specified procedures in six further entities which included selected revenue contract testing reflecting the primary team's central risk assessment, testing over material cash and cash equivalents balances for existence and valuation purposes, and additional procedures over property plant and equipment, trade and other payables, and operating costs.

Of the remaining 121 components that together represent 9% of the Group's profit before tax, none are individually greater than 2% of the Group's profit before tax. For these components, we performed other procedures, including analytical review and/or 'review scope' procedures, testing of consolidation journals and intercompany eliminations and foreign currency translation recalculations to respond to any potential risks of material misstatement to the Group financial statements.

The charts below illustrate the coverage obtained from the work performed by our audit teams.



## Changes from the prior year

For the current year, we evaluated that the principal operating entities in the UK (Keller Limited) and Canada to be locations where we applied specific risk focussed procedures, compared with full scope in the prior year. The determination was made through our updated risk assessment and a reflection of the low rate of misstatements identified in the previous cycles, as well as the relative contribution of these entities to the Group as a whole. The current year scope continues to focus on the key areas of audit focus and judgement, including, but not limited to, revenue recognition and we increased the scope of procedures performed across the Group in areas of emerging increases in risk, such as Keller Arabia who are servicing the work related to the NEOM project in Saudi Arabia. Our scoping reflects the inclusion of consolidation entities representing manual adjustments posted topside at the Group consolidated level, which we have treated as full scope.

## Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the 64 full scope components, audit procedures were performed on 62 of these directly by the primary audit team. For the 20 specific scope components, where the work was performed by component auditors or centrally by the primary audit team, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

In addressing the appropriateness of oversight arrangements for component teams, the Group audit team executed an oversight strategy consisting of physical and virtual site visits for in-scope components, the latter being enabled through the use of video conferencing.

The Group audit team visited the principal operating business of North America during the planning/interim phase of the audit which involved discussing the audit approach with the component team and any issues arising from their work, meetings with local and divisional management to discuss key accounting judgements on revenue and provisions, conducting contract site visits and reviewing key audit working papers in the high risk areas. The virtual site visits, which occurred throughout the key audit periods, involved the primary team (including the Senior Statutory Auditor) meeting with our component teams to discuss and direct their audit approach, reviewing key working papers and understanding the significant audit findings in response to the risk areas including revenue recognition and areas of judgement and estimation such as contract liabilities and provisions and provisions for legal claims (including insured liabilities). We also attended virtual meetings with local management, obtaining updates on reported financial performance and significant risk areas for the audit, including the anticipated business outlook during the going concern period.

The primary team interacted regularly with the component teams, during various stages of the audit, reviewed key working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

## Climate change

Stakeholders are increasingly interested in how climate change will impact Keller Group plc. The Group has assessed the principal risks and impact of climate change for the business in relation to (a) its inability to deliver environmentally friendly and/or regulatory conforming solutions impacting its clients and reputation, (b) disruptions to operations and damage to assets or installed works from physical events, such as storm, floods or wildfires, and (c) transition risks such as the cost of carbon intensive materials, and the growing necessity to monitor and report reduction of Scope 3 emissions and reporting.

These are explained on pages 44 to 51 in the Task Force for Climate related Financial Disclosures and on page 40 in the principal risks and uncertainties. They have also explained their climate commitments on pages 56 to 60. All of these disclosures form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

The Group has explained in basis of preparation in note 2 how they have considered the impact of climate change in their financial statements, particularly in the context of the risks identified in the TCFD disclosure on pages 44 to 51 this year. The basis of preparation also explains management consideration of the impact of climate change in respect to (a) estimates of future cash flows used in impairment assessments of the carrying value of goodwill, (b) the useful economic life of plant, equipment and other intangible assets; and (c) going concern and viability of the Group over the next three years. Whilst management disclosed that there is currently no medium-term impact expected from climate change, they are aware of the variable risks arising from climate change and thus they will regularly assess these risks against judgement and estimates made in preparation of the Group's financial statements.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition, their climate commitments, the effects of material climate risks disclosed on pages 44 to 51 and the significant judgements and estimates disclosed in note 2. We have assessed whether the impact of climate related risks have been appropriately reflected in future cash flows used to assess the carrying value of goodwill, economic life of plant, equipment and other intangible assets and the going concern and viability assessment (see note 2) following the requirements of UK adopted international accounting standards. As part of our audit testing and applying profession scepticism, we performed our own risk assessment, supported by our climate change internal specialists, to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit. Our audit testing included challenges to management with regards to cost assumptions around climate adaptation solutions, and the exposure to extreme weather events which could delay project completion or cause damage to physical asset, thus impacting future margins and forecasted cash flows. We corroborated our analysis with market available information for any change in climate related regulations and discussion with our component team. In determining the valuations and the timing of future cashflows, we acknowledged that there is degree of certainty involved and all climate related risks or future outcome are not yet known.

We also challenged the Directors' considerations of climate change risks in their assessment of going concern, viability and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter. We considered the impact of climate change on the future cash flows which have been used to assess the carrying value of goodwill. Details of our procedures and findings on the goodwill impairment assessment are included in the key audit matters section on page 130.

## Independent auditor's report continued to the members of Keller Group plc

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
<p><b>Improper revenue recognition (2022: £2,944.6m, 2021: £2,222.5m)</b></p> <p><i>Refer to the Audit and Risk Committee report (page 104); Accounting policies (pages 145 and 146); and note 5 of the consolidated financial statements (pages 158 and 159)</i></p> <p>The Group recognises revenue over time from contracts either as earned value (output method) or on the percentage of completion (input method) basis, depending on the size and nature of the contract (in accordance with the guidelines provided in the Group revenue recognition policy and IFRS 15). The judgements involved in determining revenue recognition under both recognition methods present a significant fraud risk as results are susceptible to manipulation, particularly around the estimation in determining the cost to complete and percentage of completion at the year end. Management may use inappropriate measures and assumptions to evaluate the Group's progress towards satisfaction of performance obligations.</p> <p>There is also significant judgement involved in estimating the impact of factors such as rising cost pressures and the availability of necessary skills and their impact on the cost of satisfying outstanding performance obligations and the projected outcome of contract claims and variations made both by and against the Group and valuation of contract provisions for both percentage of completion and earned value bases.</p> <p>The Group also provides fabricated, unbonded post-tension materials to customers in the residential and commercial sectors. The revenue from sales of these materials is recognised at a point of time, based upon the satisfaction of the performance obligations. We have identified that there is a risk that such revenues could be manipulated at or near to the period end through inappropriate 'cut-off' to meet income statement targets.</p>	<p>For all revenue recorded on the percentage of completion and earned value bases, we:</p> <ul style="list-style-type: none"> <li>Performed walkthroughs of significant classes of revenue transactions and assessed the design effectiveness of key controls.</li> <li>Performed a risk assessment of the population of contracts and selected a sample of higher-risk (value and/or complexity) contracts across the Group, representing both those accounted for using the input method and those using the output method. For the sample selected we obtained an understanding of the contract terms, key operational or commercial/financial issues, significant judgements that impact the contract position and the appropriateness of revenue recognised at 31 December 2022.</li> <li>The factors that we considered when determining additional higher-risk contracts to select included low-margin, loss-making and/or contracts subject to delayed performance or commencement and where the ability to continue work had been affected by circumstances outside the Group's control.</li> </ul> <p>For the sample selected for testing we:</p> <ul style="list-style-type: none"> <li>Considered the appropriateness of supporting evidence and the requirements of IFRS 15 and the Group's accounting policies where contracts included additional entitlements to variations and claims, both for and against the Group.</li> <li>We had meetings with the contract project managers to understand the project status and outstanding works remaining on the contracts, and to ensure that the financial information recorded was consistent with their input.</li> <li>Challenged the level of unbilled revenues and the adequacy of the evidence to prove recoverability through subsequent work certifications and cash collections.</li> </ul> <p>For the sample contracts where revenue was recognised over time under the percentage of completion basis, we have performed the following:</p> <ul style="list-style-type: none"> <li>Challenged the reasonableness of management's calculations of costs to complete, which included understanding the risks and outstanding works remaining on the contract, the impact of any delays or other delivery issues and the related cost assumptions and contingencies.</li> <li>We tested the cost build up and the correct allocation across contracts (eg to verify no manipulation of costs between profitable and loss-making contracts and recognition between periods (eg cut-off testing)) through a combination of cost verification and analytical procedures on contract margins.</li> <li>Evaluated the expected margin and revenue recognised to date against latest contract progress.</li> </ul>	<p>There was a prior year restatement relating to improper revenue recognition as a result of the financial fraudulent reporting in the Austral business, please refer to the "Keller Austral – manipulation of contract performance" section in this table for further information on the work performed in response to this matter.</p> <p>From the audit procedures performed otherwise, we conclude that the recognition of revenue was appropriate, that the judgements made by management are consistent with the accounting policy to be applied to all contracts with customers, and that the presentation and disclosure of revenue is materially correct.</p>



Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
<p><b>Improper revenue recognition</b> continued</p>	<p>For the sample of contracts where revenue is recognised on the earned value basis, we performed the following procedures:</p> <ul style="list-style-type: none"> <li>• Evaluated whether the assessment of earned value appropriately depicted outputs actually delivered and progress towards satisfaction of performance obligations.</li> <li>• We tested the cost build up and the correct allocation across contracts (eg to verify no manipulation of costs between profit-making and loss-making contracts) through a combination of cost verification against invoices and analytical procedures.</li> <li>• Tested whether revenue has been recognised in the appropriate period. This included checking whether revenue recognised at the year end on open contracts is supported by evidence (eg measured works certificates) that demonstrates the period in which the work was performed. For any loss-making contracts identified, for both percentage of completion and earned value contracts, we tested whether management’s assessment of the forecast loss included appropriate estimates in respect of costs to completion.</li> </ul> <p>For contracts where there was significant uncertainty over whether the project would be completed, we assessed the appropriateness of the accounting treatment of contract modifications, consideration received, and revenue recognised/deferred and the impact on the carrying value of related assets. For revenue recognised at a point in time, we performed revenue cut-off procedures at the year end to determine whether transactions are recorded in the appropriate period based on the recognition criteria under IFRS 15 by vouching the transactions through to third-party support (such as shipping, delivery or acceptance documents).</p> <p>Data-driven journal entry testing was also performed in full and specific scope locations on a risk-based approach, including focusing on entries which were posted manually or those which could be made to overstate revenue and unbilled revenue.</p> <p>We performed full and specific scope audit procedures over revenue in 21 locations, which covered 95% of the risk amount.</p>	

## Independent auditor's report continued to the members of Keller Group plc

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
<p><b>Keller Austral – manipulation of contract performance</b></p> <p><i>On 09 January 2023, the Group announced that following an internal management operational review, it had identified a deliberate and sophisticated financial reporting fraud in the Austral business in Australia. The Group also announced that it had commenced an internal investigation and has commenced the process of appointing an external party to undertake an investigation.</i></p> <p><i>Further details of the investigation are set out on page 28. Management's response to the findings of the investigation, including the associated control deficiencies that were identified, is set out on page 107.</i></p> <p><i>The total impact, including changes in deferred tax recognition, amount to a reduction in net assets of £14.9m compared with previously reported at 31 December 2021 and £8.7m lower at 1 January 2021. The prior year errors were reflected in the relevant comparative periods and the impact is set out in note 2. The specific items are described in note 3.</i></p> <p><i>Our audit focussed on evaluating the adequacy and robustness of management's investigation, the impact on the financial statements, and addressing the risk of similar issues in other reporting units.</i></p>	<p>We incorporated forensic specialists in both the UK and Australia into our audit team to assess the structure, scope, approach and independence of the investigation commenced by the Group, and to satisfy ourselves that it considered the risk that the issues identified may be more pervasive across the Group, and that the conclusions reached were appropriate. Where appropriate, we shadowed, independently reperformed or extended the scope of forensic procedures to address our ISA (UK) 240 requirements for audit purposes.</p> <p>We also used our forensics specialists to support us in considering the associated audit risks arising from each of the matters identified by the investigation and determining the impact on our audit risk assessment and developing an appropriate audit response.</p> <p>We considered the scope of the audit and, in particular, assessed which reporting units required additional audit procedures to be performed, including but not limited to Australia.</p> <p>We also instructed our component teams to perform additional procedures to respond to the risk of fraud, including incremental procedures over unbilled revenue and additional journal entry testing.</p> <p>We considered the impact of the investigation on management's internal control environment both in Australia and in other locations exposed to the same risks.</p> <p>Taking the above into account, consistent with our original audit plan, we instructed our component audit team in Australia to perform a full scope audit on the reporting unit's complete financial information, and evaluated the component team's work. In addition, we performed a significant level of oversight, with senior members of the group engagement team including the involvement of our forensic specialists throughout the process.</p> <p>As part of these oversight activities, we were involved in the component audit team's risk assessment to identify significant risks of material misstatement, evaluated the appropriateness of the audit procedures to be performed by the component team to respond to the identified significant risks, reviewed certain working papers of the component audit team to evaluate the work performed and held regular meetings with our component audit team and with local, AMEA and Group management to consider the component team's audit work and findings.</p> <p>Our component team in Australia also specifically tested the prior year revisions and the specific items restated.</p>	<p>We communicated to the audit committee that the issue was a significant deficiency in internal controls.</p> <p>We concluded that as a result of our work, we satisfied ourselves that the adjustments posted by management following the investigation appropriately reflect the corrected positions in the current and prior periods. We also considered the appropriateness of the disclosures made by management in the financial statements, in particular in note 2 and note 3 and determined that they provided an adequate explanation of the issue and the results of management's investigation.</p>

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
<p><b>Carrying value of goodwill (2022: £125.3m; 2021: £120.5m)</b></p> <p><i>Refer to the Audit and Risk Committee report (page 104); Accounting policies (page 147); and note 15 of the consolidated financial statements (pages 171 and 172)</i></p> <p>Under IAS 36, an entity must assess intangible items with an indefinite useful life annually, or whenever indicators of impairment are present for all other assets.</p> <p>Due to the degree of estimation involved in calculating the expected future cash flows from cash-generating units (CGUs) and determining appropriate long-term growth rates and discount rates specific to each CGU (including those arising from acquisitions), we have identified a significant risk regarding the assessment of any impairment against goodwill carrying values, as well as the identification of any indicators of impairment as an area of significant risk.</p>	<p>We have performed the following:</p> <ul style="list-style-type: none"> <li>• Performed a walkthrough to understand the impairment analysis and calculation process (eg controls over the data and assumptions used), level of review on the outlook data in future years and how key inputs were derived.</li> <li>• Evaluated the appropriateness of the CGUs identified given changes in Group structure (including acquisitions) and the allocation of assets and liabilities to the CGUs.</li> <li>• In respect of each CGU, we have challenged management over the key inputs and on the achievability of the cash flow forecasts. We have assessed the projected financial information against recent performance and other market data to assess the robustness of management's forecasting process.</li> <li>• Assessed the discount rates applied against cash flows for each CGU by obtaining the underlying data used in the calculation and benchmarking against comparable organisations with the support of our EY valuation experts.</li> <li>• Validated the revenue/margin growth rates assumed for the projected financial information for each CGU by comparing them to economic and industry forecasts.</li> <li>• Given the uncertainty attached to forecasts presented by rising costs, skills shortages and the potential for suspension or delay to key projects, we have assessed management's assumptions in relation to these factors including the ongoing market uncertainties and increasing costs of energy, materials and labour, in determining the ability to achieve cash flow forecasts.</li> <li>• Analysed the historical accuracy of budgets compared with actual results to determine whether forecast cash flows are reliable based on past experience.</li> <li>• Challenged the assumptions in the approach taken to determine working capital levels over the forecast period, focussing on the principal reasons and timing of larger fluctuations and how this compared with the historical trend.</li> <li>• Performed an integrity review of the goodwill model to be able to conclude that the formulae and construction of these models are effective and accurate.</li> <li>• Performed sensitivity analyses by testing key assumptions in the model to recalculate a range of potential outcomes in relation to the size of the headroom between carrying value and fair value.</li> <li>• Considered the assumptions around the long-term reliance on concrete, steel and related manufacturing processes, heavy duty combustion machinery, and the potential for 'Environmental, Social and Governance' related covenants or levies which could impact the CGU cash flows. We have also considered the assumptions made by management around the cost of investment in technology in order to adapt to changing regulations related to climate change and emissions.</li> <li>• Considered the appropriateness of the related disclosures provided in the notes to the Group financial statements.</li> </ul> <p>The primary team centrally executed the work performed across all locations, covering 100% of the balance. Component teams have supported the primary team in assessing the growth rates and achievability of the cash flows based on their understanding of the business and local market and industry conditions.</p>	<p>Our procedures focused on the CGUs where the headroom was either lower and/or sensitive to changes in key assumptions used, including improved future performance. Through our process of challenging management and understanding their assumptions, we concur with their conclusion that the goodwill recorded in Austral (£7.7m), Grundlagging (£4.5m) and Getec (£0.3m) is impaired.</p> <p>For the remaining CGUs, there is sufficient headroom to support the carrying value.</p> <p>We concluded that management have accounted for the impairments calculated appropriately and have included sufficient disclosure over the key assumptions and sensitivities impacting the remaining CGUs in note 15.</p>

**Independent auditor's report** continued  
to the members of Keller Group plc

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
<p><b>Quality of earnings, including disclosure of non-underlying items (2022: £37.2m (pre-tax); 2021: £12.1m (pre-tax))</b></p> <p><i>Refer to the Audit and Risk Committee report (page 104); Accounting policies (pages 150 and 151); and note 9 of the consolidated financial statements (page 165, 166 and 167)</i></p> <p>The Group's accounting policy is to classify certain income statement items as non-underlying, where they are exceptional by their size and/or are non-trading in nature, including amortisation of acquired intangibles and other non-trading amounts, including those relating to acquisitions and disposals.</p> <p>As at the year end, management identified certain pre-tax items totalling £37.2m which they believe are significant by either size and/or nature, which warrant separate disclosure in the consolidated financial statements to better reflect underlying business performance.</p> <p>The classification of such items is judgemental and there is a risk that material items are misclassified as 'non-underlying' and are therefore excluded from the results presented in the form of adjusted profit measures, which would mislead the users of the financial statements in understanding the performance of the Group.</p> <p>Furthermore, there is a risk that the financial statements give undue prominence to adjusted performance measures compared with their IFRS equivalents.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> <li>• Obtained the breakdown of non-underlying items to determine whether by their nature they meet the definition of non-underlying items, in accordance with Group policy and ESMA (European Securities and Markets Authority) guidance.</li> <li>• Tested that the amounts included as non-underlying items are supported by appropriate evidence. We performed tests of detail over material restructuring costs to ensure that the underlying expenditure recorded truly relates to a specified restructuring project and not a general or recurring expense, and that the IAS37 criteria has been correctly met. We were assisted by our component teams in locations where these material expenditures have arisen.</li> <li>• Assessed the appropriateness of the disclosures of non-underlying items in light of IFRS (IAS 1) and the continued focus by the accounting regulators on alternative profit measures (APMs) with the support of our EY technical review team, we focussed on:             <ul style="list-style-type: none"> <li>– the clarity of definitions and explanations for the use of APMs;</li> <li>– adequacy of reconciliations to GAAP measures</li> <li>– equal prominence to GAAP measures; and</li> <li>– consistency of application, including explanations for any changes</li> </ul> </li> <li>• The primary team performed centralised procedures over the classification and disclosure of non-underlying items, and the related risk of material misstatement, in the Group consolidated financial statements as a whole.</li> </ul>	<p>As a result of our audit procedures performed, no items were inappropriately included or excluded from non-underlying items.</p> <p>We have assessed that the alternative performance measures (APMs) included in the Group financial statements are appropriately defined, reconciled to GAAP measures and disclosed.</p>

In the current year, we have added a key audit matter relating to the manipulation of contract performance in Keller Austral, as described above. There have been no other changes in our assessment of key audit matters compared with prior year.

### Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

### Materiality

*The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.*

We determined materiality for the Group to be £4.6 million (2021: £4.2 million), which is 4.9% (2021: 5%) of profit before tax, adjusted for one-off, non-underlying items. We believe this measure provides us with an appropriate materiality basis which excludes non-underlying items: as these were identified as a key audit matter which resulted in specific audit focus.

We determined materiality for the parent Company to be £4.7 million (2021: £4.7 million), which is 1% (2021: 1%) of Equity. Equity is the most appropriate measure given the parent Company is an investment holding company with no revenue. The materiality determined for the standalone parent Company financial statements exceeds the Group materiality as it is determined on a different basis given the nature of the operations. For the purposes of the audit of the Group financial statements, our procedures, including those on balances in the parent Company that are consolidated, are undertaken with reference to the Group assigned materiality and performance materiality set out in this report.

<b>Starting basis</b>	<ul style="list-style-type: none"> <li>• <b>£56.3m</b></li> <li>• <b>Profit before tax for the year</b></li> </ul>
<b>Adjustments</b>	<ul style="list-style-type: none"> <li>• <b>£26.9m</b></li> <li>• <b>Non-underlying items for the year</b></li> <li>• <b>£10.3m</b></li> <li>• <b>Amortisation of intangibles on acquisition</b></li> </ul>
<b>Materiality</b>	<ul style="list-style-type: none"> <li>• <b>Totals £93.5m</b></li> <li>• <b>Materiality of £4.6m (4.9% of Profit before tax adjusted for one-off, non-underlying items).</b></li> </ul>

During the course of our audit, we reassessed initial materiality, noting no significant variations from the original assessment at planning, with the exception of a revision in our performance materiality explained below.

### Performance materiality

*The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.*

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2021: 50%) of our planning materiality, namely £3.5m (2021: £2.1m) at the planning stage. Following the emergence of the financial reporting issue in Austral, we revised our performance materiality to 50% of planning materiality as a direct response reflecting the increase in risk. The decrease in performance materiality was applied retrospectively to cover the whole year and the level of audit effort therefore increased across all components.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £0.5m to £1.6m (2021: £0.3m to £1.5m).

### Reporting threshold

*An amount below which identified misstatements are considered as being clearly trivial.*

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.2m (2021: £0.2m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

### Other information

The other information comprises the information included in the Annual report and Accounts set out on pages 1 to 193, including the Strategic report on pages 1 to 77, and Corporate governance report set out on pages 78 to 125 other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## Independent auditor's report continued to the members of Keller Group plc

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Corporate Governance Statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 36;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 36;
- Directors' statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on page 36;
- Directors' statement on fair, balanced and understandable set out on page 101;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 37 to 43;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 37 to 43; and
- The section describing the work of the audit committee set out on page 101.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 91, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those related to the reporting framework (IFRS, IFRS adopted pursuant to FRS 101, United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006 and Corporate Governance Code) and the relevant tax compliance regulations in the countries of operations of the reporting components. In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements, being the Listing Rules of the London Stock Exchange and the Bribery Act 2010.



- We understood how Keller Group plc is complying with those frameworks by making enquiries of management, reviewing management procedures for oversight by those charged with governance (ie considering the potential for override of controls or other inappropriate influence over the financial reporting process, such as efforts by management to manage earnings in order to influence the perceptions of analysts as to the Group's performance and profitability), the culture of honesty and ethical behaviour and whether a strong emphasis is placed on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence. We corroborated our enquiries through our review of Board minutes, discussions with the Audit and Risk Committee, any correspondence received from regulatory bodies and those responsible for legal and compliance procedures and the Company Secretary.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur, by meeting with management to understand where they considered there was susceptibility to fraud. This included evaluating the root cause of the fraud that materialised in Austral and the susceptibility of other business units to the issues. We also considered performance targets and their influence on efforts made by management to manage earnings or influence the perceptions of analysts. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk. The key audit matters section above addresses procedures performed in areas where we have concluded the risks of material misstatement are highest (including where due to the risk of fraud), and the procedures performed directly in response to the instance of fraud in the Austral business. These procedures included testing manual journal entries, a focus on the recoverability of unbilled revenue, and considerations over information produced by the entity including work over the authenticity of key evidence received during the audit.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of Board minutes to identify non-compliance with such laws and regulations, review of reporting to the Audit and Risk Committee on compliance with regulations and enquires of the Company Secretary and management.
- Where we identified potential non-compliance with laws and regulations, we developed an appropriate audit response and communicated directly with components impacted. Our procedures involved: understanding the process and controls to identify non-compliance, inquiring of internal and external legal counsel, and management's external investigators, understanding the fact patterns in each case and documenting the positions taken by management, and using specialists (including Forensics) to support us in concluding on the matters identified.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Other matters we are required to address

- Following the recommendation from the audit committee, we were appointed by the Company to audit the financial statements for the year ending 31 December 2022 and subsequent financial periods. We were appointed as auditors at the Annual General Meeting of members and an engagement letter was signed on 03 March 2022 which applies to all accounting periods from the date of the engagement letter until it is replaced.

The period of total uninterrupted engagement including previous renewals and reappointments is four years, covering the years ended 31 December 2019 to 31 December 2022.

The audit opinion is consistent with the additional report to the audit committee.

### Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Kevin Harkin Senior statutory auditor

for and on behalf of Ernst & Young LLP,  
Statutory Auditor  
Reading

10 March 2023

## Consolidated income statement

For the year ended 31 December 2022

	Note	2022			2021 (Restated) <sup>1</sup>		
		Underlying £m	Non-underlying items (note 9) £m	Statutory £m	Underlying £m	Non-underlying items (note 9) £m	Statutory £m
<b>Revenue</b>	4,5	<b>2,944.6</b>	<b>–</b>	<b>2,944.6</b>	2,222.5	–	2,222.5
Operating costs	7	<b>(2,837.5)</b>	<b>(30.0)</b>	<b>(2,867.5)</b>	(2,134.4)	(9.6)	(2,144.0)
Amortisation of acquired intangible assets		–	<b>(10.3)</b>	<b>(10.3)</b>	–	(2.6)	(2.6)
Other operating income		–	<b>0.7</b>	<b>0.7</b>	–	0.7	0.7
Share of post-tax results of joint ventures	17	<b>1.5</b>	<b>(1.2)</b>	<b>0.3</b>	0.4	(0.6)	(0.2)
<b>Operating profit/(loss)</b>	4	<b>108.6</b>	<b>(40.8)</b>	<b>67.8</b>	88.5	(12.1)	76.4
Finance income	10	<b>0.5</b>	<b>3.6</b>	<b>4.1</b>	0.4	–	0.4
Finance costs	11	<b>(15.6)</b>	–	<b>(15.6)</b>	(9.3)	–	(9.3)
<b>Profit/(loss) before taxation</b>		<b>93.5</b>	<b>(37.2)</b>	<b>56.3</b>	79.6	(12.1)	67.5
Taxation	12	<b>(20.3)</b>	<b>9.0</b>	<b>(11.3)</b>	(18.9)	7.0	(11.9)
<b>Profit/(loss) for the year</b>		<b>73.2</b>	<b>(28.2)</b>	<b>45.0</b>	60.7	(5.1)	55.6
Attributable to:							
Equity holders of the parent		<b>74.2</b>	<b>(28.2)</b>	<b>46.0</b>	61.6	(5.1)	56.5
Non-controlling interests	34	<b>(1.0)</b>	–	<b>(1.0)</b>	(0.9)	–	(0.9)
		<b>73.2</b>	<b>(28.2)</b>	<b>45.0</b>	60.7	(5.1)	55.6
<b>Earnings per share</b>							
Basic	14	<b>102.1p</b>		<b>63.3p</b>	85.2p		78.1p
Diluted	14	<b>100.7p</b>		<b>62.4p</b>	84.2p		77.2p

<sup>1</sup> The 31 December 2021 consolidated income statement has been restated in respect of the correction of prior period errors arising from the fraud at Austral and prior period business combination measurement adjustments, as outlined in notes 3 and 6 to the consolidated financial statements.

## Consolidated statement of comprehensive income

For the year ended 31 December 2022

	Note	2022 £m	2021 (Restated) <sup>1</sup> £m
<b>Profit for the year</b>		<b>45.0</b>	55.6
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange movements on translation of foreign operations		<b>46.3</b>	(3.8)
Exchange movements on translation of non-controlling interests		–	–
Transfer of translation reserve on disposal of subsidiaries		–	(0.4)
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Remeasurements of defined benefit pension schemes	33	<b>2.8</b>	1.2
Tax on remeasurements of defined benefit pension schemes	12	<b>(0.6)</b>	(0.2)
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<b>48.5</b>	(3.2)
<b>Total comprehensive income for the year</b>		<b>93.5</b>	52.4
Attributable to:			
Equity holders of the parent		<b>94.0</b>	53.3
Non-controlling interests		<b>(0.5)</b>	(0.9)
		<b>93.5</b>	52.4

1 The 31 December 2021 consolidated statement of comprehensive income has been restated in respect of the correction of prior period errors arising from the fraud at Austral and prior period business combination measurement adjustments, as outlined in notes 3 and 6 to the consolidated financial statements.

## Consolidated balance sheet

As at 31 December 2022

	Note	At 31 December 2022 €m	At 31 December 2021 (Restated) <sup>2</sup> €m	At 1 January 2021 (Restated) <sup>1</sup> €m
<b>Assets</b>				
<b>Non-current assets</b>				
Goodwill and intangible assets	15	<b>137.2</b>	139.5	118.8
Property, plant and equipment	16	<b>486.5</b>	443.4	434.9
Investments in joint ventures	17	<b>4.4</b>	4.0	4.4
Deferred tax assets	12	<b>15.1</b>	8.8	8.3
Other assets	18	<b>60.8</b>	88.5	60.3
		<b>704.0</b>	684.2	626.7
<b>Current assets</b>				
Inventories	19	<b>124.4</b>	72.1	60.1
Trade and other receivables	20	<b>764.6</b>	585.5	495.4
Current tax assets		<b>5.0</b>	8.9	2.1
Cash and cash equivalents	21	<b>101.1</b>	82.7	66.3
Assets held for sale	22	<b>2.8</b>	3.4	8.7
		<b>997.9</b>	752.6	632.6
<b>Total assets</b>	4	<b>1,701.9</b>	1,436.8	1,259.3
<b>Liabilities</b>				
<b>Current liabilities</b>				
Loans and borrowings	26	<b>(34.2)</b>	(29.8)	(67.0)
Current tax liabilities		<b>(52.5)</b>	(17.9)	(17.1)
Trade and other payables	23	<b>(585.6)</b>	(508.0)	(381.9)
Provisions	24	<b>(52.7)</b>	(53.8)	(54.4)
		<b>(725.0)</b>	(609.5)	(520.4)
<b>Non-current liabilities</b>				
Loans and borrowings	26	<b>(365.8)</b>	(246.2)	(191.8)
Retirement benefit liabilities	33	<b>(20.8)</b>	(25.7)	(31.1)
Deferred tax liabilities	12	<b>(5.3)</b>	(28.3)	(21.3)
Provisions	24	<b>(66.9)</b>	(77.9)	(71.4)
Other liabilities	25	<b>(21.3)</b>	(21.2)	(22.0)
		<b>(480.1)</b>	(399.3)	(337.6)
<b>Total liabilities</b>	4	<b>(1,205.1)</b>	(1,008.8)	(858.0)
<b>Net assets</b>	4	<b>496.8</b>	428.0	401.3
<b>Equity</b>				
Share capital	28	<b>7.3</b>	7.3	7.3
Share premium account		<b>38.1</b>	38.1	38.1
Capital redemption reserve	28	<b>7.6</b>	7.6	7.6
Translation reserve		<b>57.9</b>	12.1	16.3
Other reserve	28	<b>56.9</b>	56.9	56.9
Retained earnings		<b>326.7</b>	303.2	271.4
<b>Equity attributable to equity holders of the parent</b>		<b>494.5</b>	425.2	397.6
Non-controlling interests	34	<b>2.3</b>	2.8	3.7
<b>Total equity</b>		<b>496.8</b>	428.0	401.3

1 The 1 January 2021 consolidated balance sheet has been restated in respect of the correction of prior period errors arising from the fraud at Austral as outlined in note 3 to the consolidated financial statements.

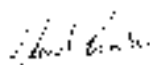
2 The 31 December 2021 consolidated balance sheet has been restated in respect of the correction of prior period errors arising from the fraud at Austral and prior period business combination measurement adjustments, as outlined in notes 3 and 6 to the consolidated financial statements.

These consolidated financial statements were approved by the Board of Directors and authorised for issue on 10 March 2023.

They were signed on its behalf by:



**Michael Speakman**  
Chief Executive Officer



**David Burke**  
Chief Financial Officer

## Consolidated statement of changes in equity

For the year ended 31 December 2022

	Share capital (note 28) £m	Share premium account £m	Capital redemption reserve (note 28) £m	Translation reserve £m	Other reserve (note 28) £m	Hedging reserve (note 26) £m	Retained earnings £m	Attributable to equity holders of the parent £m	Non- controlling interests (note 34) £m	Total equity £m
At 1 January 2021 (as presented)	7.3	38.1	7.6	16.3	56.9	–	280.1	406.3	3.7	410.0
Prior year adjustment	–	–	–	–	–	–	(8.7)	(8.7)	–	(8.7)
At 1 January 2021 (restated) <sup>1</sup>	7.3	38.1	7.6	16.3	56.9	–	271.4	397.6	3.7	401.3
<b>Profit/(loss) for the year (restated)<sup>1</sup></b>	–	–	–	–	–	–	56.5	56.5	(0.9)	55.6
<b>Other comprehensive income</b>										
Exchange movements on translation of foreign operations (restated) <sup>1</sup>	–	–	–	(3.8)	–	–	–	(3.8)	–	(3.8)
Transfer of reserves on disposal of subsidiaries	–	–	–	(0.4)	–	–	–	(0.4)	–	(0.4)
Remeasurements of defined benefit pension schemes	–	–	–	–	–	–	1.2	1.2	–	1.2
Tax on remeasurements of defined benefit pension schemes	–	–	–	–	–	–	(0.2)	(0.2)	–	(0.2)
<b>Other comprehensive (loss)/income for the year, net of tax (restated)<sup>1</sup></b>	–	–	–	(4.2)	–	–	1.0	(3.2)	–	(3.2)
<b>Total comprehensive (loss)/income for the year (restated)<sup>1</sup></b>	–	–	–	(4.2)	–	–	57.5	53.3	(0.9)	52.4
Dividends	–	–	–	–	–	–	(25.9)	(25.9)	–	(25.9)
Purchase of own shares for ESOP trust	–	–	–	–	–	–	(3.7)	(3.7)	–	(3.7)
Share-based payments	–	–	–	–	–	–	3.9	3.9	–	3.9
<b>At 31 December 2021 (restated)<sup>1</sup></b>	7.3	38.1	7.6	12.1	56.9	–	303.2	425.2	2.8	428.0
<b>Profit/(loss) for the year</b>	–	–	–	–	–	–	46.0	46.0	(1.0)	45.0
<b>Other comprehensive income</b>										
Exchange movements on translation of foreign operations	–	–	–	45.8	–	–	–	45.8	0.5	46.3
Remeasurements of defined benefit pension schemes	–	–	–	–	–	–	2.8	2.8	–	2.8
Tax on remeasurements of defined benefit pension schemes	–	–	–	–	–	–	(0.6)	(0.6)	–	(0.6)
<b>Other comprehensive income for the year, net of tax</b>	–	–	–	45.8	–	–	2.2	48.0	0.5	48.5
<b>Total comprehensive (loss)/income for the year</b>	–	–	–	45.8	–	–	48.2	94.0	(0.5)	93.5
Dividends	–	–	–	–	–	–	(26.4)	(26.4)	–	(26.4)
Purchase of own shares for ESOP trust	–	–	–	–	–	–	(1.2)	(1.2)	–	(1.2)
Share-based payments	–	–	–	–	–	–	2.9	2.9	–	2.9
<b>At 31 December 2022</b>	<b>7.3</b>	<b>38.1</b>	<b>7.6</b>	<b>57.9</b>	<b>56.9</b>	<b>–</b>	<b>326.7</b>	<b>494.5</b>	<b>2.3</b>	<b>496.8</b>

<sup>1</sup> Retained earnings as at 1 January 2021 have been restated in respect of the correction of prior period errors arising from the fraud at Austral, as outlined in note 3 to the consolidated financial statements. Retained earnings as at 31 December 2021 have been restated in respect of the correction of prior period errors arising from the fraud at Austral and prior period business combination measurement adjustments, as outlined in notes 3 and 6 to the consolidated financial statements.

## Consolidated cash flow statement

For the year ended 31 December 2022

	Note	2022 £m	2021 (Restated) <sup>1</sup> £m
<b>Cash flows from operating activities</b>			
Profit before taxation		<b>56.3</b>	67.5
Non-underlying items	9	<b>40.8</b>	12.1
Finance income	10	<b>(4.1)</b>	(0.4)
Finance costs	11	<b>15.6</b>	9.3
<b>Underlying operating profit</b>	4	<b>108.6</b>	88.5
Depreciation/impairment of property, plant and equipment	16	<b>96.6</b>	90.6
Amortisation of intangible assets	15	<b>0.4</b>	0.6
Share of underlying post-tax results of joint ventures	17	<b>(1.5)</b>	(0.4)
Profit on sale of property, plant and equipment		<b>(3.3)</b>	(1.8)
Other non-cash movements (including charge for share-based payments)		<b>3.7</b>	8.3
Foreign exchange losses		<b>–</b>	0.1
<b>Operating cash flows before movements in working capital and other underlying items</b>		<b>204.5</b>	185.9
(Increase)/decrease in inventories		<b>(44.2)</b>	(18.3)
(Increase)/decrease in trade and other receivables		<b>(110.0)</b>	(102.5)
Increase/(decrease) in trade and other payables		<b>43.7</b>	121.4
(Decrease)/increase in provisions, retirement benefit and other non-current liabilities		<b>(13.4)</b>	(7.8)
<b>Cash generated from operations before non-underlying items</b>		<b>80.6</b>	178.7
Cash outflows from non-underlying items: ERP costs		<b>(5.4)</b>	–
Cash outflows from non-underlying items: restructuring costs		<b>(0.6)</b>	(3.9)
Cash outflows from non-underlying items: acquisition costs		<b>(0.2)</b>	(0.5)
<b>Cash generated from operations</b>		<b>74.4</b>	174.3
Interest paid		<b>(10.1)</b>	(2.0)
Interest element of lease rental payments		<b>(3.6)</b>	(3.1)
Income tax paid		<b>(5.9)</b>	(15.9)
<b>Net cash inflow from operating activities</b>		<b>54.8</b>	153.3
<b>Cash flows from investing activities</b>			
Interest received		<b>4.0</b>	0.4
Proceeds from sale of property, plant and equipment		<b>8.2</b>	12.2
Proceeds on disposal of businesses	6	<b>0.7</b>	7.1
Acquisition of businesses, net of cash acquired	6	<b>(20.2)</b>	(29.9)
Acquisition of property, plant and equipment	16	<b>(81.6)</b>	(84.0)
Acquisition of other intangible assets	15	<b>(0.1)</b>	(0.4)
<b>Net cash outflow from investing activities</b>		<b>(89.0)</b>	(94.6)
<b>Cash flows from financing activities</b>			
Increase in borrowings		<b>99.3</b>	91.2
Cash flows from derivative instruments		<b>0.2</b>	–
Repayment of borrowings		<b>(1.4)</b>	(69.4)
Payment of lease liabilities		<b>(29.5)</b>	(29.8)
Purchase of own shares for ESOP trust		<b>(1.2)</b>	(3.7)
Dividends paid	13	<b>(26.4)</b>	(25.9)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>41.0</b>	(37.6)
<b>Net increase in cash and cash equivalents</b>		<b>6.8</b>	21.1
<b>Cash and cash equivalents at beginning of year</b>		<b>81.8</b>	61.6
Effect of exchange rate movements		<b>5.6</b>	(0.9)
<b>Cash and cash equivalents at end of year</b>	21	<b>94.2</b>	81.8

<sup>1</sup> Operating cash flows before movements in working capital and the movements in trade and other receivables and trade and other payables for the year ended 31 December 2021 have been restated in respect of the correction of prior period errors arising from the fraud at Austral and prior period business combination measurement adjustments, as outlined in notes 3 and 6 to the consolidated financial statements. Cash generated from operations and proceeds from the disposal of property, plant and equipment have been restated to reclassify cash received on the disposal of assets held from sale.



## Notes to the consolidated financial statements

### 1 Corporate information

The consolidated financial statements of Keller Group plc and its subsidiaries (collectively, the 'Group') for the year ended 31 December 2022 were authorised for issue in accordance with the resolution of the Directors on 10 March 2023.

Keller Group plc (the 'company') is a public limited company, incorporated and domiciled in the United Kingdom, whose shares are publicly traded on the London Stock Exchange. The registered office is located at 2 Kingdom Street, London W2 6BD. The Group is principally engaged in the provision of specialist geotechnical services. Information on the Group's structure is provided in note 9 of the company financial statements.

### 2 Significant accounting policies

#### Basis of preparation

In accordance with the Companies Act 2006, these consolidated financial statements have been prepared and approved by the Directors in accordance with UK adopted international accounting standards. The company prepares its parent company financial statements in accordance with FRS 101.

The consolidated financial statements have been prepared on an historical cost basis, except for derivative financial instruments that have been measured at fair value. The carrying values of recognised assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to recognise changes in the fair values attributable to the risks that are being hedged in effective hedge relationships. The consolidated financial statements are presented in pounds sterling and all values are rounded to the nearest hundred thousand, expressed in millions to one decimal point, except when otherwise indicated.

#### Prior year restatements

##### Prior year financial reporting fraud

Following an internal management operational review at the Austral business in Australia, the Group has identified a historical overstatement of revenue and profit relating to the years ended 31 December 2021, 31 December 2020 and 31 December 2019 due to a financial reporting fraud. This reporting error has been corrected by restating the prior year comparatives, reducing contract assets and prepayments (included with trade and other receivables) by £8.1m and £0.3m respectively, and increasing other payables (included within trade and other payables) by £2.3m at 31 December 2021. Contract assets were reduced by £6.5m and other payables were increased by £0.2m as at 1 January 2021.

The impact on the consolidated income statement for the year ended 31 December 2021 is a decrease in revenue of £1.9m and an increase in operating costs of £2.4m, resulting in a decrease in operating profit and profit before tax of £4.3m. The lower profit before tax recognised within the consolidated Australia group of entities as a result, has impacted the recognition of deferred tax assets recognised in respect of tax losses carried forward as the asset is no longer regarded as recoverable. The deferred tax asset at 31 December 2021 is reduced by £4.2m and the deferred tax asset at 1 January 2021 is reduced by £2.0m. The deferred tax charge for the year ended 31 December 2021 is increased by £2.4m.

Net assets are £14.9m lower than previously reported at 31 December 2021 and £8.7m lower at 1 January 2021. The consolidated cash flow statement has been restated to show the change in profit before tax and the change in trade and other receivables and trade and other payables. There is no impact on the cash generated from operations for the year ended 31 December 2021.

The restatement decreased diluted statutory earnings per share from 86.1p to 77.2p and diluted underlying earnings per share from 88.4p per share to 84.2p per share for the year ended 31 December 2021. The basic statutory earnings per share was reduced from 89.5p to 85.2p. Notes 4, 5, 7, 9, 12, 14, 15, 20, 23 and the alternative performance measures set out on pages 203 to 205 have also been restated, where relevant, to incorporate these changes.

A reconciliation of the changes made to the restated financial results for the year ended 31 December 2021 are set out in detail in note 3. Further details regarding the restatements are provided in the Audit and Risk Committee report on page 101.

#### Prior year measurement period adjustment

In the year to 31 December 2021, the Group acquired RECON Services Inc. and the trade and assets of Subterranean (Manitoba) Ltd. At 31 December 2021, the purchase price allocation for both business combinations was prepared on a provisional basis in accordance with IFRS 3 'Business Combinations'. Under IFRS 3 'Business Combinations' there is a measurement period of no longer than 12 months in which to finalise the valuation of the acquired assets and liabilities.

During the measurement period, the Group finalised the valuation of intangible assets recognised on acquisition of RECON in respect of the trade name and customer relationships and the associated deferred tax liabilities. The Group also finalised the valuation of trade receivables acquired with Subterranean. The impact of the measurement period adjustments has been applied retrospectively, meaning that the results and financial position for the year to 31 December 2021 have been restated. The impact of these adjustments on the comparatives for the year ended 31 December 2021 is included in note 3 and further detail is set out in note 6.

#### Going concern

At 31 December 2022, the Group had undrawn committed and uncommitted borrowing facilities totalling £273.8m, comprising £113.6m of the unutilised portion of the revolving credit facility, £114.1m of other undrawn committed borrowing facilities and undrawn uncommitted borrowing facilities of £46.1m, as well as cash and cash equivalents of £101.1m. At 31 December 2022, the Group's net debt to underlying EBITDA ratio (calculated on an IAS 17 covenant basis) was 1.2x, well within the limit of 3.0x.

The Group has prepared a forecast of financial projections for the three-year period to 31 December 2025. The forecast underpins the going concern assessment which has been made for the period through to 31 March 2024, a period of at least 12 months from when the financial statements are authorised for issue and aligning with the period in which the Group's banking covenants are tested. The base case reflects the assumptions made by the Group with respect to increased market penetration including key project wins, organic growth, a focus on cost reduction, and mobilisation and delivery of the NEOM project. The forecast shows significant headroom and supports the position that the Group can operate within its available banking facilities and covenants throughout this period.

## Notes to the consolidated financial statements continued

### 2 Significant accounting policies continued

#### Going concern continued

For the going concern assessment, management ran a series of downside scenarios over the base case forecast to assess covenant headroom against available funding facilities. This process involved constructing scenarios to reflect the Group's current assessment of its principal risks, including those that would threaten its business model, future performance, solvency or liquidity. The principal risks and uncertainties modelled by management align with those disclosed within this Annual Report and Accounts.

The following severe but plausible downside assumptions were modelled:

- Rapid downturn in the Group's markets resulting in up to a 10% decline in revenues.
- Ineffective execution of projects reducing profits by 1% of revenue.
- Not having the right skills to deliver reducing profits by 0.5% of revenue.
- A combination of other principal risks and trading risks materialising together reducing profits by up to £42.9m over the period to 31 March 2024. These risks include changing environmental factors, costs of ethical misconduct and regulatory non-compliance, occurrence of an accident causing serious injury to an employee or member of the public, the cost of a product or solution failure and the impact of a previously unrecorded tax liability.
- Deterioration of working capital performance by 5% of six months' sales.

The financial and cash effects of these scenarios were modelled individually and in combination. The focus was on the ability to secure or retain future work and potential downward pressure on margins. Management applied sensitivities against projected revenue, margin and working capital metrics reflecting a series of plausible downside scenarios. Against the most negative scenario, mitigating actions were overlaid. These include a range of cost-cutting measures and overhead savings designed to preserve cash flows. The most extreme downside scenario modelled, included an aggregation of all risks considered, which showed a decrease in operating profit of 29.8% and an increase in net debt of 45.2% against the Group's latest forecast profit and cash flow projections for the review period up to 31 March 2024. The adjusted projections within this scenario does not forecast a breach of covenants in respect of available funding facilities or any liquidity shortfall. Consideration was given to scenarios where covenants would be breached and the circumstances giving rise to these scenarios were considered extreme and remote.

This process allowed the Board to conclude that the Group will continue to operate on a going concern basis for the period through to the end of March 2024, a period of at least 12 months from when the financial statements are authorised for issue. Accordingly, the consolidated financial statements are prepared on a going concern basis.

#### Climate change

In preparing the consolidated financial statements, management has considered the impact of climate change, particularly in the context of the risks identified in the TCFD disclosure on pages 45 to 48 this year. There has been no material impact identified on the financial reporting judgements and estimates. In particular, management considered the impact of climate change in respect of the following areas:

- estimates of future cash flows used in impairment assessments of the carrying value of goodwill;
- the useful economic life of plant, equipment and other intangible assets; and
- going concern and viability of the Group over the next three years

Whilst there is currently no medium-term impact expected from climate change, management are aware of the variable risks arising from climate change and will regularly assess these risks against judgement and estimates made in preparation of the Group's financial statements.

### Changes in accounting policies and disclosures

#### New and amended standards and interpretations

The following applicable amendments became effective during the year to 31 December 2022:

- Amendments to IAS 37 'Onerous Contracts – Costs of Fulfilling a Contract'.
- Amendments to IAS 16 'Property, Plant and Equipment: Proceeds before Intended Use'.
- IFRS 9 Financial Instruments 'Fees in the '10 per cent' test for derecognition of financial liabilities'.

These amendments have a limited impact on the consolidated financial statements of the Group.

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

#### Amendments to IAS 37 'Onerous Contracts – Costs of Fulfilling a Contract'

An onerous contract is a contract under which the unavoidable costs (ie, the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (eg, the costs of direct labour and materials) and an allocation of costs directly related to contract activities (eg, depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. This amendment does not have an impact on the consolidated financial statements of the Group as an allocation of costs directly related to contract activities was previously included in the unavoidable costs used in the costs to complete assessment for onerous contracts and the Group does not include an allocation of general overheads.

#### Amendments to IAS 16 'Property, Plant and Equipment: Proceeds before Intended Use'

The amendments prohibit entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. These amendments had no impact on the consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

#### IFRS 9 Financial Instruments 'Fees in the '10 per cent' test for derecognition of financial liabilities'

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. This amendment had no impact on the consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

### Basis of consolidation

The consolidated financial statements consolidate the accounts of the parent and its subsidiary undertakings to 31 December each year. Subsidiaries are entities controlled by the company. Control exists when the company has power over an entity, exposure to variable returns from its involvement with the entity and the ability to use its power over the entity to affect its returns. Where subsidiary undertakings were acquired or sold during the year, the accounts include the results for the part of the year for which they were subsidiary undertakings using the acquisition method of accounting. Intra-group balances, and any unrealised income and expense arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

### Joint operations

Where the Group undertakes contracts jointly with other parties, these are accounted for as joint operations as defined by IFRS 11. In accordance with IFRS 11, the Group accounts for its own share of assets, liabilities, revenues and expenses measured according to the terms of the joint operations agreement.

### Joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. The consolidated financial statements incorporate a share of the results, assets and liabilities of joint ventures using the equity method of accounting, whereby the investment is carried at cost plus post-acquisition changes in the share of net assets of the joint venture, less any provision for impairment. Losses in excess of the consolidated interest in joint ventures are not recognised except where the Group has a constructive commitment to make good those losses. The results of joint ventures acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

## Summary of significant accounting policies

### Foreign currencies

The Group's consolidated financial statements are presented in pounds sterling, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

### Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the consolidated income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

### Group companies

On consolidation, the assets and liabilities of foreign operations are translated into pounds sterling at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange movements arising on translation for consolidation are recognised in other comprehensive income (OCI). On disposal of a foreign operation, the component of the translation reserve relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the average rate.

The exchange rates used in respect of principal currencies are:

Average rates	2022	2021
US dollar	<b>1.24</b>	1.38
Canadian dollar	<b>1.61</b>	1.72
Euro	<b>1.17</b>	1.16
Singapore dollar	<b>1.70</b>	1.85
Australian dollar	<b>1.78</b>	1.83

Year-end rates	2022	2021
US dollar	<b>1.21</b>	1.35
Canadian dollar	<b>1.63</b>	1.71
Euro	<b>1.12</b>	1.19
Singapore dollar	<b>1.62</b>	1.82
Australian dollar	<b>1.76</b>	1.86

### Revenue from construction contracts

The Group's operations involve the provision of specialist geotechnical services. The majority of the Group's revenue is derived from construction contracts. Typically, the Group's construction contracts consist of one performance obligation; however, for certain contracts (for example where contracts involve separate phases or products that are not highly interrelated) multiple performance obligations exist. Where multiple performance obligations exist, total revenue is allocated to performance obligations based on the relative standalone selling prices of each performance obligation.

For each contract, revenue is the amount that is expected to be received from the customer. Revenue is typically invoiced in stages during the contracts, however smaller contracts are usually invoiced on completion. Variable consideration and contract modifications are assessed on a contract-by-contract basis, according to the terms, facts and circumstances of the project. Variable consideration is recognised only to the extent that it is highly probable that there will not be a significant reversal. The effects of contract modifications are recognised only when the Group considers there is an enforceable right to consideration. In certain circumstances, uncertainty over whether a project will be completed or not will mean that it is not appropriate to recognise contracted revenues.

Revenue attributed to each performance obligation is recognised based on either the input or the output method. The output method is the Group's default revenue recognition approach. The input method is generally used for longer-term, more complex contracts. These methods best reflect the transfer of benefits to the customer.

## Notes to the consolidated financial statements continued

### 2 Significant accounting policies continued

#### Revenue from construction contracts continued

- **Output method:** revenue is recognised on the direct measurement of progress based on output, such as units of production relative to the total number of contracted production units.
- **Input method:** revenue is recognised on the percentage of completion with reference to cost. The percentage of completion is calculated based on the costs incurred to date as a percentage of the total costs expected to satisfy the performance obligation. Estimates of revenues, costs or extent of progress towards completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the percentage of completion calculation in the period in which the circumstances that give rise to the revision become known.

Where the Group becomes aware that a loss may arise on a contract, and that loss is probable, full provision is made in the consolidated balance sheet; based on the estimated unavoidable costs of meeting the obligations of the contract, where these exceed the economic benefits expected to be received. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

Incremental bid/tender costs and fulfilment costs are not material to the overall contract and are expensed as incurred.

Any revenues recognised in excess of billings are recognised as contract assets within trade and other receivables. Any payments received in excess of revenue recognised are recognised as contract liabilities within trade and other payables.

#### Revenue from the sale of goods and services

The Group's revenue recognised from the sale of goods and services primarily relates to certain parts of the North America business. These contracts typically have a single performance obligation, or a series of distinct performance obligations that are substantially the same. There are typically two types of contract:

- **Delivery of goods:** revenue for such contracts is recognised at a point in time, on delivery of the goods to the customer.
- **Delivery of goods with installation and/or post-delivery services:** revenue for these contracts is recognised at a point in time by reference to the date on which the goods are installed and/or accepted by the customer.

#### Taxes

##### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated income statement.

The Group provides for future liabilities in respect of uncertain tax positions where additional tax may become payable in future periods. Such provisions are based on management's best judgement of the probability of the outcome in reaching agreement with the relevant tax authorities. For further information refer to note 12.

##### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities, and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax is recognised on temporary differences in line with IAS 12 'Income Taxes'. Deferred tax assets are recognised when it is considered likely that they will be utilised against future taxable profits or deferred tax liabilities.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity or to OCI, in which case the related deferred tax is also dealt with in equity or in OCI.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

##### Interest income and expense

All interest income and expense is recognised in the income statement on an accruals basis, using the effective interest method.

##### Employee benefit costs

The Group operates a number of defined benefit pension schemes, and also makes payments into defined contribution schemes.

The liability in respect of defined benefit schemes is the present value of the defined benefit obligations at the balance sheet date, calculated using the projected unit credit method, less the fair value of the schemes' assets where applicable. The Group recognises the administration costs, current service cost and interest on scheme net liabilities in the income statement, and remeasurements of defined benefit plans in OCI in full in the period in which they occur. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans. Where there is no legal right to a refund from the plan, the liability is calculated as the minimum funding requirement to the plan that exists at the balance sheet date.

The Group also has long service arrangements in certain overseas countries. These are accounted for in accordance with IAS 19 'Employee Benefits' and accounting follows the same principles as for a defined benefit scheme.

Payments to defined contribution schemes are accounted for on an accruals basis.

##### Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Further details are set out in note 16 for impairments recognised in the year. Subsequent expenditure on property, plant and equipment is capitalised when it enhances or improves the condition of the item of property, plant and equipment beyond its original assessed standard of performance. Maintenance expenditure is expensed as incurred.

## Depreciation

Depreciation is provided to write off the cost less the estimated residual value of property, plant and equipment using the straight-line method by reference to their estimated useful lives as follows:

Buildings	50 years
Plant and equipment	3 to 12 years
Motor vehicles	4 years
Computers	3 years

Depreciation is not provided for on freehold land.

An item of property, plant and equipment is derecognised upon disposal (ie at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted where appropriate.

## Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### Group as lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets (less than £3,000). The Group recognises lease liabilities to make payments and right-of-use assets representing the right to use the underlying assets.

### Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (ie the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and estimated useful lives as follows:

Land and buildings	3 to 15 years
Plant and equipment	2 to 8 years
Motor vehicles	3 to 5 years

Right-of-use assets are tested for impairment in accordance with IAS 36 'Impairment of Assets'.

### Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date, if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate applied to each lease is determined by taking into account the risk-free rate of the country where the asset under lease is located, matched to the term of the lease and adjusted for factors such as the credit risk profile of the lessee. Incremental borrowing rates applied to individual leases range from 1.07% to 16.78%.

After the commencement date, the amount of lease liabilities is increased to reflect the addition of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (eg changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Group's lease liabilities are included in interest-bearing loans and borrowings. Refer to note 26 for details.

### Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of plant, machinery and vehicles (ie those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low asset value (below £3,000). Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

### Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at the fair value at the acquisition date. Acquisition-related costs are expensed as incurred and included in administrative expenses. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of cost of an acquisition over the fair value of the Group's share of the identifiable net assets acquired, including assets identified as intangibles on acquisition, is recorded as goodwill.

The results of subsidiaries which have been disposed are included up to the effective date of disposal.

### Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually and whenever there is an indication that the goodwill may be impaired in accordance with IAS 36, any impairment losses are recognised immediately in the income statement. Goodwill arising prior to 1 January 1998 was taken directly to equity in the year in which it arose. Such goodwill has not been reinstated on the balance sheet. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.



## Notes to the consolidated financial statements continued

### 2 Significant accounting policies continued

#### Other intangible assets

Intangible assets, other than goodwill, include purchased licences, software (including internally generated software), customer relationships, customer contracts and trade names. Intangible assets are capitalised at cost and amortised on a straight-line basis over their useful economic lives from the date that they are available for use and are stated at cost less accumulated amortisation and impairment losses. The estimated useful economic lives are as follows:

Licences	1 to 4 years
Software	3 to 7 years
Patents	2 to 7 years
Customer relationships	5 to 7 years
Customer contracts	1 to 2 years
Trade names	5 to 7 years

#### Software-as-a-service arrangements

The Group's current SaaS arrangements are arrangements in which the Group does not control the underlying software used in the arrangement.

Software development costs incurred to configure or customise application software provided under a cloud computing arrangement and associated fees are recognised as operating expenses as and when the services are received where the costs represent a distinct service provided to the Group.

When such costs incurred do not provide a distinct service, the costs are recognised as expenses over the duration of the SaaS contract. The Group capitalises other software costs when the requirements of IAS 38 'Intangible Assets' are satisfied, including configuration and customisation costs which are distinct and within the control of the Group. Such software costs are capitalised and carried at cost less any accumulated amortisation and impairment, and amortised on a straight-line basis over the period which the developed software is expected to be used.

Amortisation commences when the development is complete and the asset is available for use and is included in the operating costs item of the consolidated income statement. The amortisation is reviewed at least at the end of each reporting period and any changes are treated as changes in accounting estimates.

#### Impairment of assets excluding goodwill

The carrying values of property, plant and equipment, right-of-use assets and other intangibles are reviewed for impairment when events or changes in circumstances indicate the carrying value may be impaired. If any such indication exists, the recoverable amount, being the lower of their carrying amount and fair value less costs to sell, of the asset is estimated in order to determine the extent of impairment loss.

#### Capital work in progress

Capital work in progress represents expenditure on property, plant and equipment in the course of construction. Transfers are made to other property, plant and equipment categories when the assets are available for use.

#### Inventories

Inventories are measured at the lower of cost and estimated net realisable value with allowance made for obsolete or slow-moving items.

Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Write-downs to net realisable value are made for slow-moving, damaged or obsolete items based on evaluations made at the local level by reference to frequency of stock turnover or specific factors affecting the items concerned.

#### Assets held for sale

Assets are classified as held for sale if their carrying amount will be recovered by sale rather than by continuing use in the business. Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell, with reference to comparable market transactions. Assets that are classified as held for sale are not depreciated.

#### Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. The principal financial assets and liabilities of the Group are as follows:

##### (a) Trade receivables and trade payables

Trade receivables are initially recorded at fair value and subsequently measured at cost and reduced by allowances for estimated irrecoverable amounts.

Trade receivables and contract assets are stated net of expected credit losses (ECLs). At each reporting date, the Group evaluates the estimated recoverability of trade receivables and contract assets and records allowances for ECLs based on experience.

The Group applies the simplified approach to measurement of ECLs in respect of trade receivables, which requires expected lifetime losses to be recognised from initial recognition of the receivable.

Immediately after an individual trade receivable or contract asset is assessed to be unlikely to be recovered, an impairment is recognised as the difference between the carrying amount of the receivable and the present value of estimated future cash flows. Customer specific factors are considered when identifying impairments, which can include the geographic location and credit rating of a customer.

Where there are no specific concerns over recovery, other than the increasing age of a trade receivable or contract asset balance past payment terms, the Group uses a provision matrix, where provision rates are based on days past due. The provision matrix used reflects estimates based on past experience, current economic factors and consideration of forward looking estimates of economic conditions. Generally, trade receivables are written-off completely if past due for more than 180 days. Default is defined as the point where there is no further legal address available for the Group to recover the receivable amount.

The information about the ECLs on the Group's trade receivables and contract assets is disclosed in note 20.

Trade payables that are not interest bearing are initially recognised at fair value and carried at amortised cost.



**(b) Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management. Bank overdrafts are included within financial liabilities in current liabilities in the balance sheet.

**(c) Bank and other borrowings**

Interest-bearing bank and other borrowings are recorded at the fair value of the proceeds received, net of direct issue costs. Subsequent to initial recognition, borrowings are stated at amortised cost, where applicable.

Bank or other borrowings are derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated income statement.

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, ie to realise the assets and settle the liabilities simultaneously.

**(d) Derivative financial instruments and hedge accounting**

The Group uses derivative financial instruments to manage interest rate risk and to hedge fluctuations in foreign currencies in accordance with its risk management policy. In cases where these derivative instruments are significant, hedge accounting is applied as described below. The Group does not use derivative financial instruments for speculative purposes.

Derivatives are initially recognised in the balance sheet at fair value on the date the derivative contract is entered into and are subsequently remeasured at reporting periods to their fair values. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Changes in the fair value of the effective portion of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income (OCI). Changes in the fair value of the ineffective portion of cash flow hedges are recognised in the income statement. Amounts originally recognised in OCI are transferred to the income statement when the underlying transaction occurs or if the transaction results in the recognition of a non-financial asset or liability, the amount accumulated in equity is included in the initial cost or carrying amount of the hedged asset or liability.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in OCI is retained in equity until the hedged transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in OCI is transferred to the income statement in the period.

For the purpose of hedge accounting, hedges are classified as:

- Cash flow hedges when hedging the exposure or variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable transaction.
- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability.
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

**Provisions**

Provisions have been made for employee-related liabilities, restructuring commitments, onerous contracts, insured liabilities and legal claims, and other property-related commitments. These are recognised as management's best estimate of the expenditure required to settle the Group's liability at the reporting date.

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and where it is probable that an outflow will be required to settle the obligation and the amount of the obligation can be estimated reliably. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance cost. Details of provisions are set out in note 24.

Provisions for insured liabilities and legal claims include the full estimated value of the liability. Any related insurance reimbursement asset that is virtually certain to be received is separately presented gross within trade and other receivables or other non-current assets on the consolidated balance sheet.

**Contingent liabilities**

Contingent liabilities are possible obligations of the Group of which the timing and amount are subject to significant uncertainty. Contingent liabilities are not recognised in the consolidated balance sheet, unless they are assumed by the Group as part of a business combination. They are however disclosed, unless they are considered to be remote. If a contingent liability becomes probable and the amount can be reliably measured it is no longer treated as contingent and recognised as a liability on the balance sheet.

## Notes to the consolidated financial statements continued

### 2 Significant accounting policies continued

#### Contingent assets

Contingent assets are possible assets of the Group of which the timing and amount are subject to significant uncertainty. Contingent assets are not recognised in the consolidated balance sheet. They are however disclosed, when they are considered to be probable. A contingent asset is recognised in the financial statements when the inflow of economic benefits is virtually certain.

#### Share-based payments

The Group operates a number of equity-settled executive and employee share plans. For all grants of share options and awards, the fair value of the employee services received in exchange for the grant of share options is recognised as an expense, calculated using appropriate option pricing models. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions, with a corresponding increase in retained earnings. The charge is adjusted to reflect expected actual levels of options vesting due to non-market conditions.

Shares purchased and held in trust in connection with the Group's share schemes are deducted from retained earnings. No gain or loss is recognised within the income statement on the market value of these shares compared with the original cost.

#### Segmental reporting

During the year the Group comprised three geographical divisions which have only one major product or service: specialist geotechnical services. North America; Europe; and Asia-Pacific, Middle East and Africa continue to be managed as separate geographical divisions. This is reflected in the Group's management structure and in the segment information reviewed by the Chief Operating Decision Maker.

#### Dividends

Interim dividends are recorded in the Group's consolidated financial statements when paid. Final dividends are recorded in the Group's consolidated financial statements in the period in which they receive shareholder approval.

#### Non-underlying items

Non-underlying items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are items which are exceptional by their size and/or are non-trading in nature, including amortisation of acquired intangibles, goodwill impairment, restructuring costs and other non-trading amounts, including those relating to acquisitions and disposals. Tax arising on these items, including movement in deferred tax assets arising from non-underlying provisions, is also classified as a non-underlying item.

#### Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies, reported amounts of assets and liabilities, revenue and expenses and the accompanying disclosures, and the disclosure of contingent liabilities. The estimates are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Actual results may also differ from these estimates.

The estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that and prior periods, or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### Construction contracts

The Group's approach to key estimates and judgements relating to construction contracts is set out in the revenue recognition policy. In the Group consolidated balance sheet this impacts contract assets, contract liabilities and contract provisions (refer to notes 5 and 24). As described in the policy the default revenue recognition approach is the output method. When revenue is recognised based on the output method, there is little judgement involved in accounting for construction contracts as the amount of revenue that has not been certified/accepted by the client is typically small and is usually based on volumes achieved at agreed rates. These contracts can still be subject to claims and variations resulting in an adjustment to the revenue recognised.

When revenue is recognised based on the input (cost) method, the main factors considered when making estimates and judgements include the cost of the work required to complete the contract in order to estimate the percentage completion, and the outcome of claims raised against the Group by customers or third parties. The Group performed around 6,000 contracts during 2022, at an average revenue of approximately £500,000 and a typical range of between £25,000 and £10m in value. The majority of contracts were completed in the year and therefore there are no estimates involved in accounting for these. For contracts that are not complete at year end, the Group estimates the total costs to complete in order to measure progress and therefore how much revenue to recognise, which may impact the contract asset or liability recorded in the balance sheet. Contract assets are £105.3m and contract liabilities are £85.6m at 31 December 2022. The actual total costs incurred on these contracts will differ from the estimate at 31 December and it is reasonably possible that outcomes on these contracts within the next year could be materially different in aggregate to those estimated.

However, due to the level of uncertainty and timing across a large portfolio of contracts, which will be at different stages of their contract life, it is not practical to provide a quantitative analysis of the aggregated judgements that are applied at a portfolio level. The estimated costs to complete are management's best estimate at this point in time and no individual estimate or judgement is expected to have a materially different outcome.

In the case of loss-making contracts, a full provision is made based on the estimated unavoidable costs of meeting the obligations of the contract, where these exceed the economic benefits expected to be received. The process for estimating the total cost to complete is the same as for in progress profitable contracts, and will include management's best estimate of all labour, equipment and materials costs required to complete the contracted work. All cost to complete estimates involve judgement over the likely future cost of labour, equipment and materials and the impact of inflation is included if material. The amount included within provisions in respect of contract provisions is £37.8m (2021: £41.9m).

As stated in the revenue recognition accounting policy, variable consideration is assessed on a contract-by-contract basis, according to the terms, facts and circumstances of the project. Variable consideration is recognised only to the extent that it is highly probable that there will not be a significant reversal; management judgement is required in order to determine when variable consideration is highly probable. Uncertainty over whether a project will be completed or not can mean that it is appropriate to treat the contracted revenue as variable consideration.

The restatement of the prior period financial statements for the impact of the financing reporting fraud at Austral has involved the use of estimates. Primarily this has been in calculating the correct accrued cost inputs at a project level and therefore the relevant revenue to be recognised on a percentage of completion basis. The estimated costs to complete included in the restatement of the 31 December 2020 and 2021 balance sheets are management's best estimate and no individual estimate or judgement would result in a materially different outcome.

### Non-underlying items

Non-underlying items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are items which are exceptional by their size and/or are non-trading in nature, including amortisation of acquired intangibles, goodwill impairment, restructuring costs and other non-trading amounts, including those relating to acquisitions and disposals. Tax arising on these items, including movement in deferred tax assets arising from non-underlying provisions, is also classified as a non-underlying item.

The Group exercises judgement in assessing whether restructuring items should be classified as non-underlying. This assessment covers the nature of the item, cause of the occurrence and scale of impact of that item on the reported performance. Typically, management will categorise restructuring costs incurred to exit a specific geography as non-underlying, in addition restructuring programmes which are incremental to normal operations undertaken to add value to the business are included in non-underlying items. The value of exceptional restructuring costs in 2022 (£5.3m) is lower than in 2021 (£7.3m).

### Carrying value of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy set out above. Impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value-in-use. The fair value less costs of disposal calculation is based on available market data for transactions conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The Group estimates the recoverable amount based on value-in-use calculations. The value-in-use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the relevant budget and forecasts for the next three years, including a terminal value assumption. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash inflows, growth rates and maintainable earnings assumed within the calculation. Refer to note 15 for further information.

### Deferred tax assets

Deferred tax assets are recognised for unused tax losses and other timing differences to the extent that it is probable that future taxable profits will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits (based on the same Board-approved information to support the going concern and goodwill impairment assessments).

The Group uses judgement in assessing the recoverability of deferred tax assets, for which the significant assumption is forecast taxable profits. A 10% shortfall in expected profits would have a proportional impact on the value of the deferred tax assets recoverable. Refer to note 12 for further information.

The restatement of the prior period financial statements for the impact of the financing reporting fraud at Austral has involved the use of estimates in determining the amount of deferred tax assets that should be recognised on the restated balance sheets as at 31 December 2020 and 2021. The restatement impact was to reduce the deferred tax assets by £2.0m at 31 December 2020 and by £4.2m at 31 December 2021. This is the maximum impact, an increase in the forecast taxable profit of 10% would not have a material impact on the value of these adjustments.

### Insurance and legal provisions

The recognition of provisions for insurance and legal disputes is subject to a significant degree of estimation. In making its estimates, management seek specialist input from legal advisers and the Group's insurance claims handler to estimate the most likely legal outcome. Provisions are reviewed regularly and amounts updated where necessary to reflect developments in the disputes. The ultimate liability may differ from the amount provided depending on the outcome of court proceedings and settlement negotiations or if investigations bring to light new facts. Refer to note 24 for further information.

## Notes to the consolidated financial statements continued

**3 Prior year correction of errors arising from the fraud at Austral and business combination measurement period adjustments as at 31 December 2021**

As set out in the basis of preparation, following an internal management operational review at the Austral business in Australia, the Group has identified a historical overstatement of revenue and profit relating to the years ended 31 December 2021, 31 December 2020 and 31 December 2019 due to a financial reporting fraud.

The errors have been corrected by restating each of the affected financial statement line items for the prior periods.

In addition, the results and financial position for the year to 31 December 2021 have been restated to reflect the final purchase price allocation adjustments in respect of 2021 business combinations. The impact of the measurement period adjustments has been applied retrospectively, in accordance with IFRS 3 Business Combinations. Further detail is included in note 6.

The following tables summarise the impacts on the Group's financial statements.

**Restatement of consolidated income statement for the year ended 31 December 2021 (statutory results)**

	2021 Statutory (as presented) £m	Impact of prior period error £m	Impact of measurement period adjustments £m	2021 Statutory (as restated) £m
<b>Revenue</b>	2,224.4	(1.9)	–	2,222.5
Operating costs	(2,141.6)	(2.4)	–	(2,144.0)
Amortisation of acquired intangible assets	(2.8)	–	0.2	(2.6)
Other operating income	0.7	–	–	0.7
Share of post-tax results of joint ventures	(0.2)	–	–	(0.2)
<b>Operating profit/(loss)</b>	80.5	(4.3)	0.2	76.4
Finance income	0.4	–	–	0.4
Finance costs	(9.3)	–	–	(9.3)
<b>Profit/(loss) before taxation</b>	71.6	(4.3)	0.2	67.5
Taxation	(9.5)	(2.4)	–	(11.9)
<b>Profit/(loss) for the year</b>	62.1	(6.7)	0.2	55.6
Attributable to:				
Equity holders of the parent	63.0	(6.7)	0.2	56.5
Non-controlling interests	(0.9)	–	–	(0.9)
	62.1	(6.7)	0.2	55.6
<b>Earnings per share</b>				
Basic	87.1p	(9.3p)	0.3p	78.1p
Diluted	86.1p	(9.2p)	0.3p	77.2p

**Restatement of consolidated income statement for the year ended 31 December 2021 (underlying results)**

	2021 Underlying (as presented) £m	Impact of prior period error £m	Impact of measurement period adjustments £m	2021 Underlying (as restated) £m
<b>Revenue</b>	2,224.4	(1.9)	–	2,222.5
Operating costs	(2,132.0)	(2.4)	–	(2,134.4)
Share of post-tax results of joint ventures	0.4	–	–	0.4
<b>Operating profit/(loss)</b>	92.8	(4.3)	–	88.5
Finance income	0.4	–	–	0.4
Finance costs	(9.3)	–	–	(9.3)
<b>Profit/(loss) before taxation</b>	83.9	(4.3)	–	79.6
Taxation	(20.1)	1.2	–	(18.9)
<b>Profit/(loss) for the year</b>	63.8	(3.1)	–	60.7
Attributable to:				
Equity holders of the parent	64.7	(3.1)	–	61.6
Non-controlling interests	(0.9)	–	–	(0.9)
	63.8	(3.1)	–	60.7
<b>Earnings per share</b>				
Basic	89.5p	(4.3p)	–	85.2p
Diluted	88.4p	(4.2p)	–	84.2p

The impact of the restatement of deferred tax in respect of the Austral accounting error is split between underlying and non-underlying as it comprises the reversal of a £1.2m underlying deferred tax charge and a £3.6m non-underlying deferred tax credit originally recognised in 2021. The restatement results in a net £2.4m increase in the Group's statutory tax charge for 2021.

**Restatement of consolidated statement of comprehensive income for the year ended 31 December 2021**

	2021 (as presented) £m	Impact of prior period error £m	Impact of measurement period adjustments £m	2021 (as restated) £m
<b>Profit for the year</b>	62.1	(6.7)	0.2	55.6
<b>Other comprehensive income</b>				
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Exchange movements on translation of foreign operations	(4.3)	0.5	–	(3.8)
Transfer of translation reserve on disposal of subsidiaries	(0.4)	–	–	(0.4)
<b>Items that will not be reclassified subsequently to profit or loss:</b>				
Remeasurements of defined benefit pension schemes	1.2	–	–	1.2
Tax on remeasurements of defined benefit pension schemes	(0.2)	–	–	(0.2)
<b>Other comprehensive loss for the year, net of tax</b>	(3.7)	0.5	–	(3.2)
<b>Total comprehensive income for the year</b>	58.4	(6.2)	0.2	52.4
Attributable to:				
Equity holders of the parent	59.3	(6.2)	0.2	53.3
Non-controlling interests	(0.9)	–	–	(0.9)
	58.4	(6.2)	0.2	52.4

## Notes to the consolidated financial statements continued

**3 Prior year correction of errors arising from the fraud at Austral and business combination measurement period adjustments as at 31 December 2021** continued**Restatement of consolidated balance sheet at 1 January 2021**

	At 1 January 2021 (as presented) €m	Impact of prior period error €m	At 1 January 2021 (as restated) €m
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill and intangible assets	118.8	–	118.8
Property, plant and equipment	434.9	–	434.9
Investments in joint ventures	4.4	–	4.4
Deferred tax assets	10.3	(2.0)	8.3
Other assets	60.3	–	60.3
	628.7	(2.0)	626.7
<b>Current assets</b>			
Inventories	60.1	–	60.1
Trade and other receivables	501.9	(6.5)	495.4
Current tax assets	2.1	–	2.1
Cash and cash equivalents	66.3	–	66.3
Assets held for sale	8.7	–	8.7
	639.1	(6.5)	632.6
<b>Total assets</b>	<b>1,267.8</b>	<b>(8.5)</b>	<b>1,259.3</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Loans and borrowings	(67.0)	–	(67.0)
Current tax liabilities	(17.1)	–	(17.1)
Trade and other payables	(381.7)	(0.2)	(381.9)
Provisions	(54.4)	–	(54.4)
	(520.2)	(0.2)	(520.4)
<b>Non-current liabilities</b>			
Loans and borrowings	(191.8)	–	(191.8)
Retirement benefit liabilities	(31.1)	–	(31.1)
Deferred tax liabilities	(21.3)	–	(21.3)
Provisions	(71.4)	–	(71.4)
Other liabilities	(22.0)	–	(22.0)
	(337.6)	–	(337.6)
<b>Total liabilities</b>	<b>(857.8)</b>	<b>(0.2)</b>	<b>(858.0)</b>
<b>Net assets</b>	<b>410.0</b>	<b>(8.7)</b>	<b>401.3</b>
<b>Equity</b>			
Share capital	7.3	–	7.3
Share premium account	38.1	–	38.1
Capital redemption reserve	7.6	–	7.6
Translation reserve	16.3	–	16.3
Other reserve	56.9	–	56.9
Retained earnings	280.1	(8.7)	271.4
<b>Equity attributable to equity holders of the parent</b>	<b>406.3</b>	<b>(8.7)</b>	<b>397.6</b>
Non-controlling interests	3.7	–	3.7
<b>Total equity</b>	<b>410.0</b>	<b>(8.7)</b>	<b>401.3</b>



## Restatement of consolidated balance sheet at 31 December 2021

	At 31 December 2021 (as presented) £m	Impact of prior period error £m	Impact of measurement period adjustments £m	At 31 December 2021 (as restated) £m
<b>Assets</b>				
<b>Non-current assets</b>				
Goodwill and intangible assets	141.5	–	(2.0)	139.5
Property, plant and equipment	443.4	–	–	443.4
Investments in joint ventures	4.0	–	–	4.0
Deferred tax assets	13.0	(4.2)	–	8.8
Other assets	88.5	–	–	88.5
	690.4	(4.2)	(2.0)	684.2
<b>Current assets</b>				
Inventories	72.1	–	–	72.1
Trade and other receivables	592.0	(8.4)	1.9	585.5
Current tax assets	8.9	–	–	8.9
Cash and cash equivalents	82.7	–	–	82.7
Assets held for sale	3.4	–	–	3.4
	759.1	(8.4)	1.9	752.6
<b>Total assets</b>	1,449.5	(12.6)	(0.1)	1,436.8
<b>Liabilities</b>				
<b>Current liabilities</b>				
Loans and borrowings	(29.8)	–	–	(29.8)
Current tax liabilities	(17.9)	–	–	(17.9)
Trade and other payables	(505.7)	(2.3)	–	(508.0)
Provisions	(53.8)	–	–	(53.8)
	(607.2)	(2.3)	–	(609.5)
<b>Non-current liabilities</b>				
Loans and borrowings	(246.2)	–	–	(246.2)
Retirement benefit liabilities	(25.7)	–	–	(25.7)
Deferred tax liabilities	(28.6)	–	0.3	(28.3)
Provisions	(77.9)	–	–	(77.9)
Other liabilities	(21.2)	–	–	(21.2)
	(399.6)	–	0.3	(399.3)
<b>Total liabilities</b>	(1,006.8)	(2.3)	0.3	(1,008.8)
<b>Net assets</b>	442.7	(14.9)	0.2	428.0
<b>Equity</b>				
Share capital	7.3	–	–	7.3
Share premium account	38.1	–	–	38.1
Capital redemption reserve	7.6	–	–	7.6
Translation reserve	11.6	0.5	–	12.1
Other reserve	56.9	–	–	56.9
Retained earnings	318.4	(15.4)	0.2	303.2
<b>Equity attributable to equity holders of the parent</b>	439.9	(14.9)	0.2	425.2
Non-controlling interests	2.8	–	–	2.8
<b>Total equity</b>	442.7	(14.9)	0.2	428.0

## Notes to the consolidated financial statements continued

**3 Prior year correction of errors arising from the fraud at Austral and business combination measurement period adjustments as at 31 December 2021** continued**Restatement of consolidated cash flow statement for the year ended 31 December 2021**

	2021 (as presented) €m	Impact of prior period error €m	Impact of measurement period adjustments €m	Presentation reclassification for proceeds from assets held for sale <sup>1</sup> €m	2021 (as restated) €m
<b>Cash flows from operating activities</b>					
Profit before taxation	71.6	(4.3)	0.2	–	67.5
Non-underlying items	12.3	–	(0.2)	–	12.1
Finance income	(0.4)	–	–	–	(0.4)
Finance costs	9.3	–	–	–	9.3
<b>Underlying operating profit</b>	92.8	(4.3)	–	–	88.5
Depreciation of property, plant and equipment	90.6	–	–	–	90.6
Amortisation of intangible assets	0.6	–	–	–	0.6
Share of underlying post-tax results of joint ventures	(0.4)	–	–	–	(0.4)
Profit on sale of property, plant and equipment	(1.8)	–	–	–	(1.8)
Other non-cash movements	8.3	–	–	–	8.3
Foreign exchange losses	0.1	–	–	–	0.1
<b>Operating cash flows before movements in working capital and other underlying items</b>	190.2	(4.3)	–	–	185.9
(Increase)/decrease in inventories	(18.3)	–	–	–	(18.3)
(Increase)/decrease in trade and other receivables	(104.4)	1.9	–	–	(102.5)
Increase/(decrease) in trade and other payables	119.0	2.4	–	–	121.4
(Decrease)/increase in provisions, retirement benefit and other non-current liabilities	(7.8)	–	–	–	(7.8)
<b>Cash generated from operations before non-underlying items</b>	178.7	–	–	–	178.7
Cash inflows from non-underlying items	(2.0)	–	–	(2.4)	(4.4)
<b>Cash generated from operations</b>	176.7	–	–	(2.4)	174.3
Interest paid	(2.0)	–	–	–	(2.0)
Interest element of lease rental payments	(3.1)	–	–	–	(3.1)
Income tax paid	(15.9)	–	–	–	(15.9)
<b>Net cash inflow from operating activities</b>	155.7	–	–	(2.4)	153.3
<b>Net cash outflow from investing activities</b>	(97.0)	–	–	2.4	(94.6)
<b>Net cash outflow from financing activities</b>	(37.6)	–	–	–	(37.6)
<b>Net increase/(decrease) in cash and cash equivalents</b>	21.1	–	–	–	21.1
<b>Cash and cash equivalents at beginning of year</b>	61.6	–	–	–	61.6
Effect of exchange rate movements	(0.9)	–	–	–	(0.9)
<b>Cash and cash equivalents at end of year</b>	81.8	–	–	–	81.8

<sup>1</sup> The consolidated cash flow statement has also been restated to reclassify cash flows arising from the disposal of assets held for sale. These proceeds were previously disclosed as cash inflows from non-underlying items and have now been classified within proceeds from disposal of property, plant and equipment within net cash outflow from investing activities.

#### 4 Segmental analysis

During the year the Group was managed as three geographical divisions and has only one major product or service: specialist geotechnical services.

This is reflected in the Group's management structure and in the segment information reviewed by the Chief Operating Decision Maker.

	2022		2021 (Restated) <sup>4</sup>	
	Revenue £m	Operating profit £m	Revenue £m	Operating profit £m
North America	<b>1,896.1</b>	<b>82.0</b>	1,323.1	73.0
Europe	<b>649.3</b>	<b>29.1</b>	549.2	24.3
Asia-Pacific, Middle East and Africa	<b>399.2</b>	<b>6.6</b>	350.2	(0.9)
	<b>2,944.6</b>	<b>117.7</b>	2,222.5	96.4
Central items	–	<b>(9.1)</b>	–	(7.9)
Underlying	<b>2,944.6</b>	<b>108.6</b>	2,222.5	88.5
Non-underlying items (note 9)	–	<b>(40.8)</b>	–	(12.1)
	<b>2,944.6</b>	<b>67.8</b>	2,222.5	76.4

	2022					
	Segment assets £m	Segment liabilities £m	Capital employed £m	Capital additions £m	Depreciation <sup>2</sup> and amortisation £m	Tangible <sup>3</sup> and intangible assets £m
North America	<b>1,016.3</b>	<b>(349.1)</b>	<b>667.2</b>	<b>33.8</b>	<b>54.6</b>	<b>352.5</b>
Europe	<b>338.2</b>	<b>(208.0)</b>	<b>130.2</b>	<b>23.2</b>	<b>27.8</b>	<b>158.9</b>
Asia-Pacific, Middle East and Africa	<b>251.1</b>	<b>(163.4)</b>	<b>87.7</b>	<b>24.7</b>	<b>13.7</b>	<b>109.6</b>
	<b>1,605.6</b>	<b>(720.5)</b>	<b>885.1</b>	<b>81.7</b>	<b>96.1</b>	<b>621.0</b>
Central items <sup>1</sup>	<b>96.3</b>	<b>(484.6)</b>	<b>(388.3)</b>	–	<b>0.9</b>	<b>2.7</b>
	<b>1,701.9</b>	<b>(1,205.1)</b>	<b>496.8</b>	<b>81.7</b>	<b>97.0</b>	<b>623.7</b>

	2021 <sup>4</sup>					
	Segment assets £m	Segment liabilities £m	Capital employed £m	Capital additions £m	Depreciation <sup>2</sup> and amortisation £m	Tangible <sup>3</sup> and intangible assets £m
North America	826.9	(349.6)	477.3	36.4	46.1	332.7
Europe	273.9	(184.7)	89.2	23.8	25.0	143.7
Asia-Pacific, Middle East and Africa	209.6	(102.2)	107.4	24.2	19.5	103.5
	1,310.4	(636.5)	673.9	84.4	90.6	579.9
Central items <sup>1</sup>	126.4	(372.3)	(245.9)	–	0.6	3.0
	1,436.8	(1,008.8)	428.0	84.4	91.2	582.9

1 Central items include net debt and tax balances, which are managed by the Group.

2 Depreciation and amortisation excludes amortisation of acquired intangible assets.

3 Tangible and intangible assets comprise goodwill, intangible assets and property, plant and equipment.

4 The 31 December 2021 consolidated income statement and balance sheet has been restated in respect of the correction of prior period errors arising from the fraud at Austral and prior period business combination measurement adjustments, as outlined in notes 3 and 6 to the consolidated financial statements.

## Notes to the consolidated financial statements continued

## 4 Segmental analysis continued

Revenue analysed by country:

	2022 £m	2021 (Restated) <sup>1</sup> £m
United States	<b>1,758.0</b>	1,197.6
Australia	<b>228.4</b>	200.5
Canada	<b>137.9</b>	125.1
United Kingdom	<b>127.4</b>	100.4
Germany	<b>115.9</b>	110.0
Other	<b>577.0</b>	488.9
	<b>2,944.6</b>	2,222.5

1 The 31 December 2021 consolidated revenue has been restated in respect of the correction of prior period errors arising from the fraud at Austral, as outlined in note 3 to the consolidated financial statements.

## 5 Revenue

The Group's revenue is derived from contracts with customers. In the following table, revenue is disaggregated by primary geographical market, being the Group's operating segments (see note 4) and timing of revenue recognition:

	Year ended 31 December 2022			Year ended 31 December 2021 (Restated) <sup>1</sup>		
	Revenue recognised on performance obligations satisfied over time £m	Revenue recognised on performance obligations satisfied at a point in time £m	Total revenue £m	Revenue recognised on performance obligations satisfied over time £m	Revenue recognised on performance obligations satisfied at a point in time £m	Total revenue £m
North America	<b>1,434.7</b>	<b>461.4</b>	<b>1,896.1</b>	1,005.0	318.1	1,323.1
Europe	<b>649.3</b>	–	<b>649.3</b>	549.2	–	549.2
Asia-Pacific, Middle East and Africa	<b>399.2</b>	–	<b>399.2</b>	350.2	–	350.2
	<b>2,483.2</b>	<b>461.4</b>	<b>2,944.6</b>	1,904.4	318.1	2,222.5

1 The 31 December 2021 consolidated revenue has been restated in respect of the correction of prior period errors arising from the fraud at Austral, as outlined in note 3 to the consolidated financial statements.

The final contract value will not always have been agreed at the year end. The contract value, and therefore revenue allocated to a performance obligation, may change subsequent to the year end as variations and claims are agreed with the customer. The amount of revenue recognised in 2022 from performance obligations satisfied in previous periods is £15.7m (2021: £28.0m).

The Group's order book comprises the unexecuted elements of orders on contracts that have been awarded. Where a contract is subject to variations, only secured variations are included in the reported order book. As at 31 December 2022, the total order book is £1,407.1m (2021: £1,302.1m). The order book as at 31 December 2021 has been restated in respect of prior period measurement adjustments.

The order book for contracts with a total duration over one year is £384.5m (2021: £402.0m). Revenue on these contracts is expected to be recognised as follows:

	2022 £m	2021 £m
Less than one year	<b>289.3</b>	279.7
One to two years	<b>87.1</b>	103.7
More than two years	<b>8.1</b>	18.6
	<b>384.5</b>	402.0

The following table provides information about trade receivables, contract assets and contract liabilities arising from contracts with customers:

	2022 £m	2021 (Restated) <sup>1</sup> £m
Trade receivables	615.4	450.7
Contract assets	105.3	99.2
Contract liabilities	(85.6)	(46.5)

<sup>1</sup> The 31 December 2021 consolidated trade receivables and contract assets have been restated in respect of the correction of prior period errors arising from the fraud at Austral and prior period business combination measurement adjustments, as outlined in notes 3 and 6 to the consolidated financial statements.

Trade receivables include invoiced amounts for retentions, which are balances typically payable at the end of a construction project, when all contractual performance obligations have been met, and are therefore received over a longer period of time. Included in the trade receivables balance is £121.3m (2021: £85.9m) in respect of retentions anticipated to be receivable within one year. Included in non-current other assets is £16.3m (2021: £24.4m) anticipated to be receivable in more than one year. All contract assets and liabilities are current.

Significant changes in the contract assets and liabilities during the year are as follows:

	2022		2021 (Restated) <sup>1</sup>	
	Contract assets £m	Contract liabilities £m	Contract assets £m	Contract liabilities £m
As at 1 January	99.2	(46.5)	64.7	(43.9)
Revenue recognised in the current year	911.2	824.2	652.4	516.0
Acquired with businesses	0.6	–	2.0	(0.3)
Amounts transferred to trade receivables	(914.1)	–	(619.5)	–
Cash received/invoices raised for performance obligations not yet satisfied	–	(858.9)	–	(518.3)
Exchange movements	8.4	(4.4)	(0.4)	–
<b>As at 31 December</b>	<b>105.3</b>	<b>(85.6)</b>	99.2	(46.5)

<sup>1</sup> The 31 December 2021 consolidated contract asset has been restated in respect of the correction of prior period errors arising from the fraud at Austral as outlined in note 3 to the consolidated financial statements.

## 6 Acquisitions and disposals

### Acquisitions

#### Current period

##### GKM Consultants Inc.

On 1 May 2022, the Group acquired 100% of the issued share capital of GKM Consultants Inc., an instrumentation and monitoring provider in Quebec, Canada, for an initial cash consideration of £3.3m (CAD\$5.3m). In addition, contingent consideration is payable dependent on the cumulative EBITDA in the three-year period post acquisition. At the acquisition date, the fair value of the contingent consideration was £1.2m (CAD\$2.0m), based on expected cashflows generated by the business over a three-year period at that point in time. At 31 December 2022, the fair value of the contingent consideration has been revised to £0.9m, with the reduction in the amount payable recognised in the income statement as a non-underlying item. The maximum value of the contingent consideration is £1.2m, the minimum payable would be zero.

The fair value of intangible assets acquired represents the fair value of customer contracts at the date of acquisition, customer relationships and the tradename. Goodwill arising on acquisition is attributable to the knowledge and expertise of the assembled workforce, the expectation of future contracts and customer relationships and the operating synergies that arise from the Group's strengthened market position. The goodwill is not expected to be deductible for tax purposes.

In the period to 31 December 2022, the acquisition contributed £6.8m to revenue and a profit before tax of £nil. Had the acquisition taken place on 1 January 2022, total Group revenue would have been £2,984.0m and statutory profit before tax for the period would have been £64.4m.

## Notes to the consolidated financial statements continued

## 6 Acquisitions and disposals continued

The identifiable assets and liabilities as at the date of acquisition were:

	Carrying amount €m	Fair value adjustment €m	Fair value €m
<b>Assets</b>			
Intangible assets	–	1.5	1.5
Property, plant and equipment	0.3	–	0.3
Inventories	0.6	–	0.6
Trade and other receivables <sup>1</sup>	2.8	(0.1)	2.7
Current tax assets	0.1	–	0.1
Cash and cash equivalents	0.2	–	0.2
	<b>4.0</b>	<b>1.4</b>	<b>5.4</b>
<b>Liabilities</b>			
Trade and other payables	(1.9)	–	(1.9)
Deferred tax liabilities	(0.1)	(0.4)	(0.5)
	<b>(2.0)</b>	<b>(0.4)</b>	<b>(2.4)</b>
<b>Total identifiable net assets</b>	<b>2.0</b>	<b>1.0</b>	<b>3.0</b>
Goodwill			1.6
<b>Total consideration</b>			<b>4.6</b>
Satisfied by:			
Initial cash consideration			3.3
Contingent consideration			1.2
Purchase price adjustment			0.1
			<b>4.6</b>
Acquisition of businesses per the cash flow statement:			
Initial cash consideration			3.3
Purchase price adjustment paid			0.1
Less cash acquired			(0.2)
			<b>3.2</b>

1 The fair value of trade receivables amounts to €2.7m. The gross amount of trade receivables before the expected credit loss provision is €2.8m and it is expected that the full contractual amounts can be collected.

## Nordwest Fundamentering AS

On 15 November 2022, the Group acquired 100% of the issued share capital of Nordwest Fundamentering AS, a small specialist geotechnical contractor provider in Norway, for an initial cash consideration of €5.5m (NOK65m). In addition, deferred consideration of €0.5m (NOK6m) is payable.

Due to the timing of the acquisition, the review of the fair value of net assets acquired is expected to be completed in H1 2023. The value of assets acquired is therefore provisional and will be finalised within 12 months of the acquisition date. All asset values, other than for cash and cash equivalents, are provisional, including the value of any intangible assets that have been acquired with the business but not yet separated from the goodwill balance. The provisional value of net assets acquired was €1.0m, resulting in a goodwill and other intangibles value of €5.3m.

In the period to 31 December 2022, the acquisition contributed €2.0m to revenue and a profit before tax of Enil. Had the acquisition taken place on 1 January 2022, total Group revenue would have been €2,956.5m and statutory profit before tax for the period would have been €66.2m.



The identifiable assets and liabilities as at the date of acquisition were:

	Carrying amount €m	Fair value adjustment €m	Fair value €m
<b>Assets</b>			
Property, plant and equipment	0.3	–	0.3
Property, plant and equipment – right of use asset	2.1	–	2.1
Trade and other receivables	1.5	–	1.5
Cash and cash equivalents	1.1	–	1.1
	<b>5.0</b>	<b>–</b>	<b>5.0</b>
<b>Liabilities</b>			
Trade and other payables	(1.5)	–	(1.5)
Loans and borrowings, including lease liabilities	(2.2)	–	(2.2)
Deferred tax liabilities	(0.3)	–	(0.3)
	<b>(4.0)</b>	<b>–</b>	<b>(4.0)</b>
<b>Total identifiable net assets</b>	<b>1.0</b>	<b>–</b>	<b>1.0</b>
Goodwill			5.3
<b>Total consideration</b>			<b>6.3</b>
Satisfied by:			
Initial cash consideration			5.5
Deferred consideration			0.5
Purchase price adjustment			0.3
			<b>6.3</b>
Acquisition of businesses per the cash flow statement:			
Initial cash consideration			5.5
Purchase price adjustment paid			0.3
Less cash acquired			(1.1)
			<b>4.7</b>

#### Prior year acquisitions

On 13 July 2021, the Group acquired 100% of the issued share capital of RECON Services Inc., a geotechnical environmental remediation and industrial services company based in Texas, US.

On 29 September 2021, the Group acquired the trade and assets of Subterranean (Manitoba) Ltd., a geotechnical contractor in Canada.

On 1 November 2021, the Group acquired the trade and assets of Voges Drilling, a geotechnical foundation company based in Texas, US.

Total contingent and deferred consideration in respect of prior year acquisitions of £12.3m was paid during the period, comprising £8.1m in respect of the RECON Services Inc. acquisition in 2021 and £3.8m in respect of the Geo Construction Group (Bencor) acquisition in 2015. These both represent final agreements. Additionally, £0.2m was paid in respect of the Geo Instruments acquisition and £0.2m deferred consideration in respect of the Voges Drilling acquisition.

## Notes to the consolidated financial statements continued

## 6 Acquisitions and disposals continued

## Prior period measurements adjustments

Under IFRS 3 'Business Combinations' there is a measurement period of no longer than 12 months in which to finalise the valuation of the acquired assets and liabilities. During the measurement period, the acquirer retrospectively adjusts the provisional amounts recognised at the acquisition date to reflect any new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

The valuation of the RECON Services Inc. acquired assets and liabilities is now final and the adjustments to the provisional fair values that were made during the measurement period are set out in the table below:

	Provisional fair value recognised on acquisition £m	Adjustments during measurement period £m	Revised provisional fair value recognised on acquisition £m
<b>Assets</b>			
Intangible assets <sup>1</sup>	18.9	(1.4)	17.5
Property, plant and equipment	4.7	–	4.7
Other non-current assets	0.1	–	0.1
Trade and other receivables	20.4	–	20.4
Current tax assets	1.4	–	1.4
Cash and cash equivalents	0.9	–	0.9
	46.4	(1.4)	45.0
<b>Liabilities</b>			
Lease liabilities	(1.4)	–	(1.4)
Trade and other payables	(11.2)	–	(11.2)
Current tax liabilities	(1.1)	–	(1.1)
Deferred tax liabilities <sup>2</sup>	(5.1)	0.3	(4.8)
Provisions	(1.4)	–	(1.4)
Other non-current assets	(0.3)	–	(0.3)
	(20.5)	0.3	(20.2)
<b>Total identifiable net assets</b>	25.9	(1.1)	24.8
Goodwill	3.7	1.1	4.8
<b>Total consideration</b>	29.6	–	29.6
Satisfied by:			
Initial cash consideration	20.2	–	20.2
Initial valuation of contingent consideration	9.5	–	9.5
Purchase price adjustment	(0.1)	–	(0.1)
	29.6	–	29.6

1 The adjustment to intangible assets relates to the revised valuation of the tradename and customer relationships acquired.

2 The adjustment to deferred tax liabilities relates to the updated value of intangible assets.

The impact of these adjustments has been applied retrospectively, meaning that the results and financial position for the year to 31 December 2021 have been restated, as detailed in note 2. The adjustment to intangible assets at acquisition resulted in a lower amortisation charge in the year to 31 December 2021 of £0.2m, resulting in a net adjustment to the net book value of intangible assets of £1.2m as at 31 December 2021.

The valuation of the Subterranean (Manitoba) Ltd. and Voges Drilling acquired assets and liabilities is now final and the adjustments to the provisional fair values that were made during the measurement period are set out in the table below:

	Provisional fair value recognised on acquisition £m	Adjustments during measurement period £m	Revised provisional fair value recognised on acquisition £m
<b>Assets</b>			
Intangible assets	0.4	–	0.4
Property, plant and equipment	6.1	–	6.1
Trade and other receivables <sup>1</sup>	2.7	1.9	4.6
	9.2	1.9	11.1
<b>Liabilities</b>			
Trade and other payables	(1.3)	–	(1.3)
	(1.3)	–	(1.3)
<b>Total identifiable net assets</b>	7.9	1.9	9.8
Goodwill	1.9	(1.9)	–
<b>Total consideration</b>	9.8	–	9.8
Satisfied by:			
Initial cash consideration	9.2	–	9.2
Deferred consideration	0.8	–	0.8
Purchase price adjustment	(0.2)	–	(0.2)
	9.8	–	9.8

<sup>1</sup> The adjustment to trade and other receivables relates to the revised valuation of fair value of the billed and unbilled receivables acquired with Subterranean in relation to their recoverability.

The impact of these adjustments has been applied retrospectively, meaning that the results and financial position for the year to 31 December 2021 have been restated, as detailed in note 3. The adjustments did not result in any impact on the income statement for the year ended 31 December 2021. A summary of the prior period acquisitions after the final measurement period adjustments is set out in the table below:

Acquisition	Goodwill £m	Acquired intangible assets £m	Acquired deferred tax liabilities £m	Fair value of other identifiable assets and liabilities £m	Consideration paid £m	Cash acquired £m	Non-cash elements £m	Net cash outflow £m
RECON	4.8	17.5	(4.8)	12.1	29.6	0.9	8.0	(20.7)
Subterranean and Voges	–	0.4	–	9.4	9.8	–	0.6	(9.2)
	<b>4.8</b>	<b>17.9</b>	<b>(4.8)</b>	<b>21.5</b>	<b>39.4</b>	<b>0.9</b>	<b>8.6</b>	<b>(29.9)</b>

## Disposals

### Current year

There were no material disposals during the year to 31 December 2022. Contingent consideration of £0.7m was received in accordance with the terms of the sale and purchase agreement of Wannewetsch GmbH, which was disposed of in 2020.

### Prior year

In 2021, the Group disposed of its Cyntech Anchors operation in Canada, being 100% of the issued share capital of Keller Cyntech U.S. and Cyntech Anchors Ltd., for a total consideration of £6.0m (CAD\$10.2m), consisting of the sale price of £3.1m (CAD\$5.3m) and further sale price adjustments in relation to working capital of £2.9m (CAD\$4.9m). A non-underlying loss on disposal of £0.2m was recognised.

In 2021, the Group completed the disposal of its Colcrete business, being 100% of the issued share capital of Keller Colcrete Limited, for a cash consideration of £0.4m. A non-underlying loss of disposal of £0.4m was recognised in 2020. Contingent consideration of £0.7m in relation to the disposal of Wannewetsch GmbH was received in 2021 in addition to the initial cash consideration received in 2020.

## Notes to the consolidated financial statements continued

## 7 Operating costs

	Note	2022 €m	2021 (Restated) <sup>1</sup> €m
Raw materials and consumables		<b>1,054.3</b>	711.8
Staff costs	8	<b>699.8</b>	580.7
Other operating charges		<b>764.7</b>	583.2
Amortisation of intangible assets	15	<b>0.5</b>	0.6
Expenses relating to short-term leases and leases of low-value assets		<b>201.7</b>	154.8
Depreciation:			
Owned property, plant and equipment	16a	<b>71.1</b>	64.1
Right-of-use assets	16b	<b>29.7</b>	26.5
Net expected credit loss of trade receivables and contract assets <sup>2</sup>	20	<b>15.7</b>	12.7
<b>Underlying operating costs</b>		<b>2,837.5</b>	2,134.4
Non-underlying items	9	<b>30.0</b>	9.6
<b>Statutory operating costs</b>		<b>2,867.5</b>	2,144.0
Other operating charges include:			
Redundancy and other reorganisation costs		–	–
Fees payable to the company's auditor for the audit of the company's Annual Report and Accounts		<b>1.4</b>	1.1
Fees payable to the company's auditor for other services:			
The audit of the company's subsidiaries, pursuant to legislation		<b>2.0</b>	1.9
Other assurance services		<b>0.1</b>	0.1

1 The 31 December 2021 other operating charges has been restated in respect of the correction of prior period errors arising from the fraud at Austral and prior period business combination measurement adjustments, as outlined in notes 3 and 6 to the consolidated financial statements.

2 Of this amount €11.5m (2021: €15.3m) are subject to enforcement activity.

During the year, the Group received €nil (2021: €2.4m) of direct subsidies with respect to COVID-19 related aid measures introduced by government bodies in various countries. These subsidies are recognised as an offset against the expense item which they are intended to compensate.

## 8 Employees

The aggregate staff costs of the Group were:

	2022 €m	2021 €m
Wages and salaries	<b>606.7</b>	505.6
Social security costs	<b>66.7</b>	57.5
Other pension costs	<b>23.1</b>	13.7
Share-based payments	<b>3.3</b>	3.9
	<b>699.8</b>	580.7

These costs include Directors' remuneration. Fees payable to Non-executive Directors totalled €0.5m (2021: €0.5m).

In the United States, the Coronavirus Aid, Relief, and Economic Security Act allowed employers to defer the payment of the employer's share of social security taxes otherwise required to be paid between 27 March and 31 December 2020. The payment of the deferred taxes is required in two instalments; the first half was paid on 3 January 2022 and the remainder was paid on 3 January 2023.

The average number of staff, including Directors, employed by the Group during the year was:

	2022 Number	2021 Number
North America	<b>4,604</b>	4,722
Europe	<b>3,043</b>	2,922
Asia-Pacific, Middle East and Africa	<b>2,174</b>	2,080
	<b>9,821</b>	9,724

## 9 Non-underlying items

Non-underlying items include items which are exceptional by their size and/or are non-trading in nature, including amortisation of acquired intangibles, goodwill impairment, restructuring costs and other non-trading amounts, including those relating to acquisitions and disposals. Tax arising on these items, including movement in deferred tax assets arising from non-underlying provisions, is also classified as a non-underlying item. These are detailed in the table below.

As underlying results include the benefits of restructuring programmes and acquisitions but exclude significant costs (such as major restructuring costs and the amortisation of acquired intangible assets) they should not be regarded as a complete picture of the Group's financial performance, which is presented in its total statutory results. The exclusion of non-underlying items may result in underlying earnings being materially higher or lower than total statutory earnings. In particular, when significant impairments and restructuring charges are excluded, underlying earnings will be higher than total statutory earnings.

	2022 £m	2021 (Restated) <sup>1</sup> £m
ERP implementation costs	6.3	–
Goodwill impairment	12.5	–
Exceptional restructuring costs	5.3	7.3
Exceptional historic contract dispute	3.5	–
Claims related to closed business	2.5	–
Impairment costs	0.3	–
Contingent consideration: additional amounts provided	0.1	1.3
Change in fair value of contingent consideration	(0.7)	–
Loss on disposal of operations	–	0.5
Acquisition costs	0.2	0.5
<b>Non-underlying items in operating costs</b>	<b>30.0</b>	<b>9.6</b>
<b>Amortisation of acquired intangible assets</b>	<b>10.3</b>	<b>2.6</b>
Contingent consideration received	(0.7)	(0.7)
<b>Non-underlying items in other operating income</b>	<b>(0.7)</b>	<b>(0.7)</b>
<b>Amortisation of joint venture acquired intangibles</b>	<b>1.2</b>	<b>0.6</b>
<b>Total non-underlying items in operating profit</b>	<b>40.8</b>	<b>12.1</b>
Non-underlying items in finance income	(3.6)	–
<b>Total non-underlying items before taxation</b>	<b>37.2</b>	<b>12.1</b>
Taxation	(9.0)	(7.0)
<b>Total non-underlying items after taxation</b>	<b>28.2</b>	<b>5.1</b>

<sup>1</sup> The 31 December 2021 consolidated amortisation of acquired intangible assets has been restated in respect of prior period business combination measurement adjustments, as outlined in notes 3 and 6 to the consolidated financial statements.

## Notes to the consolidated financial statements continued

### 9 Non-underlying items continued

#### Non-underlying items in operating costs

##### ERP implementation costs

The Group has commenced a strategic project to implement a new cloud computing enterprise resource planning (ERP) system across the Group. Due to the size, nature and incidence of the relevant costs expected to be incurred, the costs are presented as a non-underlying item, as they are not reflective of underlying performance of the Group. As this is a complex implementation, project costs are expected to be incurred over the next five years. Non-underlying ERP costs of £6.3m include only costs relating directly to the implementation including external consultancy costs and the cost of the dedicated implementation team. Non-underlying costs does not include operational post-deployment costs such as licence costs for businesses that have transitioned. There were no ERP implementation costs in 2021.

##### Goodwill impairment

The goodwill impairment of £12.5m relates to Austral (£7.7m) due to uncertainty over the future profitability of the cash-generating unit, following the discovery of the financial reporting fraud; and Sweden (£4.8m) due to a downward revision to the medium-term forecast as forward projections did not fully support the carrying value of the goodwill. Refer to note 15 for further information. There was no goodwill impairment cost in 2021.

##### Exceptional restructuring costs

Exceptional restructuring costs of £5.3m comprises £3.4m in the North America Division, £1.8m in the Europe Division, a credit of £0.6m in AMEA and £0.7m incurred centrally. In North America, the costs arose as a result of a management and property reorganisation within the parts of the business located in Texas. Costs include redundancy costs and property duplication costs. In Europe, the costs related to the scheduled exit of the Ivory Coast and Morocco businesses, including asset impairments and redundancy costs. In AMEA, the credit arose from restructuring costs provided for in prior years as costs incurred were lower than originally anticipated.

The Group exercises judgement in assessing whether restructuring items should be classified as non-underlying. This assessment covers the nature of the item, cause of the occurrence and scale of impact of that item on the reported performance. Typically, management will categorise restructuring costs incurred to exit a specific geography as non-underlying, in addition restructuring programmes which are incremental to normal operations undertaken to add value to the business are included in non-underlying items. The value of exceptional restructuring costs in 2022 (£5.3m) is lower than in 2021 (£7.3m).

In 2021, exceptional restructuring costs of £7.3m comprised £4.4m in Europe, £2.5m in Asia-Pacific, Middle East and Africa, £1.6m of central items and a credit of £1.2m in North America. In Europe, these costs arose as a continuation of the strategic project to rationalise the Europe Division. The restructuring costs during the period comprised redundancy costs, property costs, asset impairments and costs of market exit which include project termination costs. In Asia-Pacific, Middle East and Africa these costs arose as part of the project to rationalise the Middle East and Africa business. The restructuring costs during the period comprised mainly asset impairments and redundancy costs. Centrally, restructuring costs were incurred in KGS, the in-house equipment manufacturer, as a result of a restructuring plan for this business. These costs comprised redundancy costs and asset impairments. In North America the credit arose from the reduction in restructuring costs provided for in 2020 as costs incurred were lower than originally anticipated.

##### Exceptional historic contract dispute and claims related to closed business

The £3.5m exceptional charge relates to a provision made for additional legal costs relating to the historical Avonmouth contract dispute following a negotiation with insurers during 2022. In addition, a £2.5m provision for a legal claim in respect of a closed business has been recognised.

##### Impairment costs

An impairment charge of £0.3m by the North-East Europe Business Unit is in respect of trade receivables in Ukraine that are not expected to be recovered due to the ongoing conflict.

##### Contingent consideration

Additional contingent consideration of £0.1m relates to the acquisition of the Geo Instruments US business in 2017. A credit of £0.7m arose from the reduction in the fair value of contingent consideration payable in respect of the RECON and GKM acquisitions. The contingent consideration paid in respect of RECON has been finalised and was settled during the year.

In 2021, additional contingent consideration payable of £1.3m relates to the acquisition of the Geo Construction Group (Bencor) in 2015, following finalisation of items referenced in the sale and purchase agreement.

##### Loss on disposal of operations

The Cyntech Anchors operation in Canada was disposed of on 28 June 2021, resulting in a net loss on disposal of £0.2m. During 2021 there was a true-up of the sale price of the Brazil disposal reflected in 2020, resulting in an additional loss of £0.3m in the year. This increased the total non-underlying loss on disposal for this transaction to £9.5m.

##### Acquisition costs

Acquisition and other costs of £0.9m in the year comprised professional fees relating to the NWF acquisition in Norway and centrally incurred project costs. In 2021, acquisition costs of £0.5m in the year comprised professional fees relating to the RECON and Subterranean acquisitions.



**Amortisation of acquired intangible assets**

Amortisation of acquired intangible assets relates to the RECON, GKM, Moretrench and Voges acquisitions, as restated for the prior period measurement adjustment to the RECON acquired intangible assets.

**Non-underlying items in other operating income**

During 2022, the second instalment of contingent consideration was received in relation to the Wannewetsch disposal in September 2020, in accordance with the terms of the sale and purchase agreement. The first instalment was received during 2021.

**Amortisation of joint venture acquired intangibles**

Amortisation of joint venture intangibles relates to NordPile, an acquisition by the Group's joint venture interest KFS Finland Oy on 8 September 2021.

**Non-underlying finance income**

During the year the Group entered into an interest rate derivative with the purpose of hedging a highly probable forecast transaction. The forecast transaction did not take place and as a result the amount arising from the hedging instrument has been recognised in the income statement. This has resulted in the recognition of £3.6m of finance income which has been included in non-underlying as it material in size and is not reflective of the underlying finance income and costs of the Group.

**Non-underlying taxation**

Refer to note 12 for details of the non-underlying tax items.

**10 Finance income**

	2022 £m	2021 £m
Bank and other interest receivable	0.3	0.2
Net pension interest income	0.1	–
Other finance income	0.1	0.2
<b>Underlying finance income</b>	<b>0.5</b>	0.4
Non-underlying finance income	3.6	–
<b>Total finance income</b>	<b>4.1</b>	0.4

**11 Finance costs**

	2022 £m	2021 £m
Interest payable on bank loans and overdrafts	7.8	3.1
Interest payable on other loans	2.4	1.3
Interest on lease liabilities	3.6	3.1
Net pension interest cost	0.1	0.2
Other interest costs	1.5	1.0
Total interest costs	15.4	8.7
Unwinding of discount and effect of changes in discount rates on provisions	0.2	0.6
<b>Total finance costs</b>	<b>15.6</b>	9.3

## Notes to the consolidated financial statements continued

## 12 Taxation

	2022 £m	2021 (Restated) <sup>1</sup> £m
Current tax expense:		
Current year	46.6	14.0
Prior years	(2.5)	(3.0)
<b>Total current tax</b>	<b>44.1</b>	11.0
Deferred tax expense:		
Current year	(32.0)	0.7
Prior years	(0.8)	0.2
<b>Total deferred tax</b>	<b>(32.8)</b>	0.9
	<b>11.3</b>	11.9

1 The 31 December 2021 consolidated tax expense has been restated in respect of the correction of prior period errors arising from the fraud at Austral as outlined in notes 3 and 6 to the consolidated financial statements.

UK corporation tax is calculated at 19% (2021: 19%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The effective tax rate can be reconciled to the UK corporation tax rate of 19% (2021: 19%) as follows:

	2022			2021 (Restated) <sup>1</sup>		
	Underlying £m	Non-underlying items (note 9) £m	Statutory £m	Underlying £m	Non-underlying items (note 9) £m	Statutory £m
Profit/(loss) before tax	93.5	(37.2)	56.3	79.6	(12.1)	67.5
UK corporation tax charge/(credit) at 19% (2021: 19%)	17.8	(7.1)	10.7	15.1	(2.3)	12.8
Tax charged at rates other than 19% (2021: 19%)	3.1	(1.0)	2.1	5.1	(0.5)	4.6
Tax losses and other deductible temporary differences not recognised	6.6	0.8	7.4	3.3	1.2	4.5
Utilisation of tax losses and other deductible temporary differences previously unrecognised	(0.7)	(4.3)	(5.0)	(1.4)	(5.5)	(6.9)
Permanent differences	(2.8)	2.6	(0.2)	(0.5)	0.1	(0.4)
Adjustments to tax charge in respect of previous periods	(3.3)	–	(3.3)	(2.8)	–	(2.8)
Other	(0.4)	–	(0.4)	0.1	–	0.1
<b>Tax charge/(credit)</b>	<b>20.3</b>	<b>(9.0)</b>	<b>11.3</b>	18.9	(7.0)	11.9
<b>Effective tax rate</b>	<b>21.7%</b>	<b>24.2%</b>	<b>20.1%</b>	23.7%	57.9%	17.6%

1 The 31 December 2021 consolidated profit/(loss) before tax and tax charge/(credit) have been restated in respect of the correction of prior period errors arising from the fraud at Austral and prior period business combination measurement adjustments, as outlined in notes 3 and 6 to the consolidated financial statements.

The tax credit of £9.0m on non-underlying losses includes £4.7m as the tax benefit of amounts which are expected to be deductible for tax purposes and £4.3m from the re-recognition of deferred tax assets in Canada at 31 December 2022. The deferred tax asset has been reassessed as recoverable following the improved performance of the business demonstrating a more reliable source of taxable income in order to utilise the tax losses. As the de-recognition of the deferred tax asset was booked through the non-underlying tax charge, the credit from the re-recognition of the deferred tax asset has also been treated as a non-underlying item. The 2021 restated tax credit on non-underlying items is £7.0m. This includes a partial re-recognition of Canadian deferred tax assets of £5.5m and the benefit of a net tax credit on other non-underlying charges which are expected to be deductible for tax purposes.

The effective tax rate in 2022 on non-underlying items before the re-recognition of the deferred tax asset is lower than the effective tax rate on underlying items due to the inclusion of goodwill impairment costs for which there is no corresponding tax credit.

The Group is subject to taxation in over 40 countries worldwide and the risk of changes in tax legislation and interpretation from tax authorities in the jurisdictions in which it operates. The assessment of uncertain positions is subjective and subject to management's best judgement of the probability of the outcome in reaching agreement with the relevant tax authorities. Where tax positions are uncertain, provision is made where necessary based on interpretation of legislation, management experience and appropriate professional advice. Management do not expect the outcome of these estimates to be materially different from the position taken.

The UK government has released draft legislation introducing a global minimum tax of 15% in line with the OECD's Pillar 2 rules. If enacted the rules will apply to Keller from 1 January 2024. Based on the draft legislation, it is not expected that the Pillar 2 rules will have a material impact on the group's overall tax charge.

The following are the major deferred tax liabilities and assets recognised by the Group and the movements during the current and prior reporting periods:

	Unused tax losses £m	Accelerated capital allowances £m	Retirement benefit obligations £m	Other employee-related liabilities £m	Bad debts £m	Other <sup>2</sup> temporary differences £m	Total £m
At 1 January 2021 (Restated) <sup>1</sup>	(8.9)	34.4	(4.0)	(6.5)	(6.2)	4.2	<b>13.0</b>
(Credit)/charge to the income statement	(4.2)	3.2	(0.7)	0.3	(2.4)	4.5	<b>0.7</b>
Charge to other comprehensive income	–	–	0.2	–	–	–	<b>0.2</b>
Acquisition and disposal of businesses	–	0.3	–	–	–	4.4	<b>4.7</b>
Exchange movements	0.1	0.3	0.2	(0.1)	(0.1)	0.2	<b>0.6</b>
Other reallocations/transfers	–	–	0.1	–	–	0.2	<b>0.3</b>
At 31 December 2021 and 1 January 2022 (Restated) <sup>1</sup>	(13.0)	38.2	(4.2)	(6.3)	(8.7)	13.5	<b>19.5</b>
(Credit)/charge to the income statement	(1.0)	(31.2)	0.3	0.9	(0.3)	(1.6)	<b>(32.9)</b>
Charge to other comprehensive income	–	–	0.6	–	–	–	<b>0.6</b>
Acquisition and disposal of businesses	–	–	–	–	–	0.8	<b>0.8</b>
Exchange movements	(0.5)	3.9	0.1	(0.7)	(1.1)	0.6	<b>2.3</b>
Other reallocations/transfers	–	–	–	–	–	(0.1)	<b>(0.1)</b>
<b>At 31 December 2022</b>	<b>(14.5)</b>	<b>10.9</b>	<b>(3.2)</b>	<b>(6.1)</b>	<b>(10.1)</b>	<b>13.2</b>	<b>(9.8)</b>

1 The 1 January 2021 and 31 December 2021 consolidated deferred tax assets have been restated in respect of the correction of prior period errors arising from the fraud at Austral and prior period business combination measurement adjustments, as outlined in notes 3 and 6 to the consolidated financial statements.

2 Other temporary differences are mainly in respect of intangible assets.

The movement from a net deferred tax liability of £19.5m at 31 December 2021 to a net deferred tax asset of £9.8m at 31 December 2022 is largely as a result of a change in law in the US with regards to the timing of the deductibility of R&D expenditure (totalling £29.3m included in the charge in accelerated capital allowances for the year). Previously, R&D expenditure was tax deductible in the year that it was incurred, whereas following the law change in 2022 R&D expenditure is capitalised for tax purposes and amortised over five years.

Deferred tax assets include amounts of £15.1m (2021 as restated: £8.8m) where recovery is based on forecasts of future taxable profits that are expected to be available to offset the reversal of the associated temporary differences. The deferred tax assets arise predominantly in Canada (£9.1m), the US (£4.1m) and the UK (£1.8m). The amount of profits in each territory which are necessary to be realised over the forecast period to support these assets are £37m, £16m and £7m respectively. Canadian tax rules currently allow tax losses to be carried forward up to 20 years. The UK and the US allow losses to be carried forward indefinitely. The recovery of deferred tax assets has been assessed by reviewing the likely timing and level of future taxable profits. The period assessed for recovery of assets is appropriate for each territory having regard to the specific facts and circumstances and the probability of achieving forecast profitability. A 10% shortfall in expected profits would have a proportional impact on the value of the deferred tax assets recoverable.

The following is the analysis of the deferred tax balances:

	2022 £m	2021 (Restated) <sup>1</sup> £m
Deferred tax liabilities	<b>5.3</b>	28.3
Deferred tax assets	<b>(15.1)</b>	(8.8)
	<b>(9.8)</b>	19.5

1 The 31 December 2021 consolidated deferred tax assets have been restated in respect of the correction of prior period errors arising from the fraud at Austral and prior period business combination measurement adjustments, as outlined in notes 3 and 6 to the consolidated financial statements.

## Notes to the consolidated financial statements continued

### 12 Taxation continued

At the balance sheet date, the Group had unused tax losses of £140.9m (2021: £125.0m), mainly arising in Canada, Australia, Malaysia and the UK, available for offset against future profits, on which no deferred tax asset has been recognised. Of these losses, £118.2m (2021: £74.3m) may be carried forward indefinitely. Of the remaining losses, £19.2m expire in 2025 and £3.5m expire in 2035.

At the balance sheet date, the aggregate of other deductible temporary differences for which no deferred tax asset has been recognised was £18.0m (2021: £13.9m). These differences have no expiry term.

At the balance sheet date the aggregate of temporary differences associated with investments in subsidiaries, branches and joint ventures for which no deferred tax liability has been recognised is £156.7m (2021: £124.9m), on the basis that the Group can control the reversal of temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. The unprovided deferred tax liability in respect of these timing differences is £10.2m (2021: £7.6m).

### 13 Dividends payable to equity holders of the parent

Ordinary dividends on equity shares:

	2022 £m	2021 £m
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 December 2021 of 23.3p (2020: 23.3p) per share	<b>16.8</b>	16.8
Interim dividend for the year ended 31 December 2022 of 13.2p (2021: 12.6p) per share	<b>9.6</b>	9.1
	<b>26.4</b>	25.9

The Board has recommended a final dividend for the year ended 31 December 2022 of £17.7m, representing 24.5p (2021: 23.3p) per share. The proposed dividend is subject to approval by shareholders at the Annual General Meeting on 17 May 2023 and has not been included as a liability in these financial statements.

### 14 Earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

When the Group makes a profit, diluted earnings per share equals the profit attributable to equity holders of the parent adjusted for the dilutive impact divided by the weighted average diluted number of shares. When the Group makes a loss, diluted earnings per share equals the loss attributable to the equity holders of the parent divided by the basic average number of shares. This ensures that earnings per share on losses is shown in full and not diluted by unexercised share awards.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

Basic and diluted earnings per share are calculated as follows:

	Underlying earnings attributable to the equity holders of the parent		Earnings attributable to the equity holders of the parent	
	2022	2021 (Restated) <sup>1</sup>	2022	2021 (Restated) <sup>1</sup>
<b>Basic and diluted earnings (£m)</b>	<b>74.2</b>	61.6	<b>46.0</b>	56.5
<b>Weighted average number of ordinary shares (m)<sup>2</sup></b>				
Basic number of ordinary shares outstanding	<b>72.7</b>	72.3	<b>72.7</b>	72.3
Effect of dilution from:				
Share options and awards	<b>1.0</b>	0.9	<b>1.0</b>	0.9
<b>Diluted number of ordinary shares outstanding</b>	<b>73.7</b>	73.2	<b>73.7</b>	73.2
<b>Earnings per share</b>				
Basic earnings per share (p)	<b>102.1</b>	85.2	<b>63.3</b>	78.1
Diluted earnings per share (p)	<b>100.7</b>	84.2	<b>62.4</b>	77.2

1 The 31 December 2021 consolidated earnings attributable to the equity holders of the parent has been restated in respect of the correction of prior period errors arising from the fraud at Austral and prior period business combination measurement adjustments, as outlined in notes 3 and 6 to the consolidated financial statements.

2 The weighted average number of shares takes into account the weighted average effect of changes in treasury shares during the year. The weighted average number of shares excludes those held in the Employee Share Ownership Plan Trust and those held in treasury, which for the purpose of this calculation are treated as cancelled.

## 15 Goodwill and intangible assets

	Goodwill £m	Arising on acquisition £m	Other £m	Total £m
<b>Cost</b>				
At 1 January 2021	219.6	58.9	23.3	<b>301.8</b>
Additions	–	–	0.4	<b>0.4</b>
Acquired with businesses <sup>1</sup>	4.8	17.9	–	<b>22.7</b>
Disposals	–	–	(0.7)	<b>(0.7)</b>
Exchange movements	1.1	0.5	(0.6)	<b>1.0</b>
At 31 December 2021 and 1 January 2022 <sup>1</sup>	225.5	77.3	22.4	<b>325.2</b>
Additions	–	–	0.1	<b>0.1</b>
Acquired with businesses (note 6) <sup>2</sup>	6.9	1.5	–	<b>8.4</b>
Exchange movements	15.8	3.2	4.6	<b>23.6</b>
<b>At 31 December 2022</b>	<b>248.2</b>	<b>82.0</b>	<b>27.1</b>	<b>357.3</b>
<b>Accumulated amortisation and impairment</b>				
At 1 January 2021	104.4	56.5	22.1	<b>183.0</b>
Amortisation charge for the year <sup>1</sup>	–	2.6	0.6	<b>3.2</b>
Disposals	–	–	(0.7)	<b>(0.7)</b>
Exchange movements	0.6	(0.1)	(0.3)	<b>0.2</b>
At 31 December 2021 and 1 January 2022 <sup>1</sup>	105.0	59.0	21.7	<b>185.7</b>
Impairment charge for the year	12.5	–	–	<b>12.5</b>
Amortisation charge for the year	–	10.3	0.4	<b>10.7</b>
Exchange movements	5.4	1.4	4.4	<b>11.2</b>
<b>At 31 December 2022</b>	<b>122.9</b>	<b>70.7</b>	<b>26.5</b>	<b>220.1</b>
<b>Carrying amount</b>				
At 1 January 2021	115.2	2.4	1.2	<b>118.8</b>
At 31 December 2021 and 1 January 2022 <sup>1</sup>	120.5	18.3	0.7	<b>139.5</b>
<b>At 31 December 2022</b>	<b>125.3</b>	<b>11.3</b>	<b>0.6</b>	<b>137.2</b>

1 The 31 December 2021 consolidated balance sheet has been restated in respect of prior period business combination measurement adjustments, as outlined in notes 3 and 6 to the consolidated financial statements.

2 Goodwill arising on acquisition during the year relates to the acquisition of GKM Consultants Inc. and Northwest Fundamentering AS.

Intangible assets arising on acquisition represent customer contracts and relationships with a carrying amount of £5.5m (2021: £12.4m) and trade names with a carrying amount of £5.8m (2021: £5.9m). Other intangibles represent internally developed software and licences. There are no indicators of impairment for these assets at 31 December 2022.

For the purposes of impairment testing, goodwill has been allocated to ten (2021: nine) separate cash-generating units (CGUs). The carrying amount of goodwill allocated to the five CGUs with the largest goodwill balances is significant in comparison to the total carrying amount of goodwill and comprises 95% of the total (2021: 92%). The relevant CGUs and the carrying amount of the goodwill allocated to each are as set out below, together with the pre-tax discount rate and medium-term growth rate used in their value-in-use calculations:

CGU	Geographical segment	2022			2021		
		Carrying value £m	Pre-tax discount rate <sup>1</sup> %	Forecast growth rate %	Carrying value £m	Pre-tax discount rate <sup>1</sup> %	Forecast growth rate %
Keller US	North America	<b>51.9</b>	<b>13.6</b>	<b>2.0</b>	45.0	11.6	2.0
Suncoast	North America	<b>35.5</b>	<b>13.5</b>	<b>2.0</b>	31.9	11.6	2.0
Keller Canada	North America	<b>13.7</b>	<b>12.7</b>	<b>2.0</b>	13.1	11.8	2.0
Keller Limited	Europe	<b>12.1</b>	<b>13.2</b>	<b>2.0</b>	12.1	10.1	3.0
Austral	Asia-Pacific, Middle East and Africa	–	–	–	7.3	12.9	2.0
Other	North America and Europe	<b>12.1</b>			11.1		
		<b>125.3</b>			120.5		

1 Pre-tax discount rates and forecast growth rates are defined by market.

2 The 31 December 2021 consolidated balance sheet has been restated in respect of prior period business combination measurement adjustments, as outlined in notes 3 and 6 to the consolidated financial statements.

## Notes to the consolidated financial statements continued

### 15 Goodwill and intangible assets continued

The recoverable amount of the goodwill allocated to each CGU has been calculated on a value-in-use basis. The calculations use cash flow projections based on financial budgets and forecasts approved by management and cover a three-year period.

The Group's businesses operate in a diverse geographical set of markets, some of which are expected to continue to face uncertain conditions in future years. The most important factors in the value-in-use calculations are the forecast revenues and operating margins during the forecast period, the growth rates and discount rates applied to future cash flows. The key assumptions underlying the cash flow forecasts are revenue and operating margins assumed throughout the forecast period. Revenue and operating margins are prepared as part of the Group's three-year forecast in line with the Group's annual business planning process. The Group's budget for 2023 and financial projections for 2024 and 2025 were approved by the Board, and have been used as the basis for input into the value-in-use calculation.

Management considers all the forecast revenues, margins and profits to be reasonably achievable given recent performance and the historic trading results of the relevant CGUs. A margin for historical forecasting error has also been factored into the value-in-use model. Cash flows beyond 2025 which are deemed to be on a continuing basis have been extrapolated using the forecast growth rates above and do not exceed the long-term average growth rates for the markets in which the relevant CGUs operate. The growth rates used in the Group's value-in-use calculation into perpetuity are based on forecasted growth in the construction sector in each region where a CGU is located and adjusted for longer-term compound annual growth rates for each CGU as estimated by management. The discount rates used in the value-in-use calculations are based on the weighted average cost of capital of companies comparable to the relevant CGUs, adjusted as necessary to reflect the risk associated with the asset being tested. Management's assessment for Keller Limited is sensitive to the future successful execution of business plans designed to address the reduction in revenue, margins and profits from HS2 contracts, scheduled to be completed within the three year-forecast period.

Following the discovery of the financial reporting fraud at Austral and the uncertainty over the forecast operating profit of this CGU, the goodwill in Austral of £7.7m has been impaired. The goodwill in Keller Grundlaggnig was impaired during the year by £4.5m, and the goodwill in Keller Getec impaired during the year by £0.3m. For the remaining CGUs, management believes that any reasonable possible change in the key assumptions on which the recoverable amounts of the CGUs are based would not cause any of their carrying amounts to exceed their recoverable amounts.

A number of sensitivities were run on the projections to identify the changes required in each of the key assumptions that, in isolation, would give rise to an impairment of the following goodwill balances.

CGU	Geographical segment	Increase in <sup>1</sup> discount rate %	Reduction in <sup>1</sup> future growth rate %	Reduction in final year cash flow %
Keller US	North America	28.1	48.9	89.4
Suncoast	North America	45.1	112.9	101.0
Keller Canada	North America	15.1	21.9	74.3
Keller Limited	Europe	4.3	5.3	35.7

<sup>1</sup> The increase in discount rate and reduction in future growth rate are presented as gross movements.

### 16 Property, plant and equipment

Property, plant and equipment comprises owned and leased assets.

	Note	2022 €m	2021 €m
Property, plant and equipment – owned assets	16a	<b>409.5</b>	375.5
Right-of-use assets – leased assets	16b	<b>77.0</b>	67.9
<b>At 31 December</b>		<b>486.5</b>	443.4



## 16 a) Property, plant and equipment – owned assets

	Land and buildings £m	Plant, machinery and vehicles £m	Capital work in progress £m	Total £m
<b>Cost</b>				
At 1 January 2021	68.9	878.7	7.3	<b>954.9</b>
Additions	3.4	79.3	1.3	<b>84.0</b>
Acquired with businesses	0.7	8.7	–	<b>9.4</b>
Disposals	(2.5)	(41.4)	–	<b>(43.9)</b>
Net transfers to held for sale	–	1.3	–	<b>1.3</b>
Disposal of businesses	–	(1.2)	(0.5)	<b>(1.7)</b>
Reclassification	–	2.4	(2.4)	<b>–</b>
Exchange movements	(1.5)	(16.9)	(0.2)	<b>(18.6)</b>
At 31 December 2021 and 1 January 2022	69.0	910.9	5.5	<b>985.4</b>
Additions	1.9	72.4	7.3	<b>81.6</b>
Acquired with businesses (note 6)	–	0.7	–	<b>0.7</b>
Disposals	–	(34.8)	–	<b>(34.8)</b>
Net transfers to held for sale <sup>1</sup>	–	(1.5)	–	<b>(1.5)</b>
Reclassification	–	2.2	(2.2)	<b>–</b>
Exchange movements	5.3	68.2	0.6	<b>74.1</b>
<b>At 31 December 2022</b>	<b>76.2</b>	<b>1,018.1</b>	<b>11.2</b>	<b>1,105.5</b>
<b>Accumulated depreciation and impairment</b>				
At 1 January 2021	21.4	568.1	–	<b>589.5</b>
Charge for the year	1.7	62.4	–	<b>64.1</b>
Disposals	(0.7)	(35.2)	–	<b>(35.9)</b>
Net transfers to held for sale	–	0.9	–	<b>0.9</b>
Disposal of businesses	–	(0.3)	–	<b>(0.3)</b>
Impairments	–	3.4	–	<b>3.4</b>
Exchange movements	(0.5)	(11.3)	–	<b>(11.8)</b>
At 31 December 2021 and 1 January 2022	21.9	588.0	–	<b>609.9</b>
Charge for the year	1.9	69.2	–	<b>71.1</b>
Disposals	–	(30.1)	–	<b>(30.1)</b>
Net transfers to held for sale <sup>1</sup>	–	(1.2)	–	<b>(1.2)</b>
Exchange movements	1.6	44.7	–	<b>46.3</b>
<b>At 31 December 2022</b>	<b>25.4</b>	<b>670.6</b>	<b>–</b>	<b>696.0</b>
<b>Carrying amount</b>				
At 1 January 2021	47.5	310.6	7.3	<b>365.4</b>
At 31 December 2021 and 1 January 2022	47.1	322.9	5.5	<b>375.5</b>
<b>At 31 December 2022</b>	<b>50.8</b>	<b>347.5</b>	<b>11.2</b>	<b>409.5</b>

<sup>1</sup> The carrying amount of assets held for sale at the balance sheet date are detailed in note 22.

The Group had contractual commitments for the acquisition of property, plant and equipment of £17.6m (2021: £7.2m) at the balance sheet date. These amounts were not included in the balance sheet at the year end.

In 2021, impairments included the write-down of surplus equipment to their value-in-use in the Middle East and Africa; and KGS, the in-house equipment manufacturer, where it was not relocated to other more active parts of the Group. The carrying amount of these assets was £1.9m, compared to a value-in-use of £0.3m, which resulted in a non-underlying impairment charge of £1.6m. Details of restructuring are set out in note 9. Also included are impairments related to assets that are inaccessible due to a contract suspension. The carrying amount of these assets was £1.8m, compared to a value-in-use of £nil, which resulted in an underlying impairment charge of £1.8m.

## Notes to the consolidated financial statements continued

### 16 Property, plant and equipment continued

#### 16 b) Right-of-use assets – leased assets

The Group has lease contracts for various items of land and buildings, plant, machinery and vehicles used in its operations. Leases of land and buildings generally have lease terms between three and 15 years, while plant, machinery and vehicles generally have lease terms between two and eight years. The Group's obligations under its leases are secured by the lessor's title to the lease assets. Generally, the Group is restricted from assigning and sub-leasing its leased assets. There are several lease contracts that include extension and termination options.

The Group has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of the right-of-use assets recognised and the movements during the year:

	Land and buildings £m	Plant, machinery and vehicles £m	Total £m
At 1 January 2021	42.2	27.3	<b>69.5</b>
Additions	11.3	12.1	<b>23.4</b>
Acquired with businesses	0.4	1.0	<b>1.4</b>
Depreciation expense	(12.6)	(13.9)	<b>(26.5)</b>
Impairment expense	–	(4.4)	<b>(4.4)</b>
Contract modifications	1.7	3.1	<b>4.8</b>
Exchange movements	(0.1)	(0.2)	<b>(0.3)</b>
At 31 December 2021 and 1 January 2022	42.9	25.0	<b>67.9</b>
Additions	5.9	18.9	<b>24.8</b>
Acquired with businesses	–	2.1	<b>2.1</b>
Depreciation expense	(14.1)	(15.6)	<b>(29.7)</b>
Impairment reversal	–	4.2	<b>4.2</b>
Contract modifications	6.0	(4.4)	<b>1.6</b>
Exchange movements	3.4	2.7	<b>6.1</b>
<b>At 31 December 2022</b>	<b>44.1</b>	<b>32.9</b>	<b>77.0</b>

The carrying amounts of lease liabilities (included within note 26 within loans and borrowings) and the movements during the year are set out in note 27.

Impairments in 2021 related to assets that were inaccessible due to a contract suspension in AMEA. The carrying amount of these assets was £4.4m, compared to a value-in-use of £nil, which resulted in an underlying impairment charge of £4.4m. The impairment was subsequently reversed in the current year as the assets were transported off site and their value-in-use was reassessed.

### 17 Investments in joint ventures

The Group's investment in joint ventures relates to a 50% interest in the ordinary shares of KFS Finland Oy, an entity incorporated in Finland.

	2022 £m
At 1 January 2022	<b>4.0</b>
Share of underlying post-tax results	<b>1.5</b>
Share of non-underlying post-tax results (note 9)	<b>(1.2)</b>
Exchange movements	<b>0.1</b>
<b>At 31 December 2022</b>	<b>4.4</b>

	2021 £m
At 1 January 2021	4.4
Share of underlying post-tax results	0.4
Share of non-underlying post-tax results (note 9)	(0.6)
Exchange movements	(0.2)
At 31 December 2021	4.0

In 2022, KFS Finland Oy earned total revenue of £20.7m (2021: £36.8m) and a statutory profit after tax for the year of £0.3m (2021: statutory loss after tax of £0.2m).

The joint venture had no contingent liabilities or commitments as at 31 December 2022 (2021: £nil).

Aggregate amounts relating to joint ventures:

	2022			2021		
	Underlying €m	Non-underlying items (note 9) €m	Statutory €m	Underlying €m	Non-underlying items (note 9) €m	Statutory €m
<b>Revenue</b>	<b>20.7</b>	<b>–</b>	<b>20.7</b>	18.4	–	18.4
Operating costs <sup>1</sup>	<b>(19.2)</b>	<b>(1.2)</b>	<b>(20.4)</b>	(17.9)	(0.6)	(18.5)
<b>Operating profit/(loss)</b>	<b>1.5</b>	<b>(1.2)</b>	<b>0.3</b>	0.5	(0.6)	(0.1)
Finance costs	<b>(0.1)</b>	–	<b>(0.1)</b>	(0.1)	–	(0.1)
<b>Profit/(loss) before taxation</b>	<b>1.4</b>	<b>(1.2)</b>	<b>0.2</b>	0.4	(0.6)	(0.2)
Taxation	<b>0.1</b>	–	<b>0.1</b>	–	–	–
<b>Share of post-tax results</b>	<b>1.5</b>	<b>(1.2)</b>	<b>0.3</b>	0.4	(0.6)	(0.2)

1 Included within operating costs is depreciation on owned assets of €1.0m (2021: €0.8m).

	KFS Finland Oy (100% of results)		Group's portion of the joint venture	
	2022 €m	2021 €m	2022 €m	2021 €m
Non-current assets	<b>18.0</b>	20.4	<b>9.0</b>	10.2
Cash and cash equivalents	<b>1.4</b>	1.2	<b>0.7</b>	0.6
Other current assets	<b>4.4</b>	7.8	<b>2.2</b>	3.9
Total assets	<b>23.8</b>	29.4	<b>11.9</b>	14.7
Other current liabilities	<b>(3.4)</b>	(8.4)	<b>(1.7)</b>	(4.2)
Non-current loans and borrowings	<b>(10.8)</b>	(11.2)	<b>(5.4)</b>	(5.6)
Other non-current liabilities	<b>(0.8)</b>	(1.8)	<b>(0.4)</b>	(0.9)
Total liabilities	<b>(15.0)</b>	(21.4)	<b>(7.5)</b>	(10.7)
<b>Share of net assets</b>	<b>8.8</b>	8.0	<b>4.4</b>	4.0

On 8 September 2021, KFS Finland Oy acquired NordPile, a driven piling contractor, for €7.3m (EUR8.5m). The fair value of the Group's share of intangibles acquired was €2.1m (EUR2.4m), representing the fair value of customer contracts at the date of acquisition and customer relationships. Amortisation of these assets is recognised as a non-underlying item.

## 18 Other non-current assets

	2022 €m	2021 €m
Fair value of derivative financial instruments	–	2.6
Non-qualifying deferred compensation plan assets	<b>19.4</b>	20.6
Customer retentions	<b>16.3</b>	24.4
Other assets	<b>1.7</b>	2.1
Insurance receivables	<b>23.4</b>	38.8
	<b>60.8</b>	88.5

A non-qualifying deferred compensation plan (NQ) is available to US employees, whereby an element of eligible employee bonuses and salary is deferred over a period of four to six years. The plan allows participants to receive tax relief for contributions beyond the limits of the tax-free amounts allowed per the 401k defined contribution pension plan. The plan is administered by a professional investment provider with participants able to select their investments from an approved listing. An amount equal to each participant's compensation deferral is transferred into a trust and invested in various marketable securities. The related trust assets are not identical to investments held on behalf of the employee but are invested in similar funds with the objective that performance of the assets closely tracks the liabilities. The investments held in the trust are designated solely for the purpose of paying benefits under the non-qualified deferred compensation plan. The investments in the trust would however be available to all unsecured general creditors in the event of insolvency.

The value of both the employee investments and those held in trust by the company are measured using Level 1 inputs per IFRS 13 ('quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date') based on published market prices at the end of the period. Adjustments to the fair value are recorded within net finance costs in the consolidated income statement.

At 31 December 2022, non-current assets in relation to the investments held in the trust were €19.4m (2021: €20.6m). The fair value movement on these assets was €3.5m (2021: €2.0m). During the period proceeds from the sale of NQ-related investments were Enil (2021: Enil). At 31 December 2022, non-current liabilities in relation to the participant investments were €14.7m (2021: €15.8m). These are accounted for as financial liabilities at fair value through profit or loss. The fair value movement on these liabilities was €3.5m (2021: €2.1m). During the year €1.2m (2021: €1.4m) of compensation was deferred.

## Notes to the consolidated financial statements continued

**19 Inventories**

	2022 €m	2021 €m
Raw materials and consumables	<b>56.3</b>	40.6
Work in progress	<b>1.9</b>	1.8
Finished goods	<b>66.2</b>	29.7
	<b>124.4</b>	72.1

During 2022, €2.0m (2021: €2.4m) of inventory write-downs were recognised as an expense for inventories carried at net realisable value. This is recognised within operating costs in the consolidated income statement.

**20 Trade and other receivables**

	2022 €m	2021 (Restated) <sup>1</sup> €m
Trade receivables	<b>615.5</b>	450.7
Contract assets	<b>105.3</b>	99.2
Other receivables	<b>20.7</b>	15.9
Prepayments	<b>23.1</b>	19.6
Insurance receivables	<b>–</b>	0.1
	<b>764.6</b>	585.5

<sup>1</sup> The 31 December 2021 consolidated trade receivables and contract assets have been restated in respect of the correction of prior period errors arising from the fraud at Austral and prior period business combination measurement adjustments, as outlined in notes 3 and 6 to the consolidated financial statements.

Trade receivables and contract assets included in the balance sheet are shown net of expected credit loss provisions as detailed in note 2.

The movement in the allowance for expected credit losses of trade receivables and contract assets is as follows:

	2022 €m	2021 €m
At 1 January	<b>53.7</b>	42.9
Used during the year	<b>(4.4)</b>	(3.1)
Additional provisions	<b>13.8</b>	24.6
Unused amounts reversed	<b>(29.5)</b>	(11.9)
Acquisition with businesses	<b>0.2</b>	2.4
Exchange movements	<b>2.2</b>	(1.2)
<b>At 31 December</b>	<b>36.0</b>	53.7

Set out below is information about the credit risk exposure on the Group's trade receivables and contract assets, detailing past due but not impaired, based on agreed terms and conditions with the customer:

	2022					
	Contract assets		Trade receivables and non-current customer retentions			
	Total £m	Current £m	Days past due			Total £m
			<30 days £m	31-90 days £m	>90 days £m	
Expected credit loss rate	1%	1%	0%	0%	43%	5%
Estimated total gross carrying amount at default	106.4	395.9	112.3	91.2	67.3	666.7
Expected credit loss	(1.1)	(5.3)	(0.3)	(0.4)	(28.9)	(34.9)
<b>Carry amount as shown in the balance sheet</b>	<b>105.3</b>	<b>390.6</b>	<b>112.0</b>	<b>90.8</b>	<b>38.4</b>	<b>631.8</b>

	2021 (Restated) <sup>1</sup>					
	Contract assets		Trade receivables and non-current customer retentions			
	Total £m	Current £m	Days past due			Total £m
			<30 days £m	31-90 days £m	>90 days £m	
Expected credit loss rate	1%	7%	0%	1%	63%	10%
Estimated total gross carrying amount at default	99.9	288.9	125.3	60.0	53.9	528.1
Expected credit loss	(0.7)	(18.8)	(0.1)	(0.4)	(33.7)	(53.0)
<b>Carry amount as shown in the balance sheet</b>	<b>99.2</b>	<b>270.1</b>	<b>125.2</b>	<b>59.6</b>	<b>20.2</b>	<b>475.1</b>

<sup>1</sup> The 31 December 2021 consolidated trade receivables and contract assets have been restated in respect of the correction of prior period errors arising from the fraud at Austral and prior period business combination measurement adjustments, as outlined in notes 3 and 6 to the consolidated financial statements.

## 21 Cash and cash equivalents

	2022 £m	2021 £m
Bank balances	97.0	77.9
Short-term deposits	4.1	4.8
<b>Cash and cash equivalents in the balance sheet</b>	<b>101.1</b>	82.7
Bank overdrafts	(6.9)	(0.9)
<b>Cash and cash equivalents in the cash flow statement</b>	<b>94.2</b>	81.8

Cash and cash equivalents include £8.5m (2021: £2.7m) of the Group's share of cash and cash equivalents held by joint operations, and £1.4m (2021: £1.7m) of restricted cash which is subject to local country restrictions as it is held as collateral in support of bank guarantees.

## 22 Assets held for sale

	2022 £m	2021 £m
Plant and machinery	2.8	3.1
Inventories	–	0.3
	<b>2.8</b>	3.4

Assets held for sale in 2022 and 2021 mainly comprises equipment in North America of £1.2m (2021: £1.3m), following a rationalisation exercise, and machinery in the AMEA Division of £1.4m (2021: £1.6m) as a result of the wind-down of the Waterway business.

During the year, £0.9m of the North American assets were disposed of. The Waterway assets remain in assets held for sale as they are currently being marketed for sale. No new assets have been added to the assets held for sale category during the year.

## Notes to the consolidated financial statements continued

## 23 Trade and other payables

	2022 £m	2021 (Restated) <sup>1</sup> £m
Trade payables	229.4	268.8
Other taxes and social security payable	21.5	25.2
Other payables	139.4	119.5
Contract liabilities	85.6	46.5
Accruals	109.7	48.0
	<b>585.6</b>	508.0

<sup>1</sup> The 31 December 2021 consolidated other payables have been restated in respect of the correction of prior period errors arising from the fraud at Austral and prior period business combination measurement adjustments, as outlined in notes 3 and 6 to the consolidated financial statements.

Other payables includes contingent and deferred consideration of £0.8m (2021: £12.3m) and contract specific accruals of £117.6m (2021: £78.7m).

## 24 Provisions

	Employee provisions £m	Restructuring provisions £m	Contract provisions £m	Insurance and legal provisions £m	Other provisions £m	Total £m
As at 31 December 2021	9.9	3.5	41.9	72.8	3.6	131.7
Charge for the year	3.6	4.3	38.8	24.1	0.1	70.9
Used during the year	(3.2)	(3.0)	(30.2)	(28.9)	(1.4)	(66.7)
Unused amounts reversed	(0.9)	(1.0)	(16.1)	(4.7)	(0.3)	(23.0)
Unwinding of discount and changes in the discount rate	0.1	–	–	0.1	–	0.2
Exchange movements	0.9	0.3	3.4	1.6	0.3	6.5
<b>At 31 December 2022</b>	<b>10.4</b>	<b>4.1</b>	<b>37.8</b>	<b>65.0</b>	<b>2.3</b>	<b>119.6</b>
Current	3.5	3.8	32.4	10.8	2.2	52.7
Non-current	6.9	0.3	5.4	54.2	0.1	66.9
<b>At 31 December 2022</b>	<b>10.4</b>	<b>4.1</b>	<b>37.8</b>	<b>65.0</b>	<b>2.3</b>	<b>119.6</b>

## Employee provisions

Employee provisions relate to various liabilities in respect of employee rights and benefits, including the workers' compensation scheme in North America and long service leave benefits in Australia.

At 31 December 2022, the provision in respect of workers' compensation was £7.1m (2021: £6.5m). A provision is recognised when the an employee informs the company of a workers' compensation claim. The provision is measured based on information provided by the workers' compensation insurer. The actual costs that may be incurred in respect of these claims are dependent on the assessment of an employee's claim and potential medical expenses, with timing of outflows variable depending on the claim.

At 31 December 2022, the provision in respect of long service leave was £1.9m (2021: £1.7m). A provision is recognised at the point an employee joins the company, with an adjustment made to factor the likelihood that the employee will remain in continuous service with the company to meet the threshold to receive the benefits. It is measured on an IAS 19 basis, at the present value of expected future benefit for services provided by employees up to the reporting date. The actual costs that may be incurred are dependent on the length of service for employees and amended for any starters and leavers. The provision is utilised when the leave is taken by the employee or when unused leave is paid on termination of employment.

Employee provisions also includes an amount of £0.8m (2021: £1.4m) in respect of social security contributions on share options. This provision is utilised as the options are exercised by employees, which occurs when the awards vest.

### Restructuring provisions

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring, has raised a valid expectation in those individuals affected and liabilities have been identified. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring.

The restructuring provisions in 2022 relate primarily to the relevant activities in the North America and Europe Divisions. The provisions comprise mainly amounts for redundancy costs. Estimates may differ from the actual charges depending on the finalisation of redundancy amounts. These provisions are expected to be utilised within the next 12 months.

### Contract provisions

Contract provisions include onerous contracts where the forecast costs of completing the contract exceed the revenue. Provision is made in full when such losses are foreseen, based on the estimated unavoidable costs of meeting the obligations of the contract, where these exceed the economic benefits expected to be received. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The majority of this balance is expected to be utilised in the next 12 months, given the general short-term nature of contracts. The non-current element of the provision relates to longer-term contracts and customer claims and disputes.

### Insurance and legal provisions

Insurance and legal provisions comprises the liability for legal claims against the Group, including those that are retained within the Group's captive insurer (the 'captive'). The captive covers both public liability and professional indemnity claims for the Group. The captive covers liabilities below an upper limit above which third-party insurance applies.

Provisions for insurance and legal claims are made based on the best estimate of the likely total settlement value of a claim against the Group. Management seek specialist input from legal advisers and the Group's insurance claims handler to estimate the most likely legal outcome. The outcome of legal negotiations is inherently uncertain; as a result, there can be no guarantee that the assumptions used to estimate the provision will result in an accurate prediction of the actual costs that may be incurred.

A provision is recognised when it is judged likely that a legal claim will result in a payment to the claimant and the amount of the claim can be reliably estimated. Provisions are utilised as insurance claims are settled, which may take a number of years. A separate insurance receivable is recognised to the extent that confirmed third-party insurance is expected to cover any element of an estimated claim value and is virtually certain to be recovered. The asset is recognised within other non-current assets (refer to note 18) and trade and other receivables (refer to note 20). Management considers that there are no instances of reimbursable assets which are probable in nature.

### Other provisions

Other provisions are in respect of property dilapidation arising from lease obligations and other operational provisions. Where a lease includes a 'make-good' requirement, provision for the cost is recognised as the obligation is incurred, either at the commencement of the lease or as a consequence of using the asset, and the cost of the expected work required can be reliably estimated. These are expected to be utilised over the relevant lease term which ranges from 3 to 15 years across the Group.

## 25 Other non-current liabilities

	2022 £m	2021 £m
Non-qualifying compensation plan liabilities	<b>14.7</b>	15.8
Other liabilities	<b>6.6</b>	5.4
	<b>21.3</b>	21.2

Other liabilities include deferred and contingent consideration of £1.1m (2021: contingent consideration of £0.4m) and £5.2m (2021: £4.7m) in respect of US social security tax deferrals, refer to note 8 for further information.

Refer to note 18 for further information on the non-qualifying deferred compensation plan.



## Notes to the consolidated financial statements continued

### 26 Financial instruments

Exposure to credit, interest rate and currency risks arise in the normal course of the Group's business and have been identified as risks for the Group. Derivative financial instruments are used to hedge exposure to fluctuations in foreign exchange and interest rates.

The Group does not trade in financial instruments nor does it engage in speculative derivative transactions.

#### Currency risk

The Group faces currency risk principally on its net assets, most of which are in currencies other than sterling. The Group aims to reduce the impact that retranslation of these net assets might have on the consolidated balance sheet by matching the currency of its borrowings, where possible, with the currency of its assets. The majority of the Group's borrowings are held in sterling, US dollars and Australian dollars.

The Group manages its currency flows to minimise transaction exchange risk. Forward contracts are used to hedge significant individual transactions. The majority of such currency flows within the Group relate to the repatriation of profits, intra-group loan repayments and any foreign currency cash flows associated with acquisitions. The Group's treasury risk management is performed at the Group's head office.

As at 31 December 2022, the fair value of outstanding foreign exchange forward contracts was £nil (2021: £nil) included in current assets/liabilities.

#### Interest rate risk

Our objectives are to add stability to the interest expense and to manage our exposure to interest rate movements. To accomplish these objectives, we primarily use external debt and interest rate swaps as part of our interest rate risk management strategy.

Interest rate risk is managed by either fixed or floating rate borrowings dependent upon the purpose and term of the financing.

As at 31 December 2022, approximately 80% (2021: 99%) of the Group's third-party borrowings were at floating interest rates.

#### Hedging currency risk and interest rate risk

The Group hedges currency risk and interest rate risk. Where hedging instruments are used to hedge significant individual transactions, the Group ensures that the critical terms, including dates, currencies, nominal amounts, interest rates and lengths of interest periods, are matched. The Group uses both qualitative and quantitative methods to confirm this and to assess the effectiveness of the hedge.

#### Credit risk

The Group's principal financial assets are trade and other receivables, bank and cash balances and a limited number of investments and derivatives held to hedge certain Group exposures. These represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group has procedures to manage counterparty risk and the assessment of customer credit risk is embedded in the contract tendering processes. The counterparty risk on bank and cash balances is managed by limiting the aggregate amount of exposure to any one institution by reference to their credit rating and by regular review of these ratings.

Customer credit risk is mitigated by the Group's relatively small average contract size and diversity, both geographically and in terms of end markets. No individual customer represented more than 6% of revenue in 2022 (2021: 3%). The ageing of trade receivables that were past due but not impaired is shown in note 20.

The Group evaluates each new customer and assesses their creditworthiness before any contract is undertaken.

The Group reviews customer receivables (including contract assets) on an ageing basis and provides against expected unrecoverable amounts. Experience has shown the level of historical provision required to be relatively low. Credit loss provisioning reflects past experience, economic factors and specific conditions.

The Group's estimated exposure to credit risk for trade receivables and contract assets is disclosed in note 20. This amount is the accumulation of several years of provisions for known or expected credit losses.

### Liquidity risk and capital management

The Group's capital structure is kept under constant review, taking into account the need for availability and cost of various sources of funding. The capital structure of the Group consists of net debt and equity as shown in the consolidated balance sheet. The Group maintains a balance between the certainty of funding and a flexible, cost-effective financing structure, with all main borrowings being from committed facilities. The Group's policy ensures that its capital structure is appropriate to support this balance and the Group's operations.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group's debt and committed facilities mainly comprise a \$75m private placement repayable in December 2024 and a £375m syndicated revolving credit facility expiring in November 2025. In November 2022 the Group increased borrowing facilities by a \$115m bilateral term loan facility, expiring November 2024. This facility has not been used to date. These facilities are subject to certain covenants linked to the Group's financing structure, specifically regarding the ratios of net debt and interest to profit. The covenants are calculated on an IAS 17 basis, EBITDA to net debt leverage must be below three times and EBITDA interest cover must be above four times. The Group has complied with these covenants throughout the year.

At the year end, the Group also had other borrowing facilities available of £75.8m (2021: £76.0m), including overdraft facilities, of which £3.2m was undrawn at 31 December 2022.

### Private placements

In October and December 2014, \$50m and \$75m were raised through a private placement with US institutions. The proceeds of the issue of \$50m Series A notes 3.81% due 2021 and \$75m Series B notes 4.17% due 2024 were used to refinance maturing private placements. In October 2021 the \$50m private placement was repaid, in line with the agreed terms. The US private placement notes are accounted for on an amortised cost basis and are retranslated at the exchange rate at each period end. The carrying value of the \$75m private placement liability at 31 December 2022 was £62.0m (2021: £58.1m).

### Hedging

The 2014 \$50m and \$75m fixed rate private placement liabilities were swapped into floating rates by means of US dollar interest rate swaps (the '2014 swaps'). In October 2021, the interest rate swap hedging the tranche of the \$50m private placement liability repaid in the year was closed out in line with the agreed terms. The outstanding 2014 swaps hedging the \$75m private placement liability that held the same maturity and were designated as fair value hedges were settled on 18 May 2022 at a net loss of £0.4m, which was reflected within finance costs in the income statement. The swaps were settled before the maturity of the private placement as a result of the implementation of Group's interest management strategy.

The fair value of the 2014 swaps at 31 December 2022 was £nil (2021: £2.6m); no amount was included in other non-current assets (2021: £6.2m). The effective portion of the changes in the fair value of the 2014 swaps was £nil (2021: loss of £3.6m), which has been taken to the income statement along with the equal and opposite movement in fair value of the corresponding hedged items.

The Group entered into a Treasury lock on 25 August 2022. A Treasury lock is a synthetic forward sale of a US Treasury note, which is settled in cash based upon the difference between an agreed upon treasury rate and the prevailing treasury rate at settlement. Such Treasury locks are entered into to effectively fix the treasury component of an upcoming debt issuance. This was in order to hedge the treasury rates on the highly probable launch of a new US private placement issuance between the date the Treasury lock was entered into and the intended finalisation of the transaction on 28 September 2022. The financing transaction was deferred; therefore, the Treasury lock was settled on maturity. The treasury reference rates increased over the relevant period, and a net credit was received of £3.6m, which was recognised as finance income in the income statement as a non-underlying item.

All hedges are tested for effectiveness every six months. All hedging relationships remained effective during the year while they were in place. There are no designated hedging relationships at 31 December 2022. The interest rate hedging relationship in place during 2021 as referred to above remained effective in 2021.

## Notes to the consolidated financial statements continued

## 26 Financial instruments continued

## Accounting classifications

	2022 €m	2021 (Restated) <sup>1</sup> €m
<b>Financial assets measured at fair value through profit or loss</b>		
Non-qualifying deferred compensation plan	19.4	20.6
Interest rate swaps	–	2.6
<b>Financial assets measured at amortised cost</b>		
Trade receivables	615.5	450.7
Contract assets	105.3	99.2
Cash and cash equivalents	101.1	82.7
<b>Financial liabilities at fair value through profit or loss</b>		
Contingent consideration payable	(0.9)	(12.7)
<b>Financial liabilities measured at amortised cost</b>		
Trade payables	(229.4)	(268.8)
Contract liabilities	(85.6)	(46.5)
Bank and other loans	(319.0)	(200.6)
Lease liabilities	(81.0)	(75.4)
Deferred consideration payable	(1.0)	–

1 The 31 December 2021 consolidated trade receivables and contract assets have been restated in respect of the correction of prior period errors arising from the fraud at Austral and prior period business combination measurement adjustments, as outlined in notes 3 and 6 to the consolidated financial statements.

## Effective interest rates and maturity analysis

In respect of financial liabilities, the following table indicates their effective interest rates and undiscounted contractual cash flows at the balance sheet date:

	2022					Total €m	Carrying amount as shown in the balance sheet €m
	Effective interest rate %	Due within 1 year €m	Due within 1–2 years €m	Due within 2–5 years €m	Due after more than 5 years €m		
Bank loans and overdrafts	5.0	10.4	0.4	245.7	0.1	256.6	256.4
Other loans	4.2	3.2	64.6	–	–	67.8	62.6
Lease liabilities	–	28.3	21.4	32.9	7.1	89.7	81.0
Contract liabilities	–	85.6	–	–	–	85.6	85.6
Trade payables	–	229.4	–	–	–	229.4	229.4
Contingent and deferred consideration	–	0.8	1.1	–	–	1.9	1.9
		357.7	87.5	278.6	7.2	731.0	716.9

	2021					Total €m	Carrying amount as shown in the balance sheet €m
	Effective interest rate %	Due within 1 year €m	Due within 1–2 years €m	Due within 2–5 years €m	Due after more than 5 years €m		
Bank loans and overdrafts	1.0	1.5	0.4	139.3	0.1	141.3	141.8
Bonds and other loans	1.6	3.6	2.3	57.8	–	63.7	58.8
Lease liabilities	–	30.3	17.4	27.3	7.6	82.6	75.4
Contract liabilities	–	46.5	–	–	–	46.5	46.5
Trade payables	–	268.8	–	–	–	268.8	268.8
Contingent consideration	–	12.3	0.4	–	–	12.7	12.7
		363.0	20.5	224.4	7.7	615.6	604.0

### Loans and borrowings analysis

	2022 €m	2021 €m
\$75m private placement (due December 2024)	62.0	58.1
€375m syndicated revolving credit facility (expiring November 2025)	248.1	138.5
Bank overdrafts	6.9	0.9
Other bank borrowings	1.4	2.4
Other loans	0.6	0.7
Lease liabilities (note 27)	81.0	75.4
<b>Total loans and borrowings</b>	<b>400.0</b>	<b>276.0</b>

The Group has substantial borrowing facilities available to it. The undrawn committed facilities available at 31 December 2022 amounted to €227.6m (2021: €235.5m). This mainly comprised the unutilised portion of the Group's €375m revolving credit facility, which expires on 23 November 2025. In addition, the Group had undrawn uncommitted borrowing facilities totalling €46.1m at 31 December 2022 (2021: €56.4m). Other uncommitted bank borrowing facilities are normally reaffirmed by the banks annually, although they can theoretically be withdrawn at any time. Facilities totalling €1.5m (2021: €3.2m) are secured against certain assets. Future obligations under finance leases on a former IAS 17 basis totalled €0.9m (2021: €1.5m), including interest of €0.1m (2021: €0.1m).

Changes in loans and borrowings were as follows:

	2021 €m	Cash flows €m	Other <sup>1</sup> €m	New leases €m	Acquisition of businesses €m	Foreign exchange movements €m	Fair value changes €m	2022 €m
Bank overdrafts	(0.9)	(5.9)	–	–	–	(0.1)	–	<b>(6.9)</b>
Bank loans	(140.9)	(98.2)	(0.5)	–	(0.1)	(9.8)	–	<b>(249.5)</b>
Other loans	(58.8)	0.3	–	–	–	(6.5)	2.4	<b>(62.6)</b>
Lease liabilities (note 27)	(75.4)	33.1	(5.2)	(24.8)	(2.1)	(6.6)	–	<b>(81.0)</b>
<b>Total loans and borrowings</b>	<b>(276.0)</b>	<b>(70.7)</b>	<b>(5.7)</b>	<b>(24.8)</b>	<b>(2.2)</b>	<b>(23.0)</b>	<b>2.4</b>	<b>(400.0)</b>
<b>Derivative financial instruments</b>	<b>2.6</b>	<b>(0.2)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(2.4)</b>	<b>–</b>

<sup>1</sup> Other comprises disposals and contract modifications and interest accretion on lease liabilities, and the amortisation of deferred financing costs on bank loans.

The Group has managed the transition to alternative benchmark rates that are linked to existing interest rate benchmarks related to borrowings, leases and derivative contracts. The impact of IBOR reform on the Group was limited. The changes only applied to one hedge relationship associated with managing the fixed rate on the US private placement expiring in December 2024 (refer to note 25) which was closed out in May 2022. In 2021, the Group amended and restated the €375m syndicated revolving credit facility to replace any reference to IBOR with reference to applicable risk-free rates. There is no impact on the incremental borrowing rate for calculating leases liabilities.

### Cash flow hedges

At 31 December 2022, the Group held no instruments to hedge exposures to changes in foreign currency rates (2021: €nil). At 31 December 2021, the Group's net value of instruments held to hedge exposures to changes in foreign currency rates was €nil (2021: €nil).

## Notes to the consolidated financial statements continued

## 26 Financial instruments continued

## Fair value hedges

The Group held the following instruments to hedge exposures to changes in interest rates:

	2022							
	Maturity				Carrying amount		Change in fair value used for calculating hedge ineffectiveness	Nominal <sup>2</sup> amount
	<1 year £m	1–2 years £m	2–5 years £m	>5 years £m	Asset <sup>1</sup> £m	Liability £m		
Interest rate swaps	–	–	–	–	–	–	–	–

	2021							
	Maturity				Carrying amount		Change in fair value used for calculating hedge ineffectiveness	Nominal <sup>2</sup> amount
	<1 year £m	1–2 years £m	2–5 years £m	>5 years £m	Asset <sup>1</sup> £m	Liability £m		
Interest rate swaps	–	–	2.6	–	2.6	–	–	9.4

1 Included within other assets.

2 The average fixed interest rate is 4.2%.

The Group had the following hedged items relating to the above instruments:

	2022			2021		
	Carrying <sup>1</sup> amount liability £m	Change in fair value used for calculating hedge ineffectiveness £m	Hedge <sup>2</sup> ineffectiveness in profit or loss £m	Carrying <sup>1</sup> amount liability £m	Change in fair value used for calculating hedge ineffectiveness £m	Hedge <sup>2</sup> ineffectiveness in profit or loss £m
\$75m private placements	–	–	–	(58.1)	–	–
Fair value hedge adjustments	–	–	–	3.6	–	–

1 Included within loans and borrowings.

2 Included in operating profit for the year.

Non-interest-bearing financial liabilities comprise trade payables and contract liabilities of £315.8m (2021: £315.3m), payable within one year.

## Fair values

The fair values of the Group's financial assets and liabilities are not materially different from their carrying values. The following summarises the major methods and assumptions used in estimating the fair values of financial instruments; being derivatives, interest-bearing loans and borrowings, contingent and deferred consideration and payables, receivables and contract assets, cash and cash equivalents.

## Derivatives

The fair values of interest rate and cross-currency swaps are calculated based on expected future principal and interest cash flows, discounted using market rates prevailing at the balance sheet date. The valuation methods of all of the Group's derivative financial instruments carried at fair value are categorised as Level 2. Level 2 assets are financial assets and liabilities that do not have regular market pricing, but whose fair value can be determined based on other data values or market prices. During the period, the interest rate swaps on the \$75m private placement were terminated.

### Interest-bearing loans and borrowings

Fair value is calculated based on expected future principal and interest cash flows discounted using appropriate discount rates prevailing at the balance sheet date.

### Contingent and deferred consideration

Fair value is calculated based on the amounts expected to be paid, determined by reference to forecasts of future performance of the acquired businesses, discounted using appropriate discount rates prevailing at the balance sheet date and the probability of contingent events and targets being achieved.

The valuation methods of the Group's contingent consideration carried at fair value are categorised as Level 3. Level 3 assets are financial assets and liabilities that are considered to be the most illiquid. Their values have been estimated using available management information, including subjective assumptions. The one individually significant unobservable input used in the fair value measurement of the Group's contingent consideration as at 31 December 2022 is the estimation of future profits at GKM in order to determine the expected outcome of the earnout arrangement.

The following table shows a reconciliation from the opening to closing balances for contingent and deferred consideration:

	2022 £m	2021 £m
At 1 January	12.7	3.0
Acquisition of businesses (note 6)	1.7	8.8
Additional amounts provided (note 9)	0.1	1.3
Paid during the period	(12.3)	(0.4)
Fair value in the income statement during the period (note 9)	(0.7)	(0.1)
Exchange movements	0.4	0.1
<b>At 31 December</b>	<b>1.9</b>	<b>12.7</b>

On 1 May 2022, the Group acquired GKM Consultants Inc. Contingent consideration is payable dependent on the cumulative EBITDA in the three-year period post acquisition. The fair value of the contingent consideration was recognised at the date of acquisition at £1.2m, but has been subsequently reduced following movements in its fair value to £0.8m at 31 December 2022. On 15 November 2022, the Group acquired Northwest Fundamentering AS, and the deferred contingent consideration payable relating to this acquisition is £0.5m.

Additional contingent consideration provided of £0.1m relates to the acquisition of the Geo Instruments US business in 2017.

Total contingent and deferred consideration of £12.3m was paid during the period, comprising £8.1m in respect of the RECON Services Inc. acquisition in 2021 and £3.8m in respect of the Geo Construction Group (Bencor) acquisition in 2015. These both represent final agreements. Additionally, £0.2m was paid in respect of the Geo Instruments acquisition and £0.2m deferred consideration in respect of the Voges Drilling acquisition in 2021.

Fair value movements during the period of £0.7m relate to a fair value adjustment of the RECON contingent consideration on finalisation of the amount payable (£0.3m) and the reduction in the GKM payable noted above (£0.4m).

### Payables, receivables and contract assets

For payables, receivables and contract assets with an expected maturity of one year or less, the carrying amount is deemed to reflect the fair value.

### Non-qualifying deferred compensation plan assets and liabilities

The value of both the employee investments and those held in trust by the company are measured using Level 1 inputs per IFRS 13 ('quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date') based on published market prices at the end of the period. Adjustments to the fair value of the assets and related liabilities are recorded within net finance costs in the consolidated income statement.

Refer to note 18 for further information on the non-qualifying deferred compensation plan.

## Notes to the consolidated financial statements continued

## 26 Financial instruments continued

## Interest rate and currency profile

The profile of the Group's financial assets and financial liabilities after taking account of the impact of hedging instruments was as follows:

	2022						Total
	GBP	USD	EUR	CAD	AUD	Other	
Weighted average fixed debt interest rate (%)	–	4.2	1.4	–	–	3.5	–
Weighted average fixed debt period (years)	–	2.0	3.2	–	–	0.1	–
	€m	€m	€m	€m	€m	€m	€m
Fixed rate financial liabilities	–	(62.0)	(1.4)	–	–	(0.6)	(64.0)
Floating rate financial liabilities	(75.3)	(153.8)	(0.2)	–	25.6	(0.1)	(255.0)
Lease liabilities	(2.9)	(48.4)	(10.4)	(4.4)	(4.6)	(10.3)	(81.0)
Financial assets	7.1	4.4	14.9	4.7	11.6	58.4	101.1
<b>Net debt</b>	<b>(71.1)</b>	<b>(259.8)</b>	<b>2.9</b>	<b>0.3</b>	<b>(18.6)</b>	<b>47.4</b>	<b>(298.9)</b>

	2021					Total
	GBP	USD	EUR	CAD	Other <sup>1</sup>	
Weighted average fixed debt interest rate (%)	–	–	1.5	–	6.1	–
Weighted average fixed debt period (years)	–	–	4.1	–	0.3	–
	€m	€m	€m	€m	€m	€m
Fixed rate financial liabilities	–	–	(1.7)	–	(1.3)	(3.0)
Floating rate financial liabilities	(63.3)	(111.8)	(0.1)	–	(22.4)	(197.6)
Lease liabilities	(3.5)	(45.1)	(12.7)	(3.2)	(10.9)	(75.4)
Financial assets	4.3	14.7	6.9	8.4	48.4	82.7
<b>Net debt</b>	<b>(62.5)</b>	<b>(142.2)</b>	<b>(7.6)</b>	<b>5.2</b>	<b>13.8</b>	<b>(193.3)</b>

1 Included within other floating rate financial liabilities are AUD revolver loans of €21.5m. Included within other financial assets are AUD cash balances of €4.1m.

## Sensitivity analysis

At 31 December 2022, it is estimated that a general movement of one percentage point in interest rates would increase or decrease the Group's profit before taxation by approximately €1.5m (2021: €1.2m).

It is estimated that a general increase of 10 percentage points in the value of sterling against other principal foreign currencies would have decreased the Group's profit before taxation and non-underlying items by approximately €8.8m for the year ended 31 December 2022 (2021: €5.0m). The estimated impact of a 10 percentage point decrease in the value of sterling is an increase of €7.2m (2021: €6.1m) in the Group's profit before taxation and non-underlying items. This sensitivity relates to the impact of retranslation of foreign earnings only. The impact on the Group's earnings of currency transaction exchange risk is not significant. These sensitivities assume all other factors remain constant.

## 27 Lease liabilities

Set out below are the carrying amounts of lease liabilities (included within note 26 within loans and borrowings) and the movements during the year:

	2022 €m	2021 €m
At 1 January	75.4	73.8
Additions	24.8	24.8
Acquired with businesses	2.1	–
Contract modifications	1.6	4.0
Interest expense	3.6	3.1
Payments	(33.1)	(29.8)
Exchange movements	6.6	(0.5)
<b>At 31 December</b>	<b>81.0</b>	<b>75.4</b>
Current	24.5	27.5
Non-current	56.5	47.9



## 28 Share capital and reserves

	2022 £m	2021 £m
Allotted, called up and fully paid equity share capital:		
73,099,735 ordinary shares of 10p each (2021: 73,099,735)	7.3	7.3

The company has one class of ordinary shares, which carries no rights to fixed income. There are no restrictions on the transfer of these shares.

The capital redemption reserve of £7.6m is a non-distributable reserve created when the company's shares were redeemed or purchased other than from the proceeds of a fresh issue of shares.

The other reserve of £56.9m is a non-distributable reserve created when merger relief was applied to an issue of shares under section 612 of the Companies Act 2006 to part-fund the acquisition of Keller Canada. The reserve becomes distributable should Keller Canada be disposed of.

As at 31 December 2022, the total number of shares held in treasury was 328,954 (2021: 777,917).

During the year to 31 December 2022, 135,050 ordinary shares were purchased by the Keller Group Employee Benefit Trust (2021: 417,240), to be used to satisfy future obligations of the company under the Keller Group plc Long-Term Incentive Plan. This brings the total ordinary shares held by the Employee Benefit Trust to 552,290 (2021: 417,240). The cost of the market purchases was £1.2m (2021: £3.7m).

There is a dividend waiver in place for both shares held in treasury and by the Keller Group Employee Benefit Trust.

## 29 Related party transactions

Transactions between the parent, its subsidiaries and joint operations, which are related parties, have been eliminated on consolidation. Other related party transactions are disclosed below:

### Compensation of key management personnel

The remuneration of the Board and Executive Committee, who are the key management personnel, comprised:

	2022 £m	2021 £m
Short-term employee benefits	4.5	8.2
Post-employment benefits	0.3	0.3
Termination payments	0.4	0.4
	5.2	8.9

### Other related party transactions

As at 31 December 2022, there was a net balance of £0.1m owed by (2021: £0.1m owed by) the joint venture. These amounts are unsecured, have no fixed date of repayment and are repayable on demand.

## 30 Commitments

### Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred was £17.6m (2021: £7.2m) and relates to property, plant and equipment purchases.

## 31 Guarantees, contingent liabilities and contingent assets

Claims and disputes arise, both in the normal course of business and in relation to the historic construction activities of the Group, some of which lead to litigation or arbitration procedures. Such claims are predominantly covered by the Group's insurance arrangements. The Group recognises provisions for liabilities when it is more likely than not that a settlement will be required and the value of such a payment can be reliably estimated.

At 31 December 2022, the Group had outstanding standby letters of credit and surety bonds for the Group's captive insurance arrangements totalling £28.1m (2021: £26.5m). The Group enters into performance and advance payment bonds and other undertakings in the ordinary course of business, using guarantee facilities with financial institutions to provide these bonds to customers. At 31 December 2022, the Group has £190.6m outstanding related to performance and advanced payment bonds (2021: £138.3m). These are treated as a contingent liability until such time it becomes probable that payment will be required under the individual terms of each arrangement. It is judged to be a remote possibility that a payment will be required under any of the current performance or advance payment bonds.

At 31 December 2022, the Group had no contingent assets (2021: £nil).

## Notes to the consolidated financial statements continued

### 32 Share-based payments

The Group operates a Long-Term Incentive Plan (the 'Plan'). Under the Plan, Executive Directors and certain members of senior management are granted nil-cost share options with a vesting period of three years. The awards are exercised automatically on vesting with the exception of Executive Directors who are subject to a two-year post-vesting holding period.

Performance share awards are granted to Executive Directors and key management personnel which are subject to performance conditions including total shareholder return, earnings per share, return on capital employed and operating profit margin. Conditional awards are granted under which senior management receive shares subject only to service conditions, ie the requirement for participants to remain in employment with the Group over the vesting period. Participants are entitled to receive dividend equivalents on these awards.

Outstanding awards are as follows:

	Number
Outstanding at 1 January 2021	2,063,410
Granted during 2021	805,367
Lapsed during 2021	(782,525)
Exercised during 2021	(111,816)
Outstanding at 31 December 2021 and 1 January 2022	<b>1,974,436</b>
Granted during 2022	<b>817,381</b>
Lapsed during 2022	<b>(365,677)</b>
Exercised during 2022	<b>(448,963)</b>
<b>Outstanding at 31 December 2022</b>	<b>1,977,177</b>
Exercisable at 1 January 2021	–
Exercisable at 31 December 2021 and 1 January 2022	–
<b>Exercisable at 31 December 2022</b>	<b>–</b>

The average share price during the year was 759.3p (2021: 865.1p).

Under IFRS 2, the fair value of services received in return for share awards granted is measured by reference to the fair value of share options granted. The estimate of the fair value of share awards granted is measured based on a stochastic model. The contractual life of the award is used as an input into this model, with expectations of early exercise being incorporated into the model.

The inputs into the stochastic model are as follows:

	2022	2021
Share price at grant	<b>800.0p</b>	856.0p
Weighted average exercise price	<b>0.0p</b>	0.0p
Expected volatility	<b>41.2%</b>	47.3%
Expected life	<b>3 years</b>	3 years
Risk-free rate	<b>1.35%</b>	0.14%
Expected dividend yield	<b>0.00%</b>	0.00%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous three years, adjusted for any expected changes to future volatility due to publicly available information.

The Group recognised total expenses (included in operating costs) of £2.9m (2021: £3.9m) related to equity-settled, share-based payment transactions.

The weighted average fair value of options granted in the year was 724.2p (2021: 827.6p). Options outstanding at the year-end have a weighted average remaining contractual life of 1.2 years (2021: 1.1 years).

The awards, which are taken as shares, are intended to be satisfied from shares held under the Keller Group Employee Benefit Trust (the 'Trust') or from treasury shares held. The shares held by the Trust are accounted for as a deduction from equity in retained earnings. At 31 December 2022, 552,290 (2021: 417,240) ordinary shares were held by the Trust with a value of £4.9m (2021: £3.7m).

### 33 Retirement benefit liabilities

The Group operates pension schemes in the UK and overseas.

In the UK, the Group operates the Keller Group Pension Scheme (the 'Scheme'), a defined benefit scheme, which has been closed to new members since 1999 and was closed to all future benefit accrual with effect from 31 March 2006. Under the Scheme, employees are normally entitled to retirement benefits on attainment of a retirement age of 65. The Scheme is subject to UK pensions legislation which, inter alia, provides for the regulation of work-based pension schemes by The Pensions Regulator. The trustees are aware of and adhere to the Codes of Practice issued by The Pensions Regulator. The Scheme trustees currently comprise one member-nominated trustee and two employer-nominated trustees. An employer-nominated trustee is also the Chair of the trustees. The Scheme exposes the Group to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk, which are managed through the investment strategy to acceptable levels established by the trustees. The Scheme can invest in a wide range of asset classes including equities, bonds, cash, property, alternatives (including private equity, commodities, hedge funds, infrastructure, currency, high yield debt and derivatives) and annuity policies. Any investment in derivative instruments is only made to contribute to a reduction in the overall level of risk in the portfolio or for the purposes of efficient portfolio management. With effect from the most recent actuarial valuation date (5 April 2020), the Group has agreed to pay annual contributions of £2.7m, to increase by 3.6% per annum, until 5 August 2024, subject to a review of the level of employer contributions at the next actuarial review in 2023.

Between 1990 and 1997, the Scheme members accrued a Guaranteed Minimum Pension (GMP). This amount differed between men and women in accordance with the rules which were applicable at that time. On 26 October 2018, there was a court judgement (in the case of Lloyds Banking Group Pensions Trustees Limited v Lloyds Bank PLC) that confirmed that GMP is to be made equal for men and women. In 2018, the estimated increase in the Scheme's liabilities was £1.3m, which was recognised as a past service cost in 2018 as a charge to non-underlying items. On 20 November 2020, there was an updated judgement requiring an allowance to be made for past transfers. The estimated increase in the Scheme's liability in respect of this is less than £0.1m. These estimates remain appropriate for 2022. The actual cost may differ when the GMP equalisation exercise is complete.

The Group has two UK defined contribution retirement benefit schemes. There were no contributions outstanding in respect of these schemes at 31 December 2022 (2021: £nil). The total UK defined contribution pension charge for the year was £1.6m (2021: £1.4m).

The Group has defined benefit retirement obligations in Germany and Austria. Under these schemes, employees are entitled to retirement benefits on attainment of a retirement age of 65, provided they have either five or ten years of employment with the Group, depending on the area or field they are working in. The amount of benefit payable depends on the grade of the employee and the number of years of service. Benefits under these schemes only apply to employees who joined the Group prior to 1997. These defined benefit retirement obligations are funded on the Group's balance sheet and obligations are met as and when required by the Group.

The Group has a number of end of service schemes in the Middle East as required by local laws and regulations. The amount of benefit payable depends on the current salary of the employee and the number of years of service. These retirement obligations are funded on the Group's balance sheet and obligations are met as and when required by the Group.

The Group operates a defined contribution scheme for employees in North America, where the Group is required to match employee contributions up to a certain level in accordance with the scheme rules. The total North America pension charge for the year was £14.6m (2021: £6.4m).

In Australia, there is a defined contribution scheme where the Group is required to ensure that a prescribed level of superannuation support of an employee's notional base earnings is made. This prescribed level of support is currently 10.5% (2021: 10.0%). The total Australian pension charge for the year was £4.6m (2021: £3.8m).

Details of the Group's defined benefit schemes are as follows:

	The Keller Group Pension Scheme (UK) 2022 £m	The Keller Group Pension Scheme (UK) 2021 £m	German <sup>1</sup> , Austrian and other schemes 2022 £m	German <sup>1</sup> , Austrian and other schemes 2021 £m
Present value of the scheme liabilities	<b>(39.0)</b>	(58.3)	<b>(16.7)</b>	(18.9)
Fair value of assets	<b>42.2</b>	63.7	–	–
<b>Surplus/(deficit) in the scheme</b>	<b>3.2</b>	5.4	<b>(16.7)</b>	(18.9)
Irrecoverable surplus	<b>(7.3)</b>	(12.2)	–	–
<b>Net defined benefit liability</b>	<b>(4.1)</b>	(6.8)	<b>(16.7)</b>	(18.9)

1 Included in this balance is £3.5m (2021: £3.0m) in relation to the end of service schemes in the Middle East.

For the Keller Group Pension Scheme, based on the net deficit of the Scheme as at 31 December 2022 and the committed payments under the Schedule of Contributions agreed on 17 November 2020, there is an irrecoverable surplus of £7.3m (2021: £12.2m). Management is of the view that, based on the Scheme rules, it does not have an unconditional right to a refund of a surplus under IFRIC 14, and therefore an additional balance sheet liability in respect of a 'minimum funding requirement' has been recognised. The minimum funding requirement is calculated using the agreed contributions of £2.7m a year with effect from 1 January 2021, increasing by 3.6% per annum on 1 January going forward to 5 August 2024. The contributions will be reviewed following the next actuarial review to be prepared as at 5 April 2023.

## Notes to the consolidated financial statements continued

**33 Retirement benefit liabilities** continued

The value of the scheme liabilities has been determined by the actuary using the following assumptions:

	The Keller Group Pension Scheme (UK) 2022 %	The Keller Group Pension Scheme (UK) 2021 %	German and Austrian schemes 2022 %	German and Austrian schemes 2021 %
Discount rate	<b>4.8</b>	2.0	<b>3.5</b>	0.8
Interest on assets	<b>4.8</b>	2.0	–	–
Rate of increase in pensions in payment	<b>3.4</b>	3.5	<b>2.5</b>	2.0
Rate of increase in pensions in deferment	<b>2.7</b>	2.9	<b>8.3</b>	3.2
Rate of inflation	<b>3.3</b>	3.5	<b>8.3</b>	3.2

The mortality rate assumptions are based on published statistics. The average remaining life expectancy, in years, of a pensioner retiring at the age of 65 at the balance sheet date is:

	The Keller Group Pension Scheme (UK) 2022	The Keller Group Pension Scheme (UK) 2021	German and Austrian schemes 2022	German and Austrian schemes 2021
Male currently aged 65	<b>21.0</b>	21.0	<b>19.9</b>	19.5
Female currently aged 65	<b>23.4</b>	23.3	<b>23.3</b>	22.8

The assets of the schemes were as follows:

	The Keller Group Pension Scheme (UK) 2022 €m	The Keller Group Pension Scheme (UK) 2021 €m	German, Austrian and other schemes 2022 €m	German, Austrian and other schemes 2021 €m
Equities	<b>7.8</b>	16.8	–	–
Target return funds <sup>1</sup>	<b>5.0</b>	8.1	–	–
Gilts	–	–	–	–
Bonds	<b>13.6</b>	19.7	–	–
Liability driven investing (LDI) portfolios <sup>2</sup>	<b>12.9</b>	15.9	–	–
Cash	<b>2.9</b>	3.2	–	–
	<b>42.2</b>	63.7	–	–

1 A diversified growth fund split between mainly UK listed equities, bonds and alternative investments which are capped at 20% of the total fund.

2 A portfolio of gilt and swap contracts, backed by investment-grade credit instruments, that is designed to hedge the majority of the interest rate and inflation risks associated with the Schemes' obligations.

	The Keller Group Pension Scheme (UK) 2022 €m	The Keller Group Pension Scheme (UK) 2021 €m	German <sup>1</sup> , Austrian and other schemes 2022 €m	German <sup>1</sup> , Austrian and other schemes 2021 €m
<b>Changes in scheme liabilities</b>				
Opening balance	<b>(58.3)</b>	(65.0)	<b>(18.9)</b>	(21.9)
Current service cost	–	–	<b>(0.8)</b>	(0.6)
Interest cost	<b>(1.1)</b>	(0.8)	–	(0.1)
Benefits paid	<b>2.1</b>	2.1	<b>1.0</b>	1.5
Exchange movements	–	–	<b>(0.8)</b>	1.0
Experience loss on defined benefit obligation	<b>(0.5)</b>	–	–	–
Changes to demographic assumptions	–	(0.6)	–	–
Changes to financial assumptions	<b>18.8</b>	6.0	<b>2.8</b>	1.2
<b>Closing balance</b>	<b>(39.0)</b>	(58.3)	<b>(16.7)</b>	(18.9)
<b>Changes in scheme assets</b>				
Opening balance	<b>63.7</b>	58.0	–	–
Interest on assets	<b>1.2</b>	0.7	–	–
Administration costs	<b>(0.2)</b>	(0.2)	–	–
Employer contributions	<b>2.8</b>	2.7	–	–
Benefits paid	<b>(2.1)</b>	(2.1)	–	–
Return on plan assets less interest	<b>(23.2)</b>	4.6	–	–
<b>Closing balance</b>	<b>42.2</b>	63.7	–	–
Actual return on scheme assets	<b>(22.0)</b>	5.3	–	–
<b>Statement of comprehensive income</b>				
Return on plan assets less interest	<b>(23.2)</b>	4.6	–	–
Experience gain on defined benefit obligation	<b>(0.5)</b>	–	–	–
Changes to demographic assumptions	–	(0.6)	–	–
Changes to financial assumptions	<b>18.8</b>	6.0	<b>2.8</b>	1.2
Change in irrecoverable surplus	<b>4.9</b>	(10.0)	–	–
<b>Remeasurements of defined benefit plans</b>	–	–	<b>2.8</b>	1.2
Cumulative remeasurements of defined benefit plans	<b>(25.6)</b>	(25.6)	<b>(6.4)</b>	(9.2)
<b>Expense recognised in the income statement</b>				
Current service cost	–	–	<b>0.8</b>	0.6
Administration costs	<b>0.2</b>	0.2	–	–
<b>Operating costs</b>	<b>0.2</b>	0.2	<b>0.8</b>	0.6
Net pension interest cost	<b>(0.1)</b>	0.1	–	0.1
<b>Expense recognised in the income statement</b>	<b>0.1</b>	0.3	<b>0.8</b>	0.7
<b>Movements in the balance sheet liability</b>				
Net liability at start of year	<b>6.8</b>	9.2	<b>18.9</b>	21.9
Expense recognised in the income statement	<b>0.1</b>	0.3	<b>0.8</b>	0.7
Employer contributions	<b>(2.8)</b>	(2.7)	–	–
Benefits paid	–	–	<b>(1.0)</b>	(1.5)
Exchange movements	–	–	<b>0.8</b>	(1.0)
Remeasurements of defined benefit plans	–	–	<b>(2.8)</b>	(1.2)
<b>Net liability at end of year</b>	<b>4.1</b>	6.8	<b>16.7</b>	18.9

1 Other comprises end of service schemes in the Middle East of €3.5m (2021: €3.0m).

## Notes to the consolidated financial statements continued

**33 Retirement benefit liabilities** continued

A reduction in the discount rate of 0.5% would increase the deficit in the schemes by £2.5m (2021: reduction in the discount rate of 0.1% would increase the deficit in the scheme by £1.1m), whilst a reduction in the inflation assumption of 0.5%, including its impact on the revaluation in deferment and pension increases in payment, would decrease the deficit by £1.3m (2021: reduction in the inflation assumption of 0.1% would decrease the deficit by £0.7m). A decrease in the mortality rate by one year would decrease the deficit in the schemes by £1.8m. Note that these sensitivities do not include end of service schemes in the Middle East as these are not material to the Group.

The weighted average duration of the defined benefit obligation is approximately 13 years for the UK scheme and 12 years for the German and Austrian schemes. The history of experience adjustments on scheme assets and liabilities for all the Group's defined benefit pension schemes, including the end of service schemes in the Middle East, are as follows:

	2022 £m	2021 £m	2020 £m	2019 £m	2018 £m
Present value of defined benefit obligation	<b>(55.7)</b>	(77.2)	(86.9)	(81.1)	(71.7)
Fair value of scheme assets	<b>42.2</b>	63.7	58.0	52.2	45.2
<b>Deficit in the schemes</b>	<b>(13.5)</b>	(13.5)	(28.9)	(28.9)	(26.5)
Irrecoverable surplus	<b>(7.3)</b>	(12.2)	(2.2)	(1.8)	(1.4)
<b>Net defined benefit liability</b>	<b>(20.8)</b>	(25.7)	(31.1)	(30.7)	(27.9)
Experience adjustments on scheme liabilities	<b>21.1</b>	6.6	(7.9)	(8.2)	3.7
Experience adjustments on scheme assets	<b>(23.2)</b>	4.6	6.1	5.4	(1.5)

**34 Non-controlling interests**

Financial information of subsidiaries that have a material non-controlling interest is provided below:

Name	Country of incorporation	2022	2021
Keller Fondations Speciales SPA	Algeria	<b>49%</b>	49%
Keller Turki Company Limited	Saudi Arabia	<b>35%</b>	35%

Loss attributable to non-controlling interests:

	2022 £m	2021 £m
Keller Fondations Speciales SPA	<b>(0.5)</b>	(0.5)
Keller Turki Company Limited	<b>(0.3)</b>	(0.3)
Other interests	<b>(0.2)</b>	(0.1)
	<b>(1.0)</b>	(0.9)

Share of net assets of non-controlling interests:

	2022 £m	2021 £m
Keller Fondations Speciales SPA	<b>2.7</b>	2.9
Keller Turki Company Limited	<b>(0.6)</b>	(0.3)
Other interests	<b>0.2</b>	0.2
	<b>2.3</b>	2.8

Aggregate amounts relating to material non-controlling interests:

	2022 £m		2021 £m	
	Keller Fondations Speciales SPA	Keller Turki Company Limited	Keller Fondations Speciales SPA	Keller Turki Company Limited
<b>Revenue</b>	<b>0.1</b>	<b>4.6</b>	0.9	4.2
Operating costs	<b>(0.6)</b>	<b>(4.9)</b>	(1.2)	(4.5)
<b>Operating loss</b>	<b>(0.5)</b>	<b>(0.3)</b>	(0.3)	(0.3)
Finance costs	–	–	–	–
<b>Loss before taxation</b>	<b>(0.5)</b>	<b>(0.3)</b>	(0.3)	(0.3)
Taxation	–	–	(0.2)	–
<b>Loss attributable to non-controlling interests</b>	<b>(0.5)</b>	<b>(0.3)</b>	(0.5)	(0.3)

	2022 £m		2021 £m	
	Keller Fondations Speciales SPA	Keller Turki Company Limited	Keller Fondations Speciales SPA	Keller Turki Company Limited
Non-current assets	<b>0.8</b>	<b>0.7</b>	0.9	0.7
Current assets	<b>2.8</b>	<b>6.0</b>	2.8	2.4
Current liabilities	<b>(0.9)</b>	<b>(6.2)</b>	(0.8)	(2.8)
Non-current liabilities	–	<b>(1.1)</b>	–	(0.6)
<b>Share of net assets/(liabilities)</b>	<b>2.7</b>	<b>(0.6)</b>	2.9	(0.3)

### 35 Post balance sheet events

There were no material post balance sheet events between the balance sheet date and the date of this report.



## Company balance sheet

As at 31 December 2022

	Note	2022 €m	2021 €m
<b>Assets</b>			
Investments	2	<b>513.9</b>	513.9
Deferred tax assets		<b>0.5</b>	0.3
Other assets	3	<b>0.2</b>	2.8
<b>Non-current assets</b>		<b>514.6</b>	517.0
Amounts owed by subsidiary undertakings:			
– Amounts falling due within one year		<b>6.1</b>	0.2
– Amounts falling due after one year		<b>62.0</b>	55.6
Current tax assets		<b>4.3</b>	3.6
Trade and other debtors	4	<b>4.6</b>	0.8
Cash and bank balances		<b>4.1</b>	10.9
<b>Current assets</b>		<b>81.1</b>	71.1
<b>Liabilities</b>			
Trade and other creditors	5	<b>(16.7)</b>	(10.5)
Amounts owed to subsidiary undertakings		<b>(1.4)</b>	(0.4)
<b>Creditors: amounts falling due within one year</b>		<b>(18.1)</b>	(10.9)
<b>Net current assets</b>		<b>63.0</b>	60.2
<b>Total assets less current liabilities</b>		<b>577.6</b>	577.2
Bank and other loans		<b>(60.7)</b>	(56.4)
Amounts owed to subsidiary undertakings		<b>(46.8)</b>	(44.2)
Other creditors	6	<b>–</b>	(6.2)
Pension liabilities	8	<b>(1.3)</b>	(0.8)
Creditors: amounts falling due after one year		<b>(108.8)</b>	(107.6)
<b>Net assets</b>		<b>468.8</b>	469.6
<b>Capital and reserves</b>			
Called up share capital		<b>7.3</b>	7.3
Share premium account		<b>38.1</b>	38.1
Capital redemption reserve		<b>7.6</b>	7.6
Other reserve		<b>56.9</b>	56.9
Retained earnings		<b>358.9</b>	359.7
<b>Shareholders' funds</b>		<b>468.8</b>	469.6

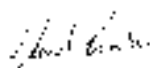
The company's profit for the year was €23.5m (2021: €12.9m).

These financial statements were approved by the Board of Directors and authorised for issue on 10 March 2023.

They were signed on its behalf by:



**Michael Speakman**  
Chief Executive Officer



**David Burke**  
Chief Financial Officer

## Company statement of changes in equity

For the year ended 31 December 2022

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Other reserve £m	Hedging reserve £m	Retained earnings £m	Total equity £m
At 1 January 2021	7.3	38.1	7.6	56.9	–	372.5	<b>482.4</b>
Profit for the year	–	–	–	–	–	12.9	<b>12.9</b>
Remeasurement of defined benefit pension schemes	–	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	–	12.9	<b>12.9</b>
Dividends	–	–	–	–	–	(25.9)	<b>(25.9)</b>
Purchase of own shares for ESOP trust	–	–	–	–	–	(3.7)	<b>(3.7)</b>
Share-based payments	–	–	–	–	–	3.9	<b>3.9</b>
At 31 December 2021 and 1 January 2022	7.3	38.1	7.6	56.9	–	359.7	<b>469.6</b>
<b>Profit for the year</b>	–	–	–	–	–	23.5	<b>23.5</b>
Remeasurement of defined benefit pension schemes	–	–	–	–	–	–	–
<b>Total comprehensive income for the year</b>	–	–	–	–	–	23.5	<b>23.5</b>
Dividends	–	–	–	–	–	(26.4)	<b>(26.4)</b>
Purchase of own shares for ESOP trust	–	–	–	–	–	(1.2)	<b>(1.2)</b>
Share-based payments	–	–	–	–	–	3.3	<b>3.3</b>
<b>At 31 December 2022</b>	<b>7.3</b>	<b>38.1</b>	<b>7.6</b>	<b>56.9</b>	<b>–</b>	<b>358.9</b>	<b>468.8</b>

Details of the capital redemption reserve and the other reserve are included in note 28 of the consolidated financial statements.

Details of the shares held by the Keller Group Employee Benefit Trust and the share-based payment scheme are included in note 32 to the consolidated financial statements.

Of the retained earnings, an amount of £236.8m (2021: £236.8m) attributable to profits arising on an intra-group reorganisation is not distributable.

# Notes to the company financial statements

## 1 Principal accounting policies

### Basis of preparation

The separate financial statements of the company are presented as required by the Companies Act 2006 (the 'Act'). The company meets the definition of a qualifying entity under FRS 100 ('Financial Reporting Standard 100') issued by the Financial Reporting Council and reports under FRS 101.

Except as noted below, the company's accounting policies are consistent with those described in the consolidated financial statements of Keller Group plc. As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of a cash flow statement, related party transactions and comparative information. Where required, equivalent disclosures are given in the consolidated financial statements. In addition, disclosures in relation to share capital (note 28) and dividends (note 13) have not been repeated here as there are no differences to those provided in the consolidated financial statements.

These company financial statements have been prepared on the going concern basis and under the historical cost convention. The financial statements are presented in pounds sterling, which is the company's functional currency, and all values are rounded to the nearest hundred thousand, expressed in millions to one decimal point, except when otherwise indicated.

### Profit of the parent company

The company has taken advantage of section 408 of the Act and consequently the statement of comprehensive income (including the profit and loss account) of the parent company is not presented as part of these accounts. The profit after tax of the parent company for the financial year amounted to £23.5m (2021: £12.9m).

### Amounts owed by subsidiary undertakings

The company holds inter-company loans with subsidiary undertakings with repayment dates being a mixture of repayable on demand or repayable on a fixed contractual date. These inter-company loans are disclosed on the face of the balance sheet. None are past due nor impaired. The carrying value of these loans approximates their fair value. The expected credit loss on these loans with subsidiary undertakings is expected to be immaterial, both on initial recognition and subsequently.

### Financial instruments

Details of the company's risk management processes and hedge accounting are included in the disclosures in note 26 to the consolidated financial statements.

### Investments

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

### Audit fees

The company has taken the exemption granted under SI 2008/489 not to disclose non-audit fees paid to its auditors as these are disclosed in the consolidated financial statements.

### Employees

The company has no employees other than the Directors. The remuneration of the Executive Directors is disclosed in the audited section of the Annual remuneration report on pages 114 to 121. Fees payable to Non-executive Directors totalled £0.5m (2021: £0.5m).

## 2 Investments

	2022 €m	2021 €m
<b>Shares at cost</b>		
At 1 January	513.9	513.9
Allowances for impairment	–	–
<b>At 31 December</b>	<b>513.9</b>	513.9

The company's investments are included in note 9.

## 3 Other assets

	2022 €m	2021 €m
Fair value of derivative financial instruments	–	2.6
Other assets	0.2	0.2
	<b>0.2</b>	2.8

#### 4 Trade and other debtors

	2022 £m	2021 £m
Other receivables	0.5	0.2
Prepayments	4.1	0.6
Fair value of derivative financial instruments	–	–
	<b>4.6</b>	0.8

#### 5 Trade and other creditors

	2022 £m	2021 £m
Trade creditors and accruals	9.7	10.5
Other creditors	6.9	–
Accrued interest	0.1	–
	<b>16.7</b>	10.5

#### 6 Non-current other creditors

	2022 £m	2021 £m
Other creditors	–	6.2
	–	6.2

#### 7 Contingent liabilities

The company and certain of its subsidiary undertakings have entered a number of guarantees in the ordinary course of business, the effects of which are to guarantee or cross-guarantee certain bank borrowings and other liabilities of other Group companies. At 31 December 2022, the company's liability in respect of the guarantees against bank borrowings amounted to £246.4m (2021: £140.2m). In respect of one subsidiary, which is dormant and does not have the funds to pay its liabilities, the company has recognised a liability for the amounts that will need to be repaid if the subsidiary is wound up which is presented as other creditors in notes 5 and 6. In respect of all other guarantees and cross-guarantees, it is judged to be remote that any cash outflow will arise. In addition, outstanding standby letters of credit and surety bonds for the Group's captive insurance arrangements totalled £28.1m (2021: £26.5m).

In addition, as set out in note 9, the company has provided a guarantee of certain subsidiaries' liabilities to take the exemption from having to prepare individual accounts under section 394A and section 394C of the Companies Act 2006 and exemption from having their financial statements audited under sections 479A to 479C of the Companies Act 2006.

#### 8 Pension liabilities

In the UK, the company participates in the Keller Group Pension Scheme (the 'Scheme'), a defined benefit scheme, details of which are given in note 33 to the consolidated financial statements. The company's share of the present value of the assets of the Scheme at the date of the last actuarial valuation on 5 April 2020 was £7.0m and the actuarial valuation showed a funding level of 77%.

Details of the actuarial methods and assumptions, as well as steps taken to address the deficit in the Scheme, are given in note 33 to the consolidated financial statements. The policy for determining the allocation of each participating company's pension liability is based on where each Scheme member was employed.

During the year the company was party to a flexible apportionment arrangement (FAA) to transfer in the portion of the scheme previously attributed to a dormant subsidiary entity. The Company previously accounted for a 14% share of the scheme assets and liabilities. This has now increased to 31% of the scheme assets and liabilities.

In respect of Guaranteed Minimum Pension the estimated increase in the Scheme's liabilities was £0.2m. This was recognised as a past service cost in 2018. An allowance has been made for an irrecoverable surplus of £2.3m (2021: £1.7m), representing the company's allocation as a result of the Group not having an unconditional right to refund of a surplus under IFRIC 14. These items are explained further in note 33 to the consolidated financial statements.

Details of the company's share of the Scheme are as follows:

	2022 £m	2021 £m
Present value of the Scheme liabilities	(12.0)	(8.1)
Present value of assets	13.0	9.0
<b>Surplus in the Scheme</b>	<b>1.0</b>	0.9
Irrecoverable surplus	(2.3)	(1.7)
<b>Net defined benefit liability</b>	<b>(1.3)</b>	(0.8)

## Notes to the company financial statements continued

**8 Pension liabilities** continued

The assets of the Scheme were as follows:

	2022 €m	2021 €m
Equities	2.4	2.5
Target return funds <sup>1</sup>	1.5	1.1
Gilts	–	–
Bonds	4.2	2.8
Liability driven investing (LDI) portfolios <sup>2</sup>	4.0	2.2
Cash	0.9	0.4
	<b>13.0</b>	9.0

1 A diversified growth fund split between mainly UK listed equities, bonds and alternative investments which are capped at 20% of the total fund.

2 A portfolio of gilt and swap contracts, backed by investment-grade credit instruments, that is designed to hedge the majority of the interest rate and inflation risks associated with the Scheme's obligations.

	2022 €m	2021 €m
<b>Changes in scheme liabilities</b>		
Opening balance	(8.1)	(9.1)
FAA transfer	(9.1)	–
Interest cost	(0.3)	(0.1)
Benefits paid	0.5	0.3
Experience loss on defined benefit obligation	–	–
Changes to demographic assumptions	(0.2)	(0.1)
Changes to financial assumptions	5.2	0.9
<b>Closing balance</b>	<b>(12.0)</b>	(8.1)
<b>Changes in scheme assets</b>		
Opening balance	9.0	8.2
FAA transfer	8.1	–
Interest on assets	0.3	0.1
Administrative costs	(0.1)	–
Employer contributions	0.6	0.3
Benefits paid	(0.5)	(0.3)
Return on plan assets less interest	(4.4)	0.7
<b>Closing balance</b>	<b>13.0</b>	9.0
Actual return on scheme assets	(4.1)	0.8
<b>Statement of comprehensive income</b>		
Return on plan assets less interest	(4.4)	0.7
Experience loss on defined benefit obligation	–	–
Changes to demographic assumptions	(0.2)	(0.1)
Changes to financial assumptions	5.2	0.9
Change in irrecoverable surplus	(0.6)	(1.5)
<b>Remeasurements of defined benefit plans</b>	–	–
Cumulative remeasurements of defined benefit plans	(3.5)	(3.5)
<b>Expense recognised in the income statement</b>		
Net pension interest costs	–	–
<b>Expense recognised in the income statement</b>	–	–
<b>Movements in the balance sheet liability</b>		
Net liability at start of year	0.8	1.1
FAA transfer	1.0	–
Expense recognised in the income statement	0.1	–
Employer contributions	(0.6)	(0.3)
Remeasurements of defined benefit plans	–	–
<b>Net liability at end of year</b>	<b>1.3</b>	0.8

The contributions expected to be paid during 2023 are €0.8m.

The history of experience adjustments on Scheme assets and liabilities is as follows:

	2022 £m	2021 £m	2020 £m	2019 £m	2018 £m
Present value of defined benefit obligations	<b>(12.0)</b>	(8.1)	(9.1)	(9.0)	(8.3)
Fair value of Scheme assets	<b>13.0</b>	9.0	8.2	7.9	6.8
<b>Surplus/(deficit) in the Scheme</b>	<b>1.0</b>	0.9	(0.9)	(1.1)	(1.5)
Irrecoverable surplus	<b>(2.3)</b>	(1.7)	(0.2)	(0.3)	(0.2)
<b>Net defined benefit liability</b>	<b>(1.3)</b>	(0.8)	(1.1)	(1.4)	(1.7)
Experience adjustments on Scheme liabilities	<b>5.0</b>	0.8	(0.4)	(0.8)	0.7
Experience adjustments on Scheme assets	<b>(4.4)</b>	0.7	0.3	0.8	(0.4)

The company contributes to a defined contribution scheme; there were no contributions outstanding in respect of the Scheme at 31 December 2022 (2021: £nil).

## 9 Group companies

In accordance with section 409 of the Companies Act 2006, a full list of subsidiaries and joint ventures as at 31 December 2022 is disclosed below. Unless otherwise stated, each of the subsidiary undertakings is wholly owned through ordinary shares by intermediate subsidiary undertakings.

All of the subsidiary undertakings are included within the consolidated financial statements.

All trading companies are engaged in the principal activities of the Group, as defined in the Directors' report.

Name	Address
A.C.N. 000 120 936 Pty Ltd	Suite G01, 2–4 Lyonpark Road, Macquarie Park, NSW, 2113, Australia
A.C.N. 000 842 240 Pty Ltd	Suite G01, 2–4 Lyonpark Road, Macquarie Park, NSW, 2113, Australia
A.C.N. 001 252 875 Pty Ltd	Suite G01, 2–4 Lyonpark Road, Macquarie Park, NSW, 2113, Australia
A.C.N. 006 103 135 Pty Ltd	Suite G01, 2–4 Lyonpark Road, Macquarie Park, NSW, 2113, Australia
A.C.N. 008 673 167 Pty Ltd	Suite G01, 2–4 Lyonpark Road, Macquarie Park, NSW, 2113, Australia
A.C.N. 099 793 852 Pty Ltd	Suite G01, 2–4 Lyonpark Road, Macquarie Park, NSW, 2113, Australia
Accrete Industrial Flooring Limited	2 Kingdom Street, London, W2 6BD, United Kingdom
Accrete Limited	2 Kingdom Street, London, W2 6BD, United Kingdom
Ansah Asia Sdn Bhd	8A, Jalan Vivekananda, Off Jalan Tun Sambanthan, Brickfields, Kuala Lumpur, 50470, Malaysia
Austral Construction Pty Ltd	112–126 Hallam Valley Road, Dandenong, VIC, 3175, Australia
Austral Group Holdings Pty Ltd	112–126 Hallam Valley Road, Dandenong, VIC, 3175, Australia
Austral Investors Pty Ltd	112–126 Hallam Valley Road, Dandenong, VIC, 3175, Australia
Austral Plant Services Pty Ltd	112–126 Hallam Valley Road, Dandenong, VIC, 3175, Australia
Capital Insurance Limited <sup>1</sup>	1st Floor Goldie House, 1–4 Goldie Terrace, Upper Church Street, Douglas, IM1 1EB, Isle of Man
Case Foundation Company	2405 York Road, Suite 201, Lutherville Timonium, Maryland, 21093, United States
Cyntech Construction Ltd.	Suite 2600, Three Bentall Centre, 595 Burrard Street, P.O. Box 49314, Vancouver, BC V7X 1L3
Fondedile Foundations UK Ltd	Oxford Road, Ryton-on-Dunsmore, Coventry, West Midlands, CV8 3EG, United Kingdom
Frankipile Botswana (Pty) Limited	First floor, Plot 64518, Fairgrounds Office Park, Gaborone, Botswana
Frankipile Ghana Limited	Plot LI/13/86, Bethlehem Street, Tema, Ghana
Frankipile International Projects Limited	C/O DTOS Ltd, 10th floor, Standard Chartered Tower, 19 Cybercity, Ebene, Mauritius
Frankipile Mauritius International (Seychelles) Limited	Ocean Gate House, Ground Floor, Room 12, Victoria, Mahe, Seychelles
Frankipile Swaziland (Pty) Limited	Tenant Office 204, 2nd floor, Inyatsi House, 760 Dr David Hynd Road, Trelwany Park, Manzini, Eswatini
GENCO Geotechnical Engineering Contractors Limited <sup>2</sup>	Sheraton Buildings-Plot 10, Block 1161, El Nozha, Cairo, Egypt
GEO Instruments Polska Sp. z o.o.	Lysakow Drugi nr 47, 28–300 Jedrzejow, Poland
Geo-Instruments GmbH	Mausegatt 51, 44866 Bochum, Germany
Geo-Instruments Sarl	8 Allee des Ginkgos, Parc d'Activites du Chene, Activillage, 69673 Bron Cedex, France
GEO-Instruments, Inc.	2405 York Road, Suite 201, Lutherville Timonium, Maryland, 21093, United States
GKM Consultants Inc.	101 – 2141 rue Nobel, Sainte-Julie, Québec, J3E1Z9, Canada
Golden Triangle Construction Materials, Inc.	9720 Derrington Road, Houston, TX 77064 United States
Keller (M) Sdn Bhd	8A, Jalan Vivekananda, Off Jalan Tun Sambanthan, Brickfields, Kuala Lumpur, 50470, Malaysia
Keller AMEA Hub Investment L.L.C.	Unit 302, Level 103, Arenco Tower, Sheikh Zayed Road, Dubai Media City, Al Sufouh 2, Dubai, United Arab Emirates

## Notes to the company financial statements continued

## 9 Group companies continued

Name	Address
Keller Arabia Contracting Holdings Limited	KGAF6755, 6755 Prince Sultan Bin Abdulaziz road, 3357 Ulaia District, Tabuk 47911, Kingdom of Saudi Arabia
Keller AsiaPacific Limited	72, Anson Road #11-03, Anson House, Singapore, 079911
Keller Australia Pty Limited <sup>5</sup>	Suite G01, 2-4 Lyonpark Road, Macquarie Park, NSW, 2113, Australia
Keller Funderingstechnieken Belgie BV	Lozenberg 22, bus 3, 1932 Zaventem, Belgium
Keller Canada Holdings Ltd.	Suite 2600, Three Bentall Centre, P.O. Box 49314, 595 Burrard Street, Vancouver BC, V7X 1 L3, Canada
Keller Canada Services Ltd	Suite 2600, Three Bentall Centre, P.O. Box 49314, 595 Burrard Street, Vancouver BC, V7X 1 L3, Canada
Keller Central Asia LLP	Aiteke Bi Street 55, Atyrau City, 060011, Kazakhstan
Keller Cimentaciones Chile, SpA	Avenida De Apoquindo 3885, piso 18 la Comuna de las Condes, Santiago, Chile
Keller Cimentaciones de Latinoamerica SA de CV	Av. Presidente Masaryk 101, Int. 402, Bosque de Chapultepec I Seccion Delegacion Miguel Hidalgo, 11580 CDMX, Mexico
Keller Cimentaciones SAC	Avenida Santo Toribio 143, Urbanizacion El Rosario, Departamento San Isidro, Lima, Peru
Keller Cimentaciones, S.L.U.	Calle de la Argentina, 15, 28806 Alcala de Henares, Madrid, Spain
Keller Drilling, Inc.	CT Corporation System, 818 West Seventh Street, Suite 930, Los Angeles, CA, 90017, United States
Keller Egypt LLC	Sheraton Buildings, Plot 10, Block 1161, El Nozha, Cairo, Egypt
Keller EMEA Limited <sup>1</sup>	2 Kingdom Street, London, W2 6BD, United Kingdom
Keller Finance Australia Limited	2 Kingdom Street, London, W2 6BD, United Kingdom
Keller Finance Limited	2 Kingdom Street, London, W2 6BD, United Kingdom
Keller Financing	2 Kingdom Street, London, W2 6BD, United Kingdom
Keller Fondations Speciales SAS	2 rue Denis Papin, 67120, Duttlenheim, France
Keller Fondations Speciales SPA <sup>4</sup>	No. 35, Route de Khmiss El Khechna, Sbâat, 16012 Rouiba, w. Alger, Algeria
Keller Fondazioni S.r.l	Via Isarco 1, Varna, I-39040, Italy
Keller Foundations (S E Asia) Pte Ltd	18 Boon Lay Way, #04-104, Tradehub 21, 609966, Singapore
Keller Foundations Ltd.	Suite 2600, Three Bentall Centre, P.O. Box 49314, 595 Burrard Street, Vancouver BC, V7X 1 L3, Canada
Keller Foundations Vietnam Company Limited	24 Dang Thai Mai Street, Ward 7, Phu Nhuan District, Ho Chi Minh City, Vietnam
Keller Funderingstechnieken B.V.	Europalaan 16, 2408 BG, Alphen aan den Rijn, Netherlands
Keller Funderingsteknik Danmark ApS	Lottenborgvej 24, 2800 Kongens Lyngby, Denmark
Keller Geotechnics ESC	16 Industry Road, Clayville Industrial, Olifantsfontein, 1666, South Africa
Keller Geotechnics (Mauritius) Ltd	Geoffrey Road, Bambous, Mauritius
Keller Geotechnics Namibia (Pty) Limited	2nd floor, LA Chambers, Ausspann Plaza, Dr Agostinho Neto Road, Windhoek, Namibia
Keller Geotechnics SA (Pty) Ltd <sup>5</sup>	16 Industry Rd, Clayville Industrial, Olifantsfontein, 1666, Gauteng, South Africa
Keller Geotechnics Tanzania Ltd <sup>6</sup>	1127 Amverton Tower, Chole Road, Dar es Salaam, Tanzania
Keller Geotecnica Srl	Bucuresti Sectorul 1, Str., Uruguay, Nr. 27, Etaj 1, Ap. 2, 011444 Bucuresti, Romania
Keller Geoteknikk AS	Hovfaret 13, Oslo, 0275, Norway
Keller Ground Engineering Bangladesh Limited	661/3 Ashkona Bazar, Hazi Camp, Dhakinkhan, Dhaka-1230, Bangladesh, Dhaka, Bangladesh
Keller Ground Engineering India Private Limited	7th Floor, Eastern Wing, Centennial Square 6A, Dr Ambedkar Road, Kodambakkam, Chennai, 600024, India
Keller Ground Engineering LLC <sup>7</sup>	Office # 14, Building # 700 Boushar Street 51, Oman
Keller Grundbau Ges.m.b.H.	Guglgasse 15, BT4a/3.OG, Vienna, 1110, Austria
Keller Grundbau GmbH	Kaiserleistraße 8, Offenbach am Main, 63067, Germany
Keller Grundlagning AB	Östra Lindomev 50, 437 34, Lindome, Sweden
Keller Holding GmbH	Kaiserleistraße 8, Offenbach am Main, 63067, Germany
Keller Holdings Limited <sup>1</sup>	2 Kingdom Street, London, W2 6BD, United Kingdom
Keller Holdings, Inc.	The Corporation Trust Company, 1209 Orange Street, Wilmington, DE, 19801, United States
Keller Industrial, Inc.	820 Bear Tavern Road, West Trenton, New Jersey 08628, United States
Keller Investments LLP	2 Kingdom Street, London, W2 6BD, United Kingdom
Keller Limited <sup>1</sup>	Oxford Road, Ryton-on-Dunsmore, Coventry, West Midlands, CV8 3EG, United Kingdom
Keller Management Services, LLC	The Corporation Trust Company, 1209 Orange Street, Wilmington, DE, 19801, United States
Keller Mélyépítő Korlátolt Felelősségű Társaság	1124 Budapest, Csörsz utca 41. 6. em., Hungary
Keller Mocambique, Limitada	Bairro da Matola D, Estrada Nacional N4, Avenida Samora Machel nr. 393, Matola, Mozambique
Keller New Zealand Limited	C/-GazeBurt, 1 Nelson Street, Auckland, 1010, New Zealand



Name	Address
Keller North America, Inc.	The Corporation Trust Company, 1209 Orange Street, Wilmington, DE, 19801, United States
Keller Polska Sp. z o.o.	ul. Poznanska172, Ozarow Mazowiecki, PL-05850, Poland
Keller Pty Ltd	Suite G01, 2–4 Lyonpark Road, Macquarie Park, NSW, 2113, Australia
Keller Puerto Rico, LLC	1209 Orange Street, Wilmington, Delaware, 19801, United States
Keller Qatar L.L.C. <sup>8</sup>	Office No 273 Al Jazeera Complex-B Satwa Road, Wholesale Market, Doha, Qatar
Keller Resources Limited	2 Kingdom Street, London, W2 6BD, United Kingdom
Keller speciálne zakladani spol. s r.o.	Na Pankraci 1618/30, 14000 Praha 4, Czech Republic
Keller specialne zakladanie spol.s.r.o.	Hranica 18 – AB 6, 82105 Bratislava, Slovakia
Keller Turki Company Limited <sup>9</sup>	PO Box 718, Dammam, 31421, Saudi Arabia
Keller Ukraine LLC	30, Vasylykivska Street, Kiev, 03022, Ukraine
Keller West Africa S.A.	BP 1238 Abidjan-Marcory, Zone 4C, Rue Clement Ader, Côte d'Ivoire
Keller-MTS AG	Allmendstrasse 5, Regensdorf, 8105, Switzerland
KFS Finland Oy <sup>10</sup>	Haarakaari 42, TUUSULA, 04360, Finland
KGS Keller Gerate & Service GmbH	Kaiserleistraße 8, Offenbach am Main, 63067, Germany
Makers Holdings Limited <sup>1</sup>	2 Kingdom Street, London, W2 6BD, United Kingdom
Makers Management Services Limited <sup>1</sup>	2 Kingdom Street, London, W2 6BD, United Kingdom
Makers Services Limited	2 Kingdom Street, London, W2 6BD, United Kingdom
Makers UK Limited	2 Kingdom Street, London, W2 6BD, United Kingdom
Moretrench Industrial Inc.	820, Bear Tavern Road, West Trenton, NJ, 08628, United States
Nordwest Fundamentering AS	Erviknesveien 55, 7160 Bjugn, Norway
North American Foundation Engineering Inc.	5393 Steels Ave West, Milton, ON, LPT 2Z1, Canada
PHI Group Limited <sup>1</sup>	Oxford Road, Ryton-on-Dunsmore, Coventry, West Midlands, CV8 3EG, United Kingdom
Piling Contractors New Zealand Limited	C/-GazeBurt, 1 Nelson Street, Auckland, 1010, New Zealand
Piling Contractors Pty Limited	Suite G01, 2–4 Lyonpark Road, Macquarie Park, NSW, 2113, Australia
PT. Keller Franki Indonesia <sup>11</sup>	Gedung Graha Kencana Lantai 7 Unit B-I, Jalan Raya Perjuangan No. 88, Kebon Jeruk, Jakarta Barat, 11530, Indonesia
Recon Europe Holding, LLC	251 Little Falls Drive, Wilmington, DE 19808 United States
Recon GP, LLC	251 Little Falls Drive, Wilmington, DE 19808, United States
Recon Holdings II, Inc.	251 Little Falls Drive, Wilmington, DE 19808, United States
Recon Holdings III, Inc	251 Little Falls Drive, Wilmington, DE 19808, United States
Recon Services Inc. (Canada)	199 Bay Street, 5300 Commerce Court West, Toronto, ON M5L 1B9 Canada
Recon Services, Inc.	251 Little Falls Drive, Wilmington, DE 19808, United States
Recon Servicios Ambientales Puerto Rico, LLC	c/o Fast Solutions, LLC, Citi Tower, 252 Ponce de Leon Avenue, Floor 20, San Juan, PR 00918, Puerto Rico
Remedial Construction Services, L.P	211 E. 7th Street, Suite 620, Austin, TX 78701, United States
Resource Piling (M) Sdn. Bhd.	8A, Jalan Vivekananda, Off Jalan Tun Sambanthan, Brickfields, Kuala Lumpur, 50470, Malaysia
Suncoast Post-Tension, Ltd.	1209, Orange Street, Wilmington, DE, 19801, United States
Waterway Constructions Group Pty Limited	112–126 Hallam Valley Road, Dandenong, VIC, 3175, Australia
Waterway Constructions Pty Ltd	112–126 Hallam Valley Road, Dandenong, VIC, 3175, Australia

1 Owned directly by the company.

2 100% owned by two trustees.

3 Share capital consists of 99% ordinary shares. The remaining 1% consists of ordinary A, ordinary B and ordinary C shares.

4 51% owned by Keller Fondations Speciales SAS.

5 75.1% owned by Keller Holdings Limited.

6 99.7% owned by Keller Holdings Limited.

7 70% owned by Keller Holdings Limited.

8 49% owned by Keller Holdings Limited.

9 65% owned by Keller Grundbau GmbH.

10 Joint venture 50% owned by Keller Holdings Limited, based in Tuusula, Finland. The company is managed jointly by an equal number of directors from each of the two shareholder companies.

11 Share capital consists of 56% Class A Shares and 44% Class B Shares. Keller Foundations (SE Asia) Pte Limited owns 100% of the Class A Shares and 25% of the Class B Shares.

## Notes to the company financial statements continued

### 9 Group companies continued

Keller Group plc has guaranteed the liabilities of the following subsidiaries in order that they qualify for the exemption from having to prepare individual accounts under section 394A and section 394C of the Companies Act 2006 in respect of the year ended 31 December 2022:

Company	Registered number
Keller Financing	04592933
Keller EMEA Limited	02427060
Keller Resources Limited	04592974
Keller Finance Australia Limited	06768174

Keller Group plc has guaranteed the liabilities of the following subsidiaries in order that they qualify for the exemption from audit under sections 479A to 479C of the Companies Act 2006 in respect of the year ended 31 December 2022:

Company	Registered number
Keller Holdings Limited	02499601
Keller Finance Limited	02922459
Keller Investments LLP	OC412294

## Adjusted performance measures

The Group's results as reported under International Financial Reporting Standards (IFRS) and presented in the consolidated financial statements (the 'statutory results') are significantly impacted by movements in exchange rates relative to sterling, as well as by exceptional items and non-trading amounts relating to acquisitions.

As a result, adjusted performance measures have been used throughout the Annual Report and Accounts to describe the Group's underlying performance. The Board and Executive Committee use these adjusted measures to assess the performance of the business because they consider them more representative of the underlying ongoing trading result and allow more meaningful comparison to prior year.

### Underlying measures

The term 'underlying' excludes the impact of items which are exceptional by their size and/or are non-trading in nature, including amortisation of acquired intangible assets and other non-trading amounts relating to acquisitions and disposals (collectively 'non-underlying items'), net of any associated tax. Underlying measures allow management and investors to compare performance without the potentially distorting effects of one-off items or non-trading items. Non-underlying items are disclosed separately in the consolidated financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group.

### Constant currency measures

The constant currency basis ('constant currency') adjusts the comparative to exclude the impact of movements in exchange rates relative to sterling. This is achieved by retranslating the 2021 results of overseas operations into sterling at the 2022 average exchange rates.

A reconciliation between the underlying results and the reported statutory results is shown on the face of the consolidated income statement, with non-underlying items detailed in note 9 to the consolidated financial statements. A reconciliation between the 2021 underlying result and the 2021 constant currency result is shown below and compared to the underlying 2022 performance:

### Revenue by segment

	2022		2021 (Restated) <sup>1</sup>		Statutory change %	Constant currency change %
	Statutory £m	Statutory £m	Impact of exchange movements £m	Constant currency £m		
North America	<b>1,896.1</b>	1,323.1	143.6	1,466.7	<b>+43%</b>	<b>+29%</b>
Europe	<b>649.3</b>	549.2	(5.4)	543.8	<b>+18%</b>	<b>+19%</b>
Asia-Pacific, Middle East and Africa	<b>399.2</b>	350.2	15.9	366.1	<b>+14%</b>	<b>+9%</b>
<b>Group</b>	<b>2,944.6</b>	2,222.5	154.1	2,376.6	<b>+32%</b>	<b>+24%</b>

<sup>1</sup> The 31 December 2021 consolidated revenues have been restated in respect of the correction of prior period errors arising from the fraud at Austral and prior period business combination measurement adjustments, as outlined in notes 3 and 6 to the consolidated financial statements.

### Underlying operating profit by segment

	2022		2021 (Restated) <sup>1</sup>		Underlying change %	Constant currency change %
	Underlying £m	Underlying £m	Impact of exchange movements £m	Constant currency £m		
North America	<b>82.0</b>	73.0	8.2	81.2	<b>+12%</b>	<b>+1%</b>
Europe	<b>29.1</b>	24.3	(0.1)	24.2	<b>+20%</b>	<b>+20%</b>
Asia-Pacific, Middle East and Africa	<b>6.6</b>	(0.9)	0.8	(0.1)	<b>n/a</b>	<b>n/a</b>
Central items	<b>(9.1)</b>	(7.9)	–	(7.9)	<b>n/a</b>	<b>n/a</b>
<b>Group</b>	<b>108.6</b>	88.5	8.9	97.4	<b>+23%</b>	<b>+12%</b>

<sup>1</sup> The 31 December 2021 consolidated operating profits have been restated in respect of the correction of prior period errors arising from the fraud at Austral and prior period business combination measurement adjustments, as outlined in notes 3 and 6 to the consolidated financial statements.

### Underlying operating margin

Underlying operating margin is underlying operating profit as a percentage of revenue.

## Adjusted performance measures continued

### Other adjusted measures

Where not presented and reconciled on the face of the consolidated income statement, consolidated balance sheet or consolidated cash flow statement, the adjusted measures are reconciled to the IFRS statutory numbers below:

#### EBITDA (statutory)

	2022 €m	2021 (Restated) <sup>1</sup> €m
Underlying operating profit	108.6	88.5
Depreciation and impairment of owned property, plant and equipment	71.1	65.9
Depreciation and impairment of right-of-use assets	25.5	30.9
Amortisation of intangible assets	0.4	0.6
<b>Underlying EBITDA</b>	<b>205.6</b>	185.9
Non-underlying items in operating costs (excluding goodwill impairment)	(17.6)	(9.6)
Non-underlying items in other operating income	0.7	0.7
<b>EBITDA</b>	<b>188.7</b>	177.0

<sup>1</sup> The 31 December 2021 consolidated operating profits have been restated in respect of the correction of prior period errors arising from the fraud at Austral and prior period business combination measurement adjustments, as outlined in notes 3 and 6 to the consolidated financial statements.

#### EBITDA (IAS 17 covenant basis)

	2022 €m	2021 (Restated) <sup>1</sup> €m
Underlying operating profit	108.6	88.5
Depreciation and impairment of owned property, plant and equipment	71.1	65.9
Depreciation and impairment of right-of-use assets	25.5	30.9
Legacy IAS 17 operating lease charges	(27.9)	(32.7)
Amortisation of intangible assets	0.4	0.6
<b>Underlying EBITDA</b>	<b>177.7</b>	153.2
Non-underlying items in operating costs (excluding goodwill impairment)	(17.6)	(9.6)
Non-underlying items in other operating income	0.7	0.7
<b>EBITDA</b>	<b>160.8</b>	144.3

<sup>1</sup> The 31 December 2021 consolidated operating profits have been restated in respect of the correction of prior period errors arising from the fraud at Austral and prior period business combination measurement adjustments, as outlined in notes 3 and 6 to the consolidated financial statements.

### Net finance costs

	2022 €m	2021 €m
Finance income	(0.5)	(0.4)
Underlying finance costs	15.6	9.3
<b>Net finance costs (statutory)</b>	<b>15.1</b>	8.9
Finance charge on lease liabilities <sup>1</sup>	(3.6)	(3.0)
Lender covenant adjustments	(0.2)	(0.7)
<b>Net finance costs (IAS 17 covenant basis)</b>	<b>11.3</b>	5.2

<sup>1</sup> Excluding legacy IAS 17 finance leases.

## Net capital expenditure

	2022 £m	2021 (Restated) <sup>1</sup> £m
Acquisition of property, plant and equipment	<b>81.6</b>	84.0
Acquisition of other intangible assets	<b>0.1</b>	0.4
Proceeds from sale of property, plant and equipment	<b>(8.2)</b>	(12.2)
<b>Net capital expenditure</b>	<b>73.5</b>	72.2

1 The 31 December 2021 consolidated net capital expenditure has been restated in respect of the correction of prior period errors arising from the fraud at Austral and prior period business combination measurement adjustments, as outlined in notes 3 and 6 to the consolidated financial statements.

## Net debt

	2022 £m	2021 £m
Current loans and borrowings	<b>34.2</b>	29.8
Non-current loans and borrowings	<b>365.8</b>	246.2
Cash and cash equivalents	<b>(101.1)</b>	(82.7)
Net debt (statutory)	<b>298.9</b>	193.3
Lease liabilities <sup>1</sup>	<b>(80.1)</b>	(73.9)
<b>Net debt (IAS 17 covenant basis)</b>	<b>218.8</b>	119.4

1 Excluding legacy IAS 17 finance leases.

## Leverage ratio

The leverage ratio is calculated as net debt to underlying EBITDA.

### Statutory

	2022 £m	2021 (Restated) <sup>1</sup> £m
Net debt	<b>298.9</b>	193.3
Underlying EBITDA	<b>205.6</b>	185.9
<b>Leverage ratio (x)</b>	<b>1.5</b>	1.0

1 The 31 December 2021 consolidated results have been restated in respect of the correction of prior period errors arising from the fraud at Austral as outlined in note 3 to the consolidated financial statements.

### IAS 17 covenant basis

	2022 £m	2021 (Restated) <sup>1</sup> £m
Net debt	<b>218.8</b>	119.4
Underlying EBITDA	<b>177.7</b>	153.2
<b>Leverage ratio (x)</b>	<b>1.2</b>	0.8

1 The 31 December 2021 consolidated results have been restated in respect of the correction of prior period errors arising from the fraud at Austral, as outlined in note 3 to the consolidated financial statements.

## Order book

The Group's disclosure of its order book is aimed to provide insight into its backlog of work and future performance. The Group's order book is not a measure of past performance and therefore cannot be derived from its consolidated financial statements. The Group's order book comprises the unexecuted elements of orders on contracts that have been awarded. Where a contract is subject to variations, only secured variations are included in the reported order book.

## Financial record

	2013 £m	2014 £m	2015 £m	2016 £m	2017 £m	2018 £m	2019 £m	2020 £m	2021 <sup>1</sup> £m	2022 £m
<b>Consolidated income statement</b>										
<b>Continuing operations</b>										
Revenue	1,438.2	1,599.7	1,562.4	1,780.0	2,070.6	2,224.5	2,300.5	2,062.5	2,222.5	<b>2,944.6</b>
Underlying EBITDA	124.2	141.9	155.5	158.6	177.2	167.5	198.4	205.0	185.9	<b>205.6</b>
Underlying operating profit	77.8	92.0	103.4	95.3	108.7	96.6	103.8	110.1	88.5	<b>108.6</b>
Underlying net finance costs	(3.7)	(6.9)	(7.7)	(10.2)	(10.0)	(16.1)	(22.5)	(13.2)	(8.9)	<b>(15.1)</b>
Underlying profit before taxation	74.1	85.1	95.7	85.1	98.7	80.5	81.3	96.9	79.6	<b>93.5</b>
Underlying taxation	(23.8)	(29.7)	(33.0)	(29.8)	(24.7)	(22.5)	(22.4)	(28.3)	(18.9)	<b>(20.3)</b>
Underlying profit for the year	50.3	55.4	62.7	55.3	74.0	58.0	58.9	68.6	60.7	<b>73.2</b>
Non-underlying items <sup>2</sup>	(20.2)	(56.6)	(36.4)	(7.3)	13.5	(71.8)	(37.2)	(27.5)	(5.1)	<b>(28.2)</b>
Profit/(loss) for the year	30.1	(1.2)	26.3	48.0	87.5	(13.8)	21.7	41.1	55.6	<b>45.0</b>
Underlying EBITDA (IAS 17 covenant basis)	124.2	141.9	155.5	158.6	177.2	167.5	170.8	175.0	153.2	<b>177.7</b>
<b>Consolidated balance sheet</b>										
Working capital	124.1	104.1	97.1	152.5	181.3	225.4	200.9	180.3	149.6	<b>303.4</b>
Property, plant and equipment	281.9	295.6	331.8	405.6	399.2	422.0	460.6	434.9	443.4	<b>486.5</b>
Intangible and other non-current assets	202.8	203.4	183.0	218.2	198.3	179.5	192.3	183.5	232.0	<b>202.4</b>
Net debt (statutory)	(143.7)	(102.2)	(183.0)	(305.6)	(229.5)	(286.2)	(289.8)	(192.5)	(193.3)	<b>(298.9)</b>
Other net liabilities	(92.5)	(154.6)	(94.9)	(41.1)	(77.1)	(114.2)	(166.5)	(196.2)	(203.7)	<b>(196.6)</b>
Net assets	372.6	346.3	334.0	429.6	472.2	426.5	397.5	410.0	428.0	<b>496.8</b>
Net debt (IAS 17 covenant basis)	(143.7)	(102.2)	(183.0)	(305.6)	(229.5)	(286.2)	(213.1)	(120.9)	(119.4)	<b>(218.8)</b>
<b>Underlying key performance indicators</b>										
Diluted earnings per share from continuing operations (p)	71.9	74.2	85.4	74.8	101.8	79.1	81.3	96.3	84.2	<b>100.7</b>
Dividend per share (p)	24.0	25.2	27.1	28.5	34.2	35.9	35.9	35.9	35.9	<b>37.7</b>
Operating margin	5.4%	5.8%	6.6%	5.4%	5.2%	4.3%	4.5%	5.3%	4.0%	<b>3.7%</b>
Return on capital employed <sup>3</sup>	16.7%	18.3%	20.5%	15.3%	15.1%	13.2%	14.4%	16.4%	13.9%	<b>14.9%</b>
Net debt: EBITDA (statutory)	1.2x	0.7x	1.2x	1.9x	1.3x	1.7x	1.5x	0.9x	1.0x	<b>1.5x</b>
Net debt: EBITDA (IAS 17 covenant basis)	1.2x	0.7x	1.2x	1.9x	1.3x	1.7x	1.2x	0.7x	0.8x	<b>1.2x</b>

1 Intangible and other non-current assets and other net liabilities presented here do not correspond to the published 2021 consolidated financial statements. The 31 December 2021 consolidated income statement, balance sheet and key performance indicators have been restated in respect of the prior period reporting errors at Austral and prior period measurement business combinations adjustments, as outlined in notes 3 and 6 to the consolidated financial statements.

2 Non-underlying items are items which are exceptional by their size and/or are non-trading in nature and are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial position of the Group.

3 Calculated as operating profit expressed as a percentage of average capital employed. 'Capital employed' is net assets before non-controlling interests plus net debt and net defined benefit retirement liabilities.

## Contacts

### Our offices

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### Secretary and advisors

#### Group Company Secretary and Legal Advisor

Kerry Porritt FCG LLB (Hons)

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